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

**The Pennsylvania State University
Fiscal Year Ended June 30, 2010**

University Park, Pennsylvania

THE PENNSYLVANIA STATE UNIVERSITY
REPORTS ON THE AUDIT OF
FEDERAL AWARDS
IN ACCORDANCE WITH OMB CIRCULAR A-133
FISCAL YEAR ENDED JUNE 30, 2010

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Joseph J. Doncsecz
Corporate Controller

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April 11, 2011

Federal Audit Clearinghouse
1201 E. 10th Street
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To Whom It May Concern:

The Pennsylvania State University's financial, internal control and compliance reports for the fiscal year ended June 30, 2010 are presented on the accompanying pages. The reports have been issued in accordance with U.S. Office of Management and Budget (OMB) Circular A-133. Also enclosed are The Pennsylvania State University's schedule of findings and questioned costs and summary schedule of prior year findings.

Sincerely,

Joseph J. Doncsecz
Corporate Controller

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Enclosures

Audited Financial Statements

The Pennsylvania State University
Fiscal Year Ended June 30, 2010

INDEPENDENT AUDITORS' REPORT

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

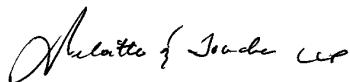
We have audited the accompanying consolidated statements of financial position of The Pennsylvania State University and subsidiaries (the "University") as of June 30, 2010 and 2009, and the related consolidated statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the management of the University. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the University, as of June 30, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the basic 2010 financial statements of the University, taken as a whole. The accompanying schedule of expenditures of federal awards for the year ended June 30, 2010 (as restated) is presented for the purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. This schedule is the responsibility of the management of the University. Such information has been subjected to the auditing procedures applied in our audit of the basic 2010 financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2010, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with the *Government Auditing Standards* and should be considered in assessing the results of our audits.



October 18, 2010 (April 11, 2011 as to the effects of the restated Schedule of Expenditures of Federal Awards ("SEFA") for the year ended June 30, 2010 discussed in Note 1 to the SEFA)

THE PENNSYLVANIA STATE UNIVERSITY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
ASSETS
JUNE 30, 2010 AND 2009
(in thousands)

	<u>June 30, 2010</u>	<u>June 30, 2009</u>
Current assets:		
Cash and cash equivalents	\$ 1,203,486	\$ 1,094,807
Short-term investments	202,487	132,106
Deposits held by bond trustees	191,340	125,864
Deposits held for others	25,972	25,272
Accounts receivable, net of allowances of \$25,571 and \$25,320	395,039	407,625
Contributions receivable, net	55,752	54,101
Loans to students, net of allowances of \$396 and \$504	7,076	8,444
Inventories	31,872	31,572
Prepaid expenses and other assets	70,845	59,436
Investments held under securities lending program	<u>249,959</u>	<u>253,696</u>
Total current assets	<u>2,433,828</u>	<u>2,192,923</u>
Noncurrent assets:		
Deposits held by bond trustees	6,676	6,676
Contributions receivable, net	158,408	122,958
Loans to students, net of allowances of \$2,647 and \$2,855	49,002	48,075
Deferred bond costs, net	7,260	6,813
Total investment in plant, net	3,151,655	2,970,322
Beneficial interest in perpetual trusts	11,400	11,025
Investments	<u>2,909,271</u>	<u>2,358,585</u>
Total noncurrent assets	<u>6,293,672</u>	<u>5,524,454</u>
 Total assets	 <u><u>\$ 8,727,500</u></u>	 <u><u>\$ 7,717,377</u></u>

See notes to consolidated financial statements.

THE PENNSYLVANIA STATE UNIVERSITY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
LIABILITIES AND NET ASSETS
JUNE 30, 2010 AND 2009
(in thousands)

	<u>June 30, 2010</u>	<u>June 30, 2009</u>
Current liabilities:		
Accounts payable and other accrued expenses	\$ 454,482	\$ 390,675
Deferred revenue	222,654	217,243
Long-term debt	52,339	51,884
Present value of annuities payable	4,873	5,038
Accrued postretirement benefits	32,257	31,752
Liability under securities lending program	<u>249,959</u>	<u>253,696</u>
Total current liabilities	<u>1,016,564</u>	<u>950,288</u>
Noncurrent liabilities:		
Deposits held in custody for others	52,783	46,018
Deferred revenue	14,521	17,039
Long-term debt	1,184,072	1,080,555
Present value of annuities payable	31,550	31,928
Accrued postretirement benefits	1,258,530	1,012,433
Refundable United States Government student loans	43,957	44,169
Other liabilities	<u>143,870</u>	<u>131,376</u>
Total noncurrent liabilities	<u>2,729,283</u>	<u>2,363,518</u>
Total liabilities	<u>3,745,847</u>	<u>3,313,806</u>
Net assets:		
Unrestricted -		
Undesignated	1,545	1,386
Designated for specific purposes	1,774,384	1,424,815
Net investment in plant	<u>1,832,776</u>	<u>1,759,274</u>
Total unrestricted	3,608,705	3,185,475
Temporarily restricted	337,570	244,116
Permanently restricted	<u>1,034,721</u>	<u>973,980</u>
Total net assets of The Pennsylvania State University	<u>4,980,996</u>	<u>4,403,571</u>
Noncontrolling interest	<u>657</u>	<u>-</u>
Total net assets	<u>4,981,653</u>	<u>4,403,571</u>
Total liabilities and net assets	<u>\$ 8,727,500</u>	<u>\$ 7,717,377</u>

See notes to consolidated financial statements.

THE PENNSYLVANIA STATE UNIVERSITY
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010
(in thousands)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Operating revenues and other support:				
Tuition and fees, net of discounts of \$109,255	\$ 1,353,614	\$ -	\$ -	\$ 1,353,614
Commonwealth of Pennsylvania -				
Appropriations	350,836	-	-	350,836
Special contracts	79,225	-	-	79,225
Department of General Services projects	91,824	-	-	91,824
United States Government grants and contracts	445,630	-	-	445,630
Private grants and contracts	173,032	-	-	173,032
Gifts and pledges	65,027	59,357	-	124,384
Endowment spending	63,401	-	-	63,401
Other investment income	53,069	545	-	53,614
Sales and services of educational activities	54,237	-	-	54,237
Recovery of indirect costs	142,092	-	-	142,092
Auxiliary enterprises	358,785	-	-	358,785
Medical Center revenue	1,027,218	-	-	1,027,218
Other sources	13,142	-	-	13,142
Net assets released from restrictions	<u>26,705</u>	<u>(26,705)</u>	<u>-</u>	<u>-</u>
Total operating revenues and other support	<u>4,297,837</u>	<u>33,197</u>	<u>-</u>	<u>4,331,034</u>
Operating expenses:				
Educational and general -				
Instruction	1,076,891	-	-	1,076,891
Research	742,190	-	-	742,190
Public service	96,355	-	-	96,355
Academic support	344,587	-	-	344,587
Student services	156,034	-	-	156,034
Institutional support	<u>274,327</u>	<u>-</u>	<u>-</u>	<u>274,327</u>
Total educational and general	2,690,384	-	-	2,690,384
Auxiliary enterprises	305,646	-	-	305,646
Medical Center expense	<u>1,009,860</u>	<u>-</u>	<u>-</u>	<u>1,009,860</u>
Total operating expenses	<u>4,005,890</u>	<u>-</u>	<u>-</u>	<u>4,005,890</u>
Increase in net assets from operating activities	291,947	33,197	-	325,144
Non-operating activities:				
Gifts and pledges	-	-	60,483	60,483
Current year investment returns	166,277	59,079	4,894	230,250
Endowment appreciation utilized	(30,586)	-	-	(30,586)
Changes in funds held by others in perpetuity	-	549	351	900
Write-offs and disposals of assets	(4,408)	-	-	(4,408)
Actuarial adjustment on annuities payable	<u>-</u>	<u>629</u>	<u>(4,987)</u>	<u>(4,358)</u>
Increase in net assets from non-operating activities	<u>131,283</u>	<u>60,257</u>	<u>60,741</u>	<u>252,281</u>
Increase in net assets	423,230	93,454	60,741	577,425
Net assets at the beginning of the year	<u>3,185,475</u>	<u>244,116</u>	<u>973,980</u>	<u>4,403,571</u>
Net assets at the end of the year	<u>\$ 3,608,705</u>	<u>\$ 337,570</u>	<u>\$ 1,034,721</u>	<u>\$ 4,980,996</u>

See notes to consolidated financial statements.

THE PENNSYLVANIA STATE UNIVERSITY
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009
(in thousands)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Operating revenues and other support:				
Tuition and fees, net of discounts of \$105,118	\$ 1,252,759	\$ -	\$ -	\$ 1,252,759
Commonwealth of Pennsylvania -				
Appropriations	318,072	-	-	318,072
Special contracts	112,576	-	-	112,576
Department of General Services projects	29,855	-	-	29,855
United States Government grants and contracts	416,611	-	-	416,611
Private grants and contracts	168,323	-	-	168,323
Gifts and pledges	64,453	39,071	-	103,524
Endowment spending	65,146	-	-	65,146
Other investment income	61,200	11,267	-	72,467
Sales and services of educational activities	51,533	-	-	51,533
Recovery of indirect costs	128,083	-	-	128,083
Auxiliary enterprises	357,056	-	-	357,056
Medical Center revenue	943,583	-	-	943,583
Other sources	22,367	-	-	22,367
Net assets released from restrictions	34,964	(34,964)	-	-
Total operating revenues and other support	<u>4,026,581</u>	<u>15,374</u>	<u>-</u>	<u>4,041,955</u>
Operating expenses:				
Educational and general -				
Instruction	979,561	-	-	979,561
Research	704,017	-	-	704,017
Public service	83,188	-	-	83,188
Academic support	321,602	-	-	321,602
Student services	151,672	-	-	151,672
Institutional support	260,391	-	-	260,391
Total educational and general	2,500,431	-	-	2,500,431
Auxiliary enterprises	330,524	-	-	330,524
Medical Center expense	932,324	-	-	932,324
Total operating expenses	<u>3,763,279</u>	<u>-</u>	<u>-</u>	<u>3,763,279</u>
Increase in net assets from operating activities	263,302	15,374	-	278,676
Non-operating activities:				
Gifts and pledges	-	-	75,614	75,614
Current year investment returns/(losses)	(212,252)	(285,144)	5,931	(491,465)
Endowment appreciation utilized	(40,637)	-	-	(40,637)
Changes in funds held by others in perpetuity	-	418	(2,637)	(2,219)
Write-offs and disposals of assets	(5,389)	-	-	(5,389)
Actuarial adjustment on annuities payable	-	(626)	163	(463)
Increase (decrease) in net assets from non-operating activities	<u>(258,278)</u>	<u>(285,352)</u>	<u>79,071</u>	<u>(464,559)</u>
Increase (decrease) in net assets	5,024	(269,978)	79,071	(185,883)
Net assets at the beginning of the year	<u>3,180,451</u>	<u>514,094</u>	<u>894,909</u>	<u>4,589,454</u>
Net assets at the end of the year	<u>\$ 3,185,475</u>	<u>\$ 244,116</u>	<u>\$ 973,980</u>	<u>\$ 4,403,571</u>

See notes to consolidated financial statements.

THE PENNSYLVANIA STATE UNIVERSITY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009
(in thousands)

	<u>June 30, 2010</u>	<u>June 30, 2009</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 577,425	\$ (185,883)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Actuarial adjustment on annuities payable	4,358	463
Contributions restricted for long-term investment	(85,019)	(75,722)
Interest and dividends restricted for long-term investment	(23,467)	(13,166)
Net realized and unrealized (gains) losses on long-term investments	(235,936)	455,201
Depreciation and amortization expense	216,034	202,216
Write-offs and disposals of assets	7,020	5,653
Contributions of land, buildings and equipment	(2,343)	(1,023)
Buildings and equipment provided by Pennsylvania Department of General Services	(152)	(633)
Contribution to government student loan funds	234	454
Provision for bad debts	27,297	22,899
Increase in deposits held for others	(700)	(436)
Increase in receivables	(53,222)	(76,426)
Increase in inventories	(301)	(1,656)
Increase in prepaid expenses and other assets	(19,266)	(15,359)
Increase in accounts payable and other accrued expenses	12,735	30,493
Increase in deferred revenue	2,893	8,207
Increase in accrued postretirement benefits	246,603	119,848
Net cash provided by operating activities	<u>674,193</u>	<u>475,130</u>
Cash flows from investing activities:		
Purchase of land, buildings and equipment	(354,052)	(415,594)
Increase in deposits held by bond trustees	(65,476)	(125,770)
Advances on student loans	(7,909)	(8,505)
Collections on student loans	7,426	7,175
Decrease in investments held under securities lending program	3,737	12,029
Decrease in liability under securities lending program	(3,737)	(12,029)
Purchase of investments	(27,207,103)	(4,642,005)
Proceeds from sale of investments	26,864,199	5,026,450
Net cash used in investing activities	<u>(762,915)</u>	<u>(158,249)</u>
Cash flows from financing activities:		
Contributions restricted for long-term investment	85,019	75,722
Interest and dividends restricted for long-term investment	23,467	13,166
Payments of annuity obligations	(4,892)	(5,100)
Proceeds from issuance of bonds	145,005	225,003
Principal payments on notes, bonds and capital leases	(51,804)	(127,826)
Proceeds related to government student loan funds, net of collection costs	606	505
Net cash provided by financing activities	<u>197,401</u>	<u>181,470</u>
Net increase in cash and cash equivalents	108,679	498,351
Cash and cash equivalents at the beginning of the year	<u>1,094,807</u>	<u>596,456</u>
Cash and cash equivalents at the end of the year	<u><u>\$ 1,203,486</u></u>	<u><u>\$ 1,094,807</u></u>
Supplemental disclosures of cash flow information (Note 2)		

See notes to consolidated financial statements.

THE PENNSYLVANIA STATE UNIVERSITY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

1. THE UNIVERSITY AND RELATED ENTITIES

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

Basis of Presentation

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed by the University, as summarized below, are in accordance with the recommendations for accounting and reporting included in the Audit and Accounting Guide for Not-for-Profit Organizations issued by the American Institute of Certified Public Accountants.

Basis of Accounting

The University's consolidated financial statements include statements of financial position, statements of activities and statements of cash flows. Net assets and the changes in net assets are classified as permanently restricted, temporarily restricted or unrestricted in accordance with Accounting Standards Codification ("ASC") No. 980-20 (Statement of Financial Accounting Standards ("SFAS") No. 117 *Financial Statements of Not-for-Profit Organizations*).

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

Temporarily restricted net assets consist primarily of contributions receivable and accumulated endowment gains which can be expended, but for which restrictions have not yet been met. Such restrictions include time restrictions imposed by donors or implied by the nature of the gift or by interpretations of law.

Unrestricted net assets are all the remaining net assets of the University.

As permitted, donor-restricted gifts that are received and either spent or deemed spent within the same year are reported as unrestricted revenue. Gifts of long-lived assets are reported as unrestricted revenue. Gifts specified for the acquisition or construction of long-lived assets are reported as unrestricted net assets when the assets are placed in service.

The financial statements of the University have been prepared on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts on the financial statements and the disclosure of contingencies and commitments. Actual results could differ from those estimates.

Revenue Recognition

Tuition revenue is recognized in the fiscal year in which the substantial portion of the educational term occurs. Revenues for auxiliary enterprises are recognized as the related goods and services are delivered and rendered. Grant revenues are recognized as the eligible grant activities are conducted. Payments received in advance for tuition, goods and services are deferred.

Unconditional contributions receivable are recognized when received and consist of written or oral promises to contribute to the University in the future. Contributions receivable are recorded with the revenue assigned to the appropriate category of restriction after discounting to the present value of the future cash flows.

TMSHMC has agreements with third-party payors that provide for payments to TMSHMC at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined or such estimates change.

TMSHMC provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates.

Fair Value of Financial Instruments

The University has provided fair value estimates for certain financial instruments in the notes to the financial statements. Fair value information presented in the financial statements is based on information available at June 30, 2010 and 2009. The carrying amounts of cash and cash equivalents, accounts receivable and accounts payable are reasonable estimates of their fair value. The carrying values of the amounts of the University's loans to students are also reasonable estimates of their fair value, as the total outstanding loans to students as of June 30, 2010 and 2009 have been made at the rates available to students for similar loans at such times. The fair value of investments is disclosed in Note 3. The fair value of the University's bonds payable is disclosed in Note 7. See Note 5 for discussion of fair value measurements.

Cash Flows

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

	<u>2010</u>	<u>2009</u>
Interest paid	\$ 43,970,000	\$ 41,495,000
Non-cash acquisitions of land, buildings and equipment	12,956,000	7,150,000

Cash and cash equivalents include certain investments in highly liquid instruments with initial maturities of 90 days or less, except for such assets held by the University's investment managers as part of their long-term investment strategies. Short-term investments include other current investments held for general operating purposes with maturities greater than three months but less than 12 months.

Accounts Receivable

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

	<u>2010</u>	<u>2009</u>
Grants and contracts, net of allowance of \$860,000 and \$790,000	\$ 134,998,000	\$ 181,516,000
Patient accounts receivable, net of allowance of \$17,684,000 and \$17,859,000	129,871,000	118,379,000
Student receivables, net of allowance of \$4,018,000 and \$3,947,000	41,965,000	37,008,000
Investment and interest receivable	34,891,000	46,815,000
Other, net of allowance of \$3,009,000 and \$2,724,000	<u>53,314,000</u>	<u>23,907,000</u>
Total accounts receivable, net	<u>\$ 395,039,000</u>	<u>\$ 407,625,000</u>

Inventories

Inventories are stated at cost, generally on the first-in, first-out basis, which is lower than market.

Investments

The University's noncurrent investments represent the University's endowment and other investments held for general operating purposes. The University's investments are reported at fair value in the accompanying financial statements. Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair values with gains and losses included in the consolidated statements of activities. The University records derivative securities at market value with changes in market value reflected in the consolidated statements of activities.

The estimated fair value amounts for marketable debt and equity securities held by the University have been reviewed by the University and determined using available market information as supplied by the various financial institutions that act as trustees or custodians for the University. For non-liquid holdings, generally limited partnership investments in private real estate, venture capital, private equity, natural resources, and private debt, estimated fair value is determined based upon financial information provided by the general partner. This financial information includes assumptions and methods that were reviewed by University management. The University believes that the estimated fair value is a reasonable estimate of market value as of June 30, 2010 and 2009. Because the limited partnerships are not readily marketable, the estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market existed, and such differences could be material.

Beneficial Interest in Perpetual Trusts

The University received endowment income from investments of \$11,400,000 and \$11,025,000 held by outside trustees at June 30, 2010 and 2009, respectively. The fair value of such investments has been recorded as permanently restricted net assets and related beneficial interest in perpetual trusts in the consolidated financial statements.

Investment in Plant

Fixed assets, including collections, are stated at cost or fair market value at date of gift. Depreciation is computed over the estimated economic lives of the assets using the straight-line method. Total investment in plant as of June 30 is comprised of the following:

	<u>2010</u>	<u>2009</u>
Land	\$ 107,382,000	\$ 103,108,000
Buildings	4,093,137,000	3,795,427,000
Improvements other than buildings	485,613,000	474,560,000
Equipment	<u>938,440,000</u>	<u>891,909,000</u>
Total plant	5,624,572,000	5,265,004,000
Less accumulated depreciation	<u>(2,472,917,000)</u>	<u>(2,294,682,000)</u>
Total investment in plant, net	<u>\$ 3,151,655,000</u>	<u>\$ 2,970,322,000</u>

Asset Retirement Obligation

Effective June 30, 2006, the University adopted ASC No. 410-20-55 (Financial Accounting Standards Board ("FASB") Interpretation No. 47, *Accounting for Conditional Asset Retirement Obligations* ("FIN 47")). ASC 410-20-55 provides an interpretation of ASC 410-20 (Statement of Financial Accounting Standard ("SFAS") No. 143, *Accounting for Retirement Obligations*), by clarifying that conditional asset retirement obligations meet the definition of a liability even though uncertainty may exist about the timing or method of settlement. Under the provisions of ASC 410-20-55, the University is obligated to record a liability for conditional asset retirement obligations. The University performed an analysis of such obligations and determined that asbestos abatement costs represented the University's primary source of such liabilities. The University reviewed all facilities and determined the timing, method and cost of asbestos abatement using a variety of assumptions and estimates. The accompanying asset retirement obligation was discounted using a rate of 5.25%.

Balance as of June 30, 2008	\$ 46,085,000
Accretion expense	2,324,000
Liabilities settled	<u>(1,358,000)</u>
Balance as of June 30, 2009	\$ 47,051,000
Accretion expense	2,388,000
Liabilities settled	<u>(1,057,000)</u>
Balance as of June 30, 2010	<u>\$ 48,382,000</u>

In addition, the asset retirement obligation of the University also includes obligations related to the Breazeale Nuclear Reactor of \$9,081,000 and \$8,596,000 at June 30, 2010 and 2009, respectively. Conditional asset retirement obligations of \$57,463,000 and \$55,647,000 are included in other noncurrent liabilities in the consolidated statement of financial position at June 30, 2010 and 2009, respectively.

Income Taxes

In fiscal year 2008, the University adopted ASC No. 740-10 (FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes – an interpretation of ASC No. 740-10* (FASB Statement No. 109) ("FIN 48")). ASC 740-10 prescribes the minimum recognition threshold a tax position must meet in connection with accounting for uncertainties in income tax positions taken or expected to be taken by an entity, before being measured and recognized in the financial statements. The adoption of ASC 740-10 did not have a material impact on the University's financial statements. The University files U.S. federal income tax returns. No returns are currently under examination. The statute of limitations on the University's U.S. federal information returns generally remain open for three years following the year they are filed.

Accounting Pronouncements

In June 2009, the FASB issued Statement of Financial Accounting Standards No. 168 – “The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles - a replacement of FASB Statement No. 162”. This standard establishes the FASB Accounting Standards Codification (“ASC”) as the single source of authoritative U.S. Generally Accepted Accounting Principles (“GAAP”), superseding all previously issued authoritative guidance. References to pre-Codification GAAP in the consolidated financial statements have been replaced with descriptive titles.

On July 1, 2008, the University adopted FASB’s ASC guidance on fair value measurements for all financial assets and liabilities. This guidance defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. It emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Fair value measurement should be determined based on the assumptions that market participants would use in pricing an asset or liability including a consideration of nonperformance risk. On July 1, 2009, the University adopted the above mentioned fair value guidance for certain non-financial assets and liabilities. The adoption of this guidance did not have a material impact on the consolidated financial statements of the University.

In April 2009, the FASB issued new ASC guidance for not-for-profit entities regarding mergers and acquisitions. This guidance defines a combination of one or more other not-for-profit entities, business or nonprofit activities as either a merger or acquisition. It also establishes principles and requirements in determining whether a not-for-profit entity combination is a merger or acquisition, applies the carryover method in accounting for mergers, applies the acquisition method in accounting for acquisitions, including which of the combining entities is the acquirer, and requires enhanced disclosures about the merger or acquisition. In addition, it amends existing FASB ASC Guidance on goodwill and other intangible assets and noncontrolling interests in consolidated financial statements to make previous guidance that was only applicable to for-profit entities applicable to not-for-profit entities.

In January 2010, the FASB issued ASC guidance to clarify the scope of noncontrolling interests in consolidated financial statements related to decrease in ownership provisions. This guidance is effective for the University beginning July 1, 2010 as it relates to acquisitions and is effective for the University as it relates to mergers. The University is still assessing the impact of this guidance on the consolidated financial statements as it relates to acquisitions. The guidance as related to mergers did not have any impact during 2010.

In June 2009, the FASB issued ASC guidance on accounting for transfers of financial assets. This guidance clarifies that the objective is to determine whether a transferor and all of the entities included in the transferor’s financial statements being presented have surrendered control over transferred financial assets. That determination must consider the transferor’s continuing involvements in the transferred financial asset, including all arrangements or agreements made contemporaneously with, or in contemplation of, the transfer, even if they were not entered into at the time of the transfer. This guidance is effective for the year beginning July 1, 2010. The University is still assessing the impact of this guidance on the consolidated financial statements.

In September 2009, the FASB issued ASU No. 2009-12, Fair Value Measurements and Disclosures Topic 820: Investments in Certain Entities that Calculate Net Asset Value per Share (or Its Equivalent). ASU 2009-12 amends ASC 820 for Fair Value Measurements and Disclosures to: (1) permit a reporting entity, in certain situations as a practical expedient, to measure the fair value of an alternative investment on the basis of the net asset value per share of the investment, and (2) require additional disclosures for such investments. The changes related to this update are effective periods ending after December 15, 2009. The University adopted this guidance for the year ended June 30, 2010. See Note 5 for disclosure.

In January 2010, the FASB issued ASC guidance that amends current disclosure requirements under the existing fair value accounting standard. It requires entities to disclose separately the amounts of significant transfers into and out of Level 1 and Level 2 fair value measurements along with the reasons for those transfers. In addition, it also requires entities to present separately information about purchases, sales, issuances, and settlements on a gross basis rather than as one net number in the reconciliation for fair value measurements using significant unobservable inputs (Level 3). This guidance is effective for the University beginning on July 1, 2010 except for Level 3 fair value measurement disclosure that is effective July 1, 2011.

In July 2010, the Emerging Issues Task Force ("EITF") reached a consensus-for-exposure on ASU 2010-24, which requires a Healthcare Organization ("HCO") to present a liability related to medical malpractice claims (and other contingent claims) gross; such a liability would not be offset against related insurance recoveries unless the criteria in ASC 210-20 for offsetting were met. Also, the industry specific guidance for the accrual of legal fees associated with resolving contingent claims would be eliminated and HCO's should follow the guidance for such fees in ASC 450-20-S99-2. This guidance is effective for annual reporting periods beginning after December 15, 2010. The University is currently assessing the impact of adopting this guidance on its consolidated financial statements.

In July 2010, the EITF reached a consensus-for-exposure on ASU 2010-23, which requires a HCO to disclose its policy for providing charity care and the amount of charity care provided. In addition, the ASU would require that the amount of charity care be based on the direct and indirect costs of providing charity care, eliminating the other measurement attributes available under ASC 954-605-50-3, and also require disclosure of cost reimbursements associated with providing charity care. This guidance is effective for annual reporting periods beginning after December 15, 2010, and must be applied retrospectively. The University is currently assessing the impact of adopting this guidance on its consolidated financial statements.

3. INVESTMENTS

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

	<u>2010</u>	<u>2009</u>
Money markets	\$ 157,193,000	\$ 228,451,000
Fixed income:		
U.S. government/agency	892,175,000	447,040,000
U.S. corporate	493,493,000	394,703,000
Foreign	171,535,000	108,004,000
Other	182,902,000	285,384,000
Equities	694,491,000	588,043,000
Private capital	519,969,000	439,066,000
Investments held under		
securities lending program	<u>249,959,000</u>	<u>253,696,000</u>
Total	<u>\$3,361,717,000</u>	<u>\$2,744,387,000</u>

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

The following schedules summarize the investment return and its classification in the consolidated statement of activities for the years ended June 30, 2010 and June 30, 2009:

<u>2010</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Dividends and interest	\$ 77,661,000	\$ 545,000	\$ 4,894,000	\$ 83,100,000
Net realized gains	49,755,000	2,271,000	-	52,026,000
Net unrealized gains	<u>124,745,000</u>	<u>56,808,000</u>	<u>-</u>	<u>181,553,000</u>
Total returns	<u>\$ 252,161,000</u>	<u>\$ 59,624,000</u>	<u>\$ 4,894,000</u>	<u>\$ 316,679,000</u>
 <u>2009</u>	 <u>Unrestricted</u>	 <u>Temporarily Restricted</u>	 <u>Permanently Restricted</u>	 <u>Total</u>
Dividends and interest	\$ 79,769,000	\$ 11,267,000	\$ 5,931,000	\$ 96,967,000
Net realized losses	(30,140,000)	(83,473,000)	-	(113,613,000)
Net unrealized losses	<u>(176,172,000)</u>	<u>(201,671,000)</u>	<u>-</u>	<u>(377,843,000)</u>
Total returns	<u>\$ (126,543,000)</u>	<u>\$ (273,877,000)</u>	<u>\$ 5,931,000</u>	<u>\$(394,489,000)</u>

In the management of investments, the University authorizes certain of its investment managers to purchase derivative securities to attain a desired market position; and the University may directly invest in derivative securities to attain a desired market position. The University does not trade or issue derivative financial instruments other than through the investment management practices noted above. Gains and losses from derivative instruments are reported in the consolidated statements of activities. Futures contracts, which are fully cash collateralized, are marked to market daily and are included in the carrying value of the University's investments. The fair value of all derivative instruments is included in the fair value of the University's investments. Futures contracts have minimal credit risk because the counterparties are the exchanges themselves. Fully cash collateralized derivative securities comprised approximately 1.6% and 1.6% of total investments at June 30, 2010 and 2009.

Through an agreement with its primary investment custodian, the University participates in lending securities to brokers. Collateral is generally limited to cash, government securities, and irrevocable letters of credit. Both the investment custodian and the security borrowers have the right to terminate a specific loan of securities at any time. The University receives lending fees and continues to earn interest and dividends on the loaned securities. At June 30, 2010 and 2009, the University held \$249,959,000 and \$253,696,000, respectively, of short-term highly liquid investments as collateral deposits for the securities lending program. The collateral is included as an asset and the obligation to return such collateral is presented as a liability in the consolidated statements of financial position. The securities on loan had an estimated fair value of \$244,415,000 and \$249,278,000 at June 30, 2010 and 2009, respectively.

4. ENDOWMENT NET ASSETS

The University's endowment includes both donor-restricted endowment funds and funds designated to function as endowments. As required by generally accepted accounting principles ("GAAP"), net assets associated with endowment funds, including funds designated to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The University has adopted ASC 980-20 (FSP 117-1) and the enhanced disclosures related to the net asset classification and changes in endowment net assets required by ASC 980-20 have been incorporated in the following tables.

The Commonwealth of Pennsylvania has not adopted UPMIFA but rather is subject to Pennsylvania Act 141 ("PA Act 141"). PA Act 141 permits an organization's trustees to define income as a stipulated percentage of endowment assets (between 2% and 7% of the fair value of the assets averaged over a period of at least three preceding years) without regard to actual interest, dividend, or realized and unrealized gains.

The University has interpreted PA Act 141 to permit the University to spend the earnings of its endowment based on a total return approach, without regard to the fair value of the original gift. As a result of this interpretation, the University classifies as permanently restricted net assets the original value of gifts donated to the permanent endowment, the original value of subsequent gifts to the permanent endowment, and accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by PA Act 141. Funds functioning as endowments are classified as unrestricted net assets due to the lack of external donor restrictions. Gains and losses attributable to permanent endowments are recorded as temporarily restricted net assets and gains and losses attributable to funds functioning as endowments are recorded as unrestricted net assets.

From time to time due to unfavorable market fluctuations, the fair value of some assets associated with individual donor-restricted endowment funds may fall below the level that donors require to be retained as a perpetual fund, while other assets are unaffected to the same extent and maintain or exceed the level required. The aggregate amount of deficiencies at June 30, 2010 and 2009 was \$31,662,000 and \$59,653,000, respectively, reported in unrestricted net assets on the consolidated statement of activities. Subsequent investment gains will be used to restore the balance up to the fair market value of the original gift. Subsequent gains above that amount will be recorded as temporarily restricted net assets.

Endowment net asset composition by type of fund as of June 30, 2010 and 2009:

<u>2010</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ (31,662,000)	\$ 157,325,000	\$ 863,312,000	\$ 988,975,000
Funds functioning as endowments	<u>361,341,000</u>	<u>-</u>	<u>-</u>	<u>361,341,000</u>
Total net assets	<u>\$ 329,679,000</u>	<u>\$ 157,325,000</u>	<u>\$ 863,312,000</u>	<u>\$ 1,350,316,000</u>
<u>2009</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ (59,653,000)	\$ 101,838,000	\$ 807,047,000	\$ 849,232,000
Funds functioning as endowments	<u>324,308,000</u>	<u>-</u>	<u>-</u>	<u>324,308,000</u>
Total net assets	<u>\$ 264,655,000</u>	<u>\$ 101,838,000</u>	<u>\$ 807,047,000</u>	<u>\$ 1,173,540,000</u>

Changes in endowment net assets for the years ended June 30, 2010 and 2009:

<u>2010</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of the year	\$ 264,655,000	\$ 101,838,000	\$ 807,047,000	\$1,173,540,000
Endowment return:				
Endowment earnings	32,815,000	-	4,875,000	37,690,000
Net realized gains	30,842,000	782,000	-	31,624,000
Net unrealized gains	29,875,000	82,622,000	-	112,497,000
Reclassification of funds with deficiencies	<u>27,991,000</u>	<u>(27,991,000)</u>	<u>-</u>	<u>-</u>
Total endowment return	<u>121,523,000</u>	<u>55,413,000</u>	<u>4,875,000</u>	<u>181,811,000</u>
Contributions	-	74,000	51,390,000	51,464,000
Endowment spending	(63,401,000)	-	-	(63,401,000)
Transfers to create funds functioning as endowments	<u>6,902,000</u>	<u>-</u>	<u>-</u>	<u>6,902,000</u>
Endowment net assets, end of the year	<u>\$ 329,679,000</u>	<u>\$ 157,325,000</u>	<u>\$ 863,312,000</u>	<u>\$1,350,316,000</u>
<u>2009</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of the year	\$ 409,290,000	\$ 359,229,000	\$ 754,469,000	\$1,522,988,000
Endowment return:				
Endowment earnings	23,521,000	-	2,878,000	26,399,000
Net realized gains (losses)	34,828,000	(75,032,000)	-	(40,204,000)
Net unrealized losses	(86,948,000)	(242,526,000)	-	(329,474,000)
Reclassification of funds with deficiencies	<u>(59,653,000)</u>	<u>59,653,000</u>	<u>-</u>	<u>-</u>
Total endowment return	<u>(88,252,000)</u>	<u>(257,905,000)</u>	<u>2,878,000</u>	<u>(343,279,000)</u>
Contributions	-	514,000	49,700,000	50,214,000
Endowment spending	(65,146,000)	-	-	(65,146,000)
Transfers to create funds functioning as endowments	<u>8,763,000</u>	<u>-</u>	<u>-</u>	<u>8,763,000</u>
Endowment net assets, end of the year	<u>\$ 264,655,000</u>	<u>\$ 101,838,000</u>	<u>\$ 807,047,000</u>	<u>\$1,173,540,000</u>

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

To satisfy its long-term rate-of-return objectives, the University relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The University targets diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints. The endowment assets of the University are invested in a broad range of equities and fixed income securities, thereby limiting the market risk exposure in any one institution or individual investment.

The University has a policy of appropriating for distribution each year a certain percentage (4.5% for 2010 and 4.8% for 2009) of its pooled endowment fund's average fair market value over the prior five years through December 31 preceding the fiscal year in which the distribution is planned. Accordingly, over the long term, the University expects the current spending policy to allow its endowment to provide generous current spending while preserving "intergenerational equity". This is consistent with the University's objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment returns.

5. FAIR VALUE MEASUREMENTS

The University adopted ASC No. 820-10 (SFAS No. 157, *Fair Value Measurements*) on July 1, 2008. This Statement defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements.

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

Level 1 – Quoted prices (unadjusted) for identical assets or liabilities in active markets as of the measurement date;

Level 2 – Inputs other than unadjusted quoted prices that are observable for the asset or liability, directly or indirectly, including quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived from observable market data by correlation or other means.

Level 3 – Unobservable inputs that cannot be corroborated by observable market data.

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

The following table presents information as of June 30, 2010 about the University's financial assets and liabilities that are measured at fair value on a recurring basis:

	Quoted Prices in Active Markets For Identical Assets <u>Level 1</u>	Significant Other Observable Inputs <u>Level 2</u>	Significant Unobservable Inputs <u>Level 3</u>	Total Fair Value
<u>Assets:</u>				
Long-term Investment Pool:				
Money markets	\$ 158,000	\$ 76,764,000	\$ -	\$ 76,922,000
Fixed income				
U.S. government/agency	113,994,000	15,968,000	-	129,962,000
U.S. corporate	11,640,000	85,060,000	-	96,700,000
Foreign	2,737,000	5,523,000	-	8,260,000
Other	-	6,804,000	-	6,804,000
Equities	479,967,000	156,596,000	-	636,563,000
Private capital	-	102,882,000	413,870,000	516,752,000
Total	<u>\$ 608,496,000</u>	<u>\$ 449,597,000</u>	<u>\$ 413,870,000</u>	<u>\$1,471,963,000</u>
Operating investments:				
Money markets	\$ 37,701,000	\$ 42,570,000	\$ -	\$ 80,271,000
Fixed income				
U.S. government/agency	334,924,000	427,187,000	102,000	762,213,000
U.S. corporate	8,607,000	388,186,000	-	396,793,000
Foreign	3,116,000	160,159,000	-	163,275,000
Other	-	174,193,000	1,905,000	176,098,000
Equities	54,468,000	17,000	3,443,000	57,928,000
Private capital	-	-	3,217,000	3,217,000
Total	<u>\$ 438,816,000</u>	<u>\$1,192,312,000</u>	<u>\$ 8,667,000</u>	<u>\$1,639,795,000</u>
Investments held under securities lending program	\$ -	\$ -	\$ 249,959,000	\$ 249,959,000
Deposits held by bond trustees:				
Money markets	\$ 121,342,000	\$ -	\$ -	\$ 121,342,000
Fixed income				
U.S. government/agency	69,998,000	6,676,000	-	76,674,000
Total	<u>\$ 191,340,000</u>	<u>\$ 6,676,000</u>	<u>\$ -</u>	<u>\$ 198,016,000</u>
Beneficial interest in perpetual trusts	\$ -	\$ -	\$ 11,400,000	\$ 11,400,000
<u>Liabilities:</u>				
Present value of annuities payable	\$ -	\$ -	\$ 36,423,000	\$ 36,423,000
Liability under securities lending program	\$ -	\$ -	\$ 249,959,000	\$249,959,000

The following table presents information as of June 30, 2009 about the University's financial assets and liabilities that are measured at fair value on a recurring basis:

	Quoted Prices in Active Markets For Identical Assets <u>Level 1</u>	Significant Other Observable Inputs <u>Level 2</u>	Significant Unobservable Inputs <u>Level 3</u>	Total Fair Value
<u>Assets:</u>				
Long-Term Investment Pool:				
Money markets	\$ 4,067,000	\$ 92,575,000	\$ 2,110,000	\$ 98,752,000
Fixed income				
U.S. government/agency	69,802,000	34,387,000	3,417,000	107,606,000
U.S. corporate	12,643,000	20,384,000	7,253,000	40,280,000
Foreign	-	-	1,883,000	1,883,000
Other	1,784,000	2,877,000	21,339,000	26,000,000
Equities	335,823,000	234,000	128,008,000	464,065,000
Private capital	-	-	433,390,000	433,390,000
Total	<u>\$ 424,119,000</u>	<u>\$ 150,457,000</u>	<u>\$ 597,400,000</u>	<u>\$ 1,171,976,000</u>
Operating investments:				
Money markets	\$ 38,159,000	\$ 83,989,000	\$ 7,551,000	\$ 129,699,000
Fixed income				
U.S. government/agency	115,791,000	192,989,000	30,654,000	339,434,000
U.S. corporate	47,989,000	213,354,000	93,080,000	354,423,000
Foreign	3,540,000	92,585,000	9,996,000	106,121,000
Other	12,630,000	42,208,000	204,546,000	259,384,000
Equities	117,799,000	1,756,000	4,423,000	123,978,000
Private capital	-	-	5,676,000	5,676,000
Total	<u>\$ 335,908,000</u>	<u>\$ 626,881,000</u>	<u>\$ 355,926,000</u>	<u>\$ 1,318,715,000</u>
Investments held under securities lending program	\$ -	\$ -	\$ 253,696,000	\$ 253,696,000
Deposits held by bond trustees:				
Fixed income				
U.S. government/agency	<u>\$ 125,864,000</u>	<u>\$ 6,676,000</u>	<u>\$ -</u>	<u>\$ 132,540,000</u>
Total	<u>\$ 125,864,000</u>	<u>\$ 6,676,000</u>	<u>\$ -</u>	<u>\$ 132,540,000</u>
Beneficial interest in perpetual trusts	\$ -	\$ -	\$ 11,025,000	\$ 11,025,000
<u>Liabilities:</u>				
Present value of annuities payable	\$ -	\$ -	\$ 36,966,000	\$ 36,966,000
Liability under securities lending program	\$ -	\$ -	\$ 253,696,000	\$ 253,696,000

The Long-term Investment Pool (LTIP) is a mutual fund-like vehicle used for investing the University's endowment funds, funds functioning as endowments, and other operating funds that are expected to be held long-term. A share method of accounting for the LTIP is utilized by the University. Each participating fund enters into and withdraws from the LTIP based on monthly share values. At June 30, 2010 and 2009, fair value of endowment funds and funds functioning as endowments within the LTIP totaled \$1,350,316,000 and \$1,171,976,000, respectively. At June 30, 2010 and 2009, fair value of operating funds included in the LTIP totaled \$121,647,000 and -0-, respectively.

The following tables present information related to changes in Level 3 for each category of assets and liabilities for year ended June 30, 2010:

	<u>Long-term Investment Pool</u>	<u>Operating Investments</u>	<u>Investments Held Under Securities Lending</u>	<u>Beneficial Interest in Perpetual Trusts</u>
<u>Assets:</u>				
Beginning balance	\$ 597,400,000	\$ 355,926,000	\$ 253,696,000	\$ 11,025,000
Total realized and unrealized gains/(losses)	93,438,000	27,154,000	-	375,000
Purchases and settlements	(38,734,000)	(218,399,000)	(3,737,000)	-
Transfers in/(out) of Level 3	(238,234,000)	(156,014,000)	-	-
Ending balance	<u>\$ 413,870,000</u>	<u>\$ 8,667,000</u>	<u>\$ 249,959,000</u>	<u>\$ 11,400,000</u>
	<u>Present Value of Annuities Payable</u>	<u>Liability Under Securities Lending</u>		
<u>Liabilities:</u>				
Beginning balance	\$ 36,966,000	\$ 253,696,000		
Actuarial adjustment of liability	(294,000)	-		
Gifts and severances	(249,000)	-		
Purchases and settlements	-	(3,737,000)		
Ending balance	<u>\$ 36,423,000</u>	<u>\$ 249,959,000</u>		

The following tables present information related to changes in Level 3 for each category of assets and liabilities for year ended June 30, 2009:

	<u>Long-term Investment Pool</u>	<u>Operating Investments</u>	<u>Investments Held Under Securities Lending</u>	<u>Beneficial Interest in Perpetual Trusts</u>
<u>Assets:</u>				
Beginning balance	\$ 794,454,000	\$ 814,538,000	\$ 265,725,000	\$ 13,673,000
Total realized and unrealized gains/(losses)	(210,500,000)	(28,446,000)	-	(2,648,000)
Purchases and settlements	1,952,000	(432,735,000)	(12,029,000)	-
Transfers in/(out) of Level 3	11,494,000	2,569,000	-	-
Ending balance	<u>\$ 597,400,000</u>	<u>\$ 355,926,000</u>	<u>\$ 253,696,000</u>	<u>\$ 11,025,000</u>
	<u>Present Value of Annuities Payable</u>	<u>Liability Under Securities Lending</u>		
<u>Liabilities:</u>				
Beginning balance	\$ 41,538,000	\$ 265,725,000		
Actuarial adjustment of liability	(2,355,000)	-		
Gifts and severances	(2,217,000)	-		
Purchases and settlements	-	(12,029,000)		
Ending balance	<u>\$ 36,966,000</u>	<u>\$ 253,696,000</u>		

In September 2009, the FASB issued new ASC guidance on fair value measurements and disclosures related to investments in certain entities that calculate net asset value per share. This guidance requires enhanced disclosures about the risks of such investments.

The following table presents the fair value and redemption frequency for those investments whose fair value is not readily determinable and is estimated using the net asset value per share or its equivalent as of June 30, 2010:

	<u>Fair Value</u>	<u>Unfunded Commitment</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Commingled Funds:				
Non-U.S. Equity	\$ 156,596,000		Daily/Monthly	5-15 days
Fixed Income	<u>131,592,000</u>		Daily	5 days
Subtotal	<u>\$ 288,188,000</u>			
Marketable Investment Partnerships:				
Absolute Return	\$ 22,202,000		Quarterly	60 days
Private Debt	54,607,000		Quarterly/ Semi Annual	60-90 days
Directional Long/Short	<u>51,897,000</u>		Quarterly	30-65 days
Subtotal	<u>\$ 128,706,000</u>			
Non-Marketable Investment Partnerships:				
Private Real Estate	\$ 56,203,000	\$ 30,902,000		
Venture Capital	69,567,000	80,349,000		
Private Equity	185,470,000	79,396,000		
Natural Resources	54,720,000	25,473,000		
Private Debt	<u>25,302,000</u>	<u>2,013,000</u>		
Subtotal	<u>\$ 391,262,000</u>	<u>\$ 218,133,000</u>		
Total	<u>\$ 808,156,000</u>	<u>\$ 218,133,000</u>		

Commingled funds include investments that aggregate assets from multiple investors and are managed collectively following a prescribed strategy. Redemptions vary from daily to monthly with required notification of 30 days or less. The non-U.S. equity strategy is invested in developed and developing markets outside of the United States, and spans the entire equity capitalization spectrum. These collective portfolios preclude the need to obtain securities registration in foreign countries. The fixed income strategy is comprised primarily of investment grade fixed income securities, with up to a maximum of 30% in non-investment grade securities. Duration is +/- 20% of Barclays Aggregate Index.

Marketable Investment Partnerships include hedge funds whose underlying positions are traded via public securities markets. Liquidity terms range from quarterly to semi-annually with advance notification for redemption ranging from 30 to 90 days. The fair values of the investments for each fund in this category have been estimated using the net asset value of the ownership interest in partner's capital. Three major investment strategies are included within this category. Absolute Return is comprised primarily of equity long/short and multi-strategy arbitrage strategies. Private Debt is comprised of credit securities rated below investment grade in addition to non-rated debt. Directional Long/Short is comprised primarily of equity long/short strategies in both U.S. and non-U.S. markets.

Nonmarketable Investment Partnerships include several private capital funds. The fair values of the investments for each fund in this category have been estimated using the net asset value of the ownership interest in partner's capital and can never be redeemed. Realizations from each fund are received as the underlying investments are liquidated or distributed, typically within 10 years after initial commitment. Unfunded commitments represent remaining commitments for which capital calls have not been exercised as of June 30, 2010. Five major investment strategies are included within this category. Private Real Estate primarily includes commercial real estate properties located throughout the U.S. Venture Capital includes non-public startups and enterprises in early stages of growth within the U.S. Private Equity includes buyouts of previously public companies as well as enterprises that are planning to go public in the near future, including three funds focusing on opportunities outside the U.S. Natural Resources largely include companies involved in natural gas in addition to a variety of other natural resources. Private Debt includes private credit securities rated below investment grade as well as non-rated debt.

6. CONTRIBUTIONS RECEIVABLE

Contributions receivable are summarized as follows as of June 30:

	<u>2010</u>	<u>2009</u>
In one year or less	\$ 60,895,000	\$ 65,905,000
Between one year and five years	97,942,000	79,949,000
More than five years	<u>119,605,000</u>	<u>93,923,000</u>
	278,442,000	239,777,000
Less allowance	(3,656,000)	(9,779,000)
Less discount	<u>(60,626,000)</u>	<u>(52,939,000)</u>
Contributions receivable, net	<u>\$ 214,160,000</u>	<u>\$ 177,059,000</u>

At June 30, 2010 and 2009, the University has received bequest intentions and certain other conditional promises to give of \$39,048,000 and \$34,107,000, respectively. These intentions and conditional promises to give are not included in the consolidated financial statements.

The following table summarizes the change in contributions receivable, net during the year ended June 30, 2010:

Balance beginning of year	\$ 177,059,000
New pledges	61,410,000
Collections on pledges	(22,745,000)
Decrease in allowance	6,123,000
Increase in unamortized discounts	<u>(7,687,000)</u>
Balance at the end of year	<u>\$214,160,000</u>

The following table summarizes the change in contributions receivable, net during the year ended June 30, 2009:

Balance beginning of year	\$145,699,000
New pledges	57,415,000
Collections on pledges	(26,873,000)
Decrease in allowance	799,000
Decrease in unamortized discounts	<u>19,000</u>
Balance at the end of year	<u>\$177,059,000</u>

7. LONG-TERM DEBT

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

	<u>2010</u>	<u>2009</u>
<u>The Pennsylvania State University Bonds</u>		
Series 2010 – payable in amounts ranging from \$3,655,000 to \$6,280,000 through March 2030 with additional amounts of \$21,805,000 and \$44,245,000 due March 2035 and 2040, respectively, with fixed interest rates ranging from 3.375% to 5.00%	\$ 135,035,000	\$ -
Series 2009A – payable in amounts ranging from \$5,540,000 to \$9,320,000 through March 2029, with fixed interest rates ranging from 3.00% to 5.00%	131,460,000	138,060,000
Series 2009B – payable in June 2031, with interest at a variable rate (0.40% at June 30, 2010)	74,235,000	74,235,000
Series 2008A – payable in amounts ranging from \$1,840,000 to \$7,695,000 through August 2029, with a fixed interest rate of 5.00%	77,670,000	77,670,000
Series 2008B – payable in amounts ranging from \$855,000 to \$1,050,000 through August 2016, with fixed interest rates ranging from 3.00% to 3.75%	6,630,000	7,460,000
Series 2007A – payable in amounts ranging from \$490,000 to \$700,000 through August 2022 with additional amounts of \$11,115,000 and \$70,905,000 in August 2028 and 2036, respectively, with fixed interest rates ranging from 3.625% to 4.50%	89,640,000	90,110,000
Series 2007B – payable in amounts ranging from \$2,515,000 to \$5,955,000 through August 2027, with fixed interest rates ranging from 4.25% to 5.25%	71,395,000	73,810,000
Series 2005 – payable in amounts ranging from \$1,835,000 to \$2,745,000 through September 2019 with additional amounts of \$15,990,000, \$20,550,000, and \$32,485,000 in September 2024, 2029, and 2034, respectively, with fixed interest rates ranging from 3.00% to 5.00%	91,395,000	93,165,000
Series 2004A – payable in amounts ranging from \$1,195,000 to \$1,825,000 through September 2019 with additional amounts of \$10,625,000, \$13,635,000, and \$17,515,000 in September 2024, 2029, and 2034, respectively, with fixed interest rates ranging from 3.625% to 5.00%	56,580,000	57,730,000

	<u>2010</u>	<u>2009</u>
Refunding Series 2003 – payable in amounts ranging from \$2,140,000 to \$2,970,000 through March 2018, with fixed interest rates ranging from 4.00% to 5.25%	20,280,000	22,355,000
Series of 2002 – payable in March 2032, with interest at a variable rate (0.25% at June 30, 2010)	100,000,000	100,000,000
Refunding Series 2002 – payable in amounts ranging from \$4,585,000 to \$16,540,000 through August 2016, with fixed interest rates ranging from 4.79% to 5.25%	84,130,000	96,945,000
Refunding Series 2001 – payable in March 2011, with a fixed interest rate of 5.25%	9,290,000	18,140,000
<u>Pennsylvania Higher Educational Facilities Authority</u> <u>University Revenue Bonds (issued for The</u> <u>Pennsylvania State University)</u>		
Series 2006 – payable in amounts ranging from \$185,000 to \$280,000 with an additional amount of \$1,610,000 in 2025, with fixed interest rates ranging from 3.75% to 5.125%	4,125,000	4,305,000
Series 2004 – payable in amounts ranging from \$220,000 to \$325,000 with an additional amount of \$1,905,000 in 2024, with fixed interest rates ranging from 3.65% to 5.00%	4,595,000	4,810,000
Series 2002 – payable in amounts ranging from \$330,000 to \$425,000 with an additional amount of \$2,435,000 in 2022, with fixed interest rates ranging from 4.00% to 5.00%	5,050,000	5,365,000
<u>Lycoming County Authority College Revenue Bonds</u> <u>(issued for Penn College)</u>		
Series 2008 – payable in amounts ranging from \$1,455,000 to \$4,140,000 through October 2037, with fixed interest rates ranging from 3.50% to 5.50%	55,000,000	55,000,000
Series 2005 – payable in amounts ranging from \$505,000 to \$1,855,000 through January 2025, with fixed interest rates ranging from 3.50% to 5.00%	13,535,000	14,035,000
Series 2002 – payable in amounts ranging from \$380,000 to \$2,775,000 through May 2032, with fixed interest rates ranging from 4.30% to 5.25%	28,930,000	29,300,000

	<u>2010</u>	<u>2009</u>
Series 2000 – payable in amounts ranging from \$30,000 to \$5,225,000 through July 2030, with fixed interest rates ranging from 4.80% to 5.50%	39,305,000	39,370,000
Series 1993 – payable in amounts ranging from \$450,000 to \$619,000 through November 2015, with fixed interest rates ranging from 6.05% to 6.15%	<u>10,500,000</u>	<u>13,940,000</u>
Total bonds payable	<u>1,108,780,000</u>	<u>1,015,805,000</u>
Unamortized bond premiums	<u>44,261,000</u>	<u>36,717,000</u>
<u>Note payable and capital leases</u>		
Note payable	2,000,000	4,000,000
Capital lease obligations	<u>81,370,000</u>	<u>75,917,000</u>
Total notes payable and capital leases	<u>83,370,000</u>	<u>79,917,000</u>
Total long-term debt	<u>\$1,236,411,000</u>	<u>\$1,132,439,000</u>

The Series 2010 bonds are general obligation bonds issued in May 2010 for the purpose of funding various construction and renovation projects. The Series 2010 Bonds are subject to early redemption provisions, at the option of the University, beginning March 2021. The bonds maturing on March 2035 and 2040 are subject to sinking fund redemption.

The Series 2009A and 2009B bonds are general obligation bonds issued in May 2009 and June 2009, respectively, for the purpose of funding various construction and renovation projects and for the current refunding of the Series A of 2001 Bonds. The University, in conjunction with the issuance of the Series 2009B Bonds, legally defeased the Series A of 2001 Bonds, with an outstanding principal of \$75,000,000. As a result of the current refunding transaction, amounts related to the Series A of 2001 Bonds have been removed from the University's June 30, 2009 consolidated statement of financial position. The Series 2009A Bonds are subject to early redemption provisions, at the option of the University, beginning March 2019. The Series 2009B Bonds are currently paying interest on a variable rate basis at a long term rate for the period June 1, 2010 through May 31, 2011. The University has the option to convert to another variable rate (daily, weekly, monthly or flexible) or to a fixed rate basis (such rates are generally determined on a market basis) at respective conversion dates. The bonds currently pay interest at 0.40% with adjustment on the respective date to the rate the remarketing agent believes will cause the bonds to have a market value equal to the principal amount up to a maximum of 12%. The 2009B bondholders have the right to tender bonds on the purchase dates while such bonds bear interest at the daily, weekly or monthly rate. The 2009B Bonds were issued subject to the self-liquidity program established by the University on the date of issuance pursuant to which the University will provide liquidity for the 2009B Bonds from its general funds in the event of insufficient remarketing proceeds.

The Series of 2002 bonds currently pay interest on a variable rate basis in the weekly mode; however, the University has the option to convert to another variable rate (daily, monthly, flexible, semiannual or long mode) or to a fixed rate basis. The bonds currently pay interest at 0.25% with adjustment on a weekly basis to the rate the remarketing agent believes will cause the bonds to have a market value equal to the principal amount up to a maximum of 12%. The bondholders have the right to tender bonds at interest rate reset dates. The University, therefore, entered into standby bond purchase agreement with a bank to provide liquidity in case of tender. The bonds are not subject to sinking fund redemption; however, the University has the option to redeem the bonds prior to their scheduled maturity.

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

<u>Year</u>	<u>Annual Installments</u>
2011	\$ 40,945,000
2012	33,405,000
2013	35,035,000
2014	36,825,000
2015	38,640,000
Thereafter	923,930,000

The fair value of the University's bonds payable is estimated based on current rates offered for similar issues with similar security, terms and maturities using available market information as supplied by the various financial institutions who act as trustees or custodians for the University. At June 30, 2010, the carrying value and estimated fair value of the University's bonds payable, including issuance premiums, are \$1,153,041,000 and \$1,168,348,000, respectively. At June 30, 2009, the carrying value and estimated fair value of the University's bonds payable, including issuance premiums, were \$1,052,522,000 and \$1,053,279,000, respectively. Certain bond issues have associated issuance premiums, these issuance premiums total \$44,261,000 and \$36,717,000 at June 30, 2010 and 2009, respectively and are presented within the statement of financial position as long-term debt. These issuance premiums will be amortized over the term of the respective outstanding bonds.

Note payable and capital leases

A \$2,000,000 note payable with principal payment due in May 2011 is included within the consolidated statements of financial position at June 30, 2010.

The University has certain lease agreements in effect which are considered capital leases that are included as long-term debt in the statements of financial position. These leases have been capitalized at the net present value of the minimum lease payments. The capitalized cost and accumulated depreciation of the leases at June 30, 2010 and 2009 was \$99,187,000 and \$21,657,000, and \$90,298,000 and \$15,735,000, respectively. Future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of June 30, 2010 are as follows:

<u>Year</u>	
2011	\$ 11,692,000
2012	11,271,000
2013	10,241,000
2014	8,663,000
2015	7,694,000
Thereafter	<u>157,730,000</u>
Total minimum lease payments	207,291,000
Less imputed interest	<u>(125,921,000)</u>
Capital lease obligation	81,370,000
Current portion	<u>6,557,000</u>
Long-term portion	<u>\$ 74,813,000</u>

8. OPERATING LEASES

The University has certain lease agreements in effect which are considered operating leases. During the year ended June 30, 2010, the University recorded expenses of \$21,341,000 for leased equipment and \$21,368,000 for leased building space. During the year ended June 30, 2009, the University recorded expenses of \$20,981,000 for leased equipment and \$17,476,000 for leased building space.

Future minimum lease payments under operating leases as of June 30, 2010 are as follows:

<u>Year</u>	
2011	\$ 20,417,000
2012	15,154,000
2013	12,209,000
2014	10,710,000
2015	9,952,000
Thereafter	<u>62,125,000</u>
Total minimum lease payments	<u>\$130,567,000</u>

9. RETIREMENT BENEFITS

The University provides retirement benefits for substantially all regular employees, primarily through either contributory defined benefit plans administered by the Commonwealth of Pennsylvania State Employees' Retirement System and The Public School Employees' Retirement System or defined contribution plans administered by the Teachers Insurance and Annuity Association – College Retirement Equity Fund and Fidelity Investments. The University is billed for its share of the estimated actuarial cost of the defined benefit plans (\$11,043,000 and \$11,386,000 for the years ended June 30, 2010 and 2009, respectively). The University's total cost for retirement benefits, included in expenses, is \$110,485,000 and \$107,570,000 for the years ended June 30, 2010 and 2009, respectively.

10. POSTRETIREMENT BENEFITS

The University sponsors a retiree medical plan covering eligible retirees and eligible dependents. For the 2010 benefit plan year, this program includes a Preferred Provider Organization ("PPO") plan for retirees and their dependents who are not eligible for Medicare, a Medicare Advantage Private Fee For Service ("PFFS") plan and a Medicare Supplement plan. In addition, the University provides retiree life insurance benefits of \$5,000 at no cost to the retiree. A limited number of retirees have \$10,000 of life insurance coverage; \$5,000 of which is provided by the University and \$5,000 is paid by the retiree.

Employees who were hired prior to January 1, 2010 are eligible for medical coverage and life insurance after they retire if:

- they are at least age 60 and have at least 15 years of regular full-time employment and participation in a University-sponsored medical plan immediately preceding the retirement date

OR

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

The retiree PPO medical plan and the \$5,000 life insurance coverage are self-funded programs, and all medical claims, death benefits and other expenses are paid from the unrestricted net assets of the University. The PFFS plan and the Medicare Supplement plan are fully insured. The retirees pay varying amounts for coverage under the medical plan. As of January 1, 2010, the monthly amounts ranged from \$32 to \$247 depending on age and dependent coverage options selected.

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

Retirees will be eligible to access their Penn State Retirement Savings Account when they are no longer actively employed at Penn State AND have:

- Completed 25 years of continuous full-time service and are age 60 or older

OR

- Completed a minimum of 15 years of continuous full-time service and are age 65 or older

Included in unrestricted net assets at June 30, 2010 and 2009 are the following amounts that have not yet been recognized in net periodic postretirement cost: unrecognized prior service cost (benefit) of (\$151,388,000) and (\$172,502,000) and unrecognized actuarial loss of \$521,822,000 and \$367,969,000, respectively.

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

Change in benefit obligation:

	<u>2010</u>	<u>2009</u>
Benefit obligation at beginning of year	\$ 1,044,185,000	\$ 924,337,000
Service cost	42,216,000	38,189,000
Interest cost	66,363,000	60,261,000
Actuarial loss	32,068,000	53,026,000
Benefits paid	(35,479,000)	(31,887,000)
Plan amendment	-	259,000
Plan assumptions	<u>141,434,000</u>	<u>-</u>
Benefit obligation at end of year	<u>\$ 1,290,787,000</u>	<u>\$ 1,044,185,000</u>

Change in plan assets:

	<u>2010</u>	<u>2009</u>
Fair value of plan assets at beginning of year	\$ -	\$ -
Employer contributions	35,479,000	31,887,000
Benefits paid	<u>(35,479,000)</u>	<u>(31,887,000)</u>
Fair value of plan assets at end of year	<u>\$ -</u>	<u>\$ -</u>
Funded status	\$(1,290,787,000)	\$(1,044,185,000)
Unrecognized prior service cost (benefit)	-	-
Unrecognized net actuarial loss	-	-
Accrued postretirement benefit expense	<u>\$(1,290,787,000)</u>	<u>\$(1,044,185,000)</u>

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

	<u>2010</u>	<u>2009</u>
Service cost	\$ 42,216,000	\$ 38,189,000
Interest cost	66,363,000	60,261,000
Amortization of prior service cost	(21,651,000)	(21,629,000)
Amortization of unrecognized net loss	<u>20,187,000</u>	<u>19,705,000</u>
Net periodic postretirement cost	<u>\$ 107,115,000</u>	<u>\$ 96,526,000</u>

The assumed healthcare cost trend rate used in measuring the accumulated postretirement benefit obligation was 8.0% and 8.50% for the years ended June 30, 2010 and 2009, respectively, reduced by 0.50% per year to a fixed level of 5.00%. The weighted average postretirement benefit obligation discount rate was 5.50% and 6.25% for the years ended June 30, 2010 and 2009, respectively.

If the healthcare cost trend rate assumptions were increased by 1% in each year, the accumulated postretirement benefit obligation would be increased by \$234,829,000 and \$178,092,000 as of June 30, 2010 and 2009, respectively. The effect of this change on the sum of the service cost and interest cost components of the net periodic postretirement benefit cost would be an increase of \$22,402,000 and \$20,225,000 as of June 30, 2010 and 2009, respectively. If the healthcare cost trend rate assumptions were decreased by 1% in each year, the accumulated postretirement benefit obligation would be decreased by \$186,265,000 and \$142,673,000 as of June 30, 2010 and 2009, respectively. The effect of this change on the sum of the service cost and interest cost components of the net periodic postretirement benefit cost would be a decrease of \$17,447,000 and \$15,759,000 as of June 30, 2010 and 2009, respectively.

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

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

2011	\$ 45,058,000
2012	48,017,000
2013	49,991,000
2014	52,635,000
2015	55,654,000
2016-20	322,630,000

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

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

The Health System is a corporate investor in healthcare joint ventures, which are supportive of the missions of the Medical Center. The Health System was organized in 1995 as a wholly-owned subsidiary of the Corporation for the purpose of organizing components of an integrated health care delivery system. In 2010, the Health System recorded \$657,000 of non-controlling interest related to the acquisition of additional ownership interest in a joint venture. This is recorded in the net assets within the consolidated statements of financial position.

12. CONTINGENCIES AND COMMITMENTS

Contractual Obligations

The University has contractual obligations for the construction of new buildings and for additions to existing buildings in the amount of \$724,008,000 of which \$430,164,000 has been paid or accrued as of June 30, 2010. The contract costs are being financed from available resources and from borrowings.

Letters of Credit

The University has available letters of credit in the amount of \$17,352,000 and \$13,878,000 as of June 30, 2010 and 2009, respectively. These letters of credit are used primarily to comply with minimum state and federal regulatory laws that govern various University activities. The fair value of these letters of credit approximates contract values based on the nature of the fee arrangements with the issuing banks.

Guarantees

The University has a contract with a third party whereby the third party acts as an agent of the University in connection with procurement of electricity. The University guarantees the payment of the obligations of the third party incurred on behalf of the University to counterparties. Due to the nature of the guarantees, it is not possible to quantify the exposure to the University. As result, no liabilities related to guarantees have been recorded as of June 30, 2010.

Self-Insurance

The University has a coordinated program of commercial and self-insurance for medical malpractice claims at TMSHMC through the use of a qualified trust and a domestic captive insurance company in combination with a self-insured retention layer and is supplementing this program through participation in the Pennsylvania Medical Care Availability and Reduction of Error Fund ("Mcare Fund"), in accordance with Pennsylvania law. An estimate of the present value, discounted at 3% and 4% at June 30, 2010 and 2009, respectively, of the medical malpractice claims liability in the amount of \$71,419,000 and \$67,988,000 is recorded as of June 30, 2010 and 2009, respectively.

On July 1, 2003, TMSHMC became self-insured for all medical malpractice claims asserted on or after July 1, 2003, for all amounts that are below the coverage of the TMSHMC's excess insurance policies and not included in the insurance coverage of the Mcare Fund. Under the self-insurance program, TMSHMC is required to maintain a malpractice trust fund in an amount at least equal to the expected loss of known claims. The balance of this trust fund was \$22,305,000 and \$17,764,000 at June 30, 2010 and 2009, respectively. TMSHMC intends to fund any claims due during the next year from cash flows from operations.

With approval from the Pennsylvania Department of Labor and Industry ("PA-DLI"), the University elected to self-insure potential obligations applicable to workers' compensation. Certain claims under the program are contractually administered by a private agency. The University purchased insurance coverage for excess obligations over \$600,000 per incident. An estimate of the self-insured workers' compensation claims liability in the amount of \$14,067,000 and \$13,243,000, discounted at 1.25%, is recorded as of June 30, 2010 and 2009, respectively. The University has established a trust fund, in the amount of \$12,168,000 and \$11,590,000 at June 30, 2010 and 2009, respectively, as required by PA-DLI, to provide for the payment of claims under this self-insurance program. TMSHMC is self-insured for workers' compensation claims and has purchased an excess policy through a commercial insurer which covers individual claims in excess of \$500,000 per incident for workers' compensation claims.

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

Litigation and Contingencies

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

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

13. SUBSEQUENT EVENTS

The University has evaluated subsequent events through October 18, 2010, the date when the financial statements were available to be issued. It did not identify any subsequent events to be disclosed.

THE PENNSYLVANIA STATE UNIVERSITY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2010
(AS RESTATED)**

<u>Program</u>	<u>CFDA No.</u>	<u>Subcontract Expenditures</u>	<u>Expenditures</u>
<u>Research and development programs -</u>			
Direct funding	Note 2	\$ 68,608,912	\$ 419,161,484
Direct funding - American Recovery and Reinvestment Act	Note 3	646,118	18,850,511
Pass-through funds - Commonwealth of Pennsylvania	Note 4	65,173	5,144,595
Pass-through funds - Commonwealth of Pennsylvania - American Recovery and Reinvestment Act	Note 5	0	75,153
Pass-through funds - Other Institutions	Note 6	2,244,279	55,357,157
Pass-through funds - Other Institutions - American Recovery and Reinvestment Act	Note 7	0	2,505,977
Total research and development programs		<u>71,564,482</u>	<u>501,094,877</u>
<u>Student financial assistance programs (Direct funding) -</u>			
Department of Education:			
Federal Supplemental Educational Opportunity Grant	84.007	0	4,924,058
Federal Work Study Program (ARRA funds are not separately identified and are included in the total expenditures)	84.033	0	4,275,665
Federal Perkins Loan Program - Note 14	84.038	0	42,580,049
Federal Pell Grant Program (ARRA funds are not separately identified and are included in the total expenditures)	84.063	0	74,506,061
Federal Direct Loan Program - Note 15	84.268	0	532,892,028
Federal Endowment - Note 16	84.116	0	6,000,000
Department of Health & Human Services:			
Health Professions Student Loan Program - Note 14	93.342	0	430,773
Total student financial assistance programs		<u>0</u>	<u>665,608,634</u>
<u>Other programs -</u>			
State Administrative Matching Grants for Food Stamp Program Pass-through funds - Commonwealth of Pennsylvania (4000008692)	10.561	12,795,793	15,168,885
State Fiscal Stabilization Funds - Pass-through funds - Commonwealth of Pennsylvania - American Recovery and Reinvestment Act	84.394	0	32,764,000
Other Direct funding	Note 8	1,566,204	32,918,747
Other Direct funding - American Recovery and Reinvestment Act	Note 9	6,240	285,769
Other Pass-through funds - Commonwealth of Pennsylvania	Note 10	919,840	2,738,172
Other Pass-through funds - Commonwealth of Pennsylvania American Recovery and Reinvestment Act	Note 11	0	163,615
Other Pass-through funds - Other Institutions	Note 12	69,391	4,679,840
Other Pass-through funds - Other Institutions - American Recovery and Reinvestment Act	Note 13	0	30,624
Total other programs		<u>15,357,468</u>	<u>88,749,652</u>
Total Programs		<u>\$ 86,921,950</u>	<u>\$ 1,255,453,163</u>

See notes to schedule of expenditures of federal awards.

THE PENNSYLVANIA STATE UNIVERSITY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2010 (AS RESTATED)

1. BASIS OF PRESENTATION AND ACCOUNTING:

The purpose of the Schedule of Expenditures of Federal Awards (the "Schedule") is to present a summary of the activities of The Pennsylvania State University (the "University") for the year ended June 30, 2010 which have been financed by the United States Government.

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

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

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

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

The Schedule is prepared on the accrual basis of accounting.

The University restated the 2010 Schedule of Expenditures of Federal Awards to reflect the State Fiscal Stabilization Funds (SFSF) that were passed through the Commonwealth of Pennsylvania as an appropriation through the American Recovery and Reinvestment Act. As disclosed in the caption "Other programs" and in "Total Programs" the expenditures were restated as \$88,749,652 and \$1,255,453,163 to properly account for the additional \$32,764,000 in SFSF program expenditures.

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
2. RESEARCH AND DEVELOPMENT -				
DIRECT FUNDING:				
<u>Agriculture:</u>				
Agriculture and Food Research Initiative	10.RD		\$ 12,361	\$ 295,980
Agricultural Research Service	10.RD		0	1,053,170
Animal and Plant Health Inspection Service	10.RD		64,070	883,674
Cooperative State Research, Education and Extension Service	10.RD		18,100	7,609,829
Department of Agriculture	10.RD		0	401,166
Economic Research Service	10.RD		0	100,541
Foreign Agricultural Service	10.RD		4,883	30,528
Forest Service	10.RD		31,657	397,993
Grants for Agricultural Research Special Research Grants	10.RD		532,799	2,089,384
Grants for Agricultural Research Competitive Research Grants	10.RD		1,237,572	4,841,714
Integrated Services	10.RD		145,015	665,575
International Science and Education Grants	10.RD		0	76,051
Organic Agriculture Research and Extension Initiative	10.RD		5,893	85,331
National Institute of Food and Agriculture	10.RD		0	187,088
Specialty Crop Research Initiative	10.RD		206,840	324,841
Total – Agriculture			2,259,190	19,042,865
<u>Commerce:</u>				
Department of Commerce	11.RD		0	410,423
National Oceanic and Atmospheric Administration	11.RD		3,483	979,372
Total – Commerce			3,483	1,389,795

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
<u>Defense:</u>				
Department of Air Force, Material Command	12.RD		1,374,267	4,435,763
Department of Army, Material Command	12.RD		13,053,561	29,202,479
Department of Defense	12.RD		5,994,843	16,453,523
Department of Defense, Advanced Research Projects Agency	12.RD		0	57,857
Department of Defense, National Security Agency	12.RD		0	715,096
Department of Navy, Office of the Chief of Naval Research	12.RD		18,195,839	134,354,864
Total – Defense			38,618,510	185,219,582
<u>Interior:</u>				
Fish and Wildlife Service	15.RD		0	361,546
Department of Interior	15.RD		19,326	356,130
Geological Survey	15.RD		0	178,180
National Park Service	15.RD		0	405,338
Office of Surface Mining	15.RD		0	81,967
Total – Interior			19,326	1,383,161
<u>Justice:</u>				
Department of Justice	16.RD		0	387,434
National Institute of Justice	16.RD		383,694	2,310,347
Total – Justice			383,694	2,697,781
<u>Transportation:</u>				
Department of Transportation	20.RD		1,367,872	5,576,005
Federal Aviation Administration	20.RD		0	199,865
Total – Transportation			1,367,872	5,775,870
<u>Appalachian Research Commission:</u>	23.RD		0	(1)
<u>General Services Administration:</u>	39.RD		0	369,991
<u>National Aeronautics and Space Administration:</u>	43.RD		3,104,874	18,238,552
<u>National Endowment for the Humanities:</u>	45.RD		0	84,571
<u>National Science Foundation:</u>	47.RD		3,065,480	47,869,867
<u>Department of Veterans Affairs:</u>	64.RD		0	43,479
<u>Environmental Protection Agency:</u>				
Office of Administration	66.RD		0	402
Office of the Chief Financial Officer	66.RD		0	120,016
Office of Research and Development	66.RD		87,097	541,674
Office of Water	66.RD		0	196,616
Total – Environmental Protection Agency			87,097	858,708
<u>Nuclear Regulatory Commission:</u>	77.RD		0	451,104
<u>Energy:</u>	81.RD		3,949,421	15,325,738

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
<u>Education:</u>				
Department of Education	84.RD		5,859,754	8,064,689
Office of Educational Research and Improvement	84.RD		97,613	1,176,376
Office of Elementary and Secondary Education	84.RD		0	534,979
Office of Special Education and Rehabilitative Services	84.RD		106,658	464,872
Rehabilitation Long-term Training				
Office of Special Education and Rehabilitative Services	84.RD		0	120,032
TRIO - Student Support Services	84.RD		0	612,390
Total – Education			6,064,025	10,973,338
<u>Health and Human Services:</u>				
National Institutes of Health	93.RD		8,012,282	98,304,046
Total – Health and Human Services			8,012,282	98,304,046
<u>Department of Homeland Security:</u>				
	97.RD		0	164,673
<u>Agency for International Development:</u>				
	98.RD		0	94,936
<u>Miscellaneous:</u>				
	99.RD		1,673,658	10,873,428
Total Research and Development - Direct Funding			\$ 68,608,912	\$ 419,161,484
3. RESEARCH AND DEVELOPMENT - DIRECT FUNDING - AMERICAN RECOVERY AND REINVESTMENT ACT:				
<u>National Science Foundation:</u>				
Total National Science Foundation	47.RD		\$ 18,630	\$ 6,293,825
			18,630	6,293,825
<u>Department of Energy:</u>				
Total Department of Energy	81.RD		285,980	2,097,282
			285,980	2,097,282
<u>Health and Human Services</u>				
National Institutes of Health	93.RD		341,508	10,459,404
Total – Health and Human Services			341,508	10,459,404
Total Research and Development - Direct Funding - American Recovery and Reinvestment Act			\$ 646,118	\$ 18,850,511
4. RESEARCH AND DEVELOPMENT - PASS-THROUGH FUNDS - COMMONWEALTH OF PENNSYLVANIA:				
<u>Agriculture:</u>				
Commonwealth of Pennsylvania	10.RD	4300219747	\$ 0	\$ 41,224
Commonwealth of Pennsylvania	10.RD	ME 4408578	0	55,314
Commonwealth of Pennsylvania	10.RD	ME 4408695	0	78,100
Commonwealth of Pennsylvania	10.RD	ME 446002	0	2,748,190
Total – Agriculture			0	2,922,828

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
<u>Commerce:</u>				
Commonwealth of Pennsylvania	11.RD	4100044794	0	36,106
Commonwealth of Pennsylvania	11.RD	4100048133	10,511	86,685
Total - Commerce			10,511	122,791
<u>Interior:</u>				
Commonwealth of Pennsylvania	15.RD	1434-03HQRU1548	0	624,908
Commonwealth of Pennsylvania	15.RD	BRC-SR-11-1/ME482001	0	(1,717)
Total – Interior			0	623,191
<u>Transportation:</u>				
Commonwealth of Pennsylvania	20.RD	359704	0	2,504
Total – Transportation			0	2,504
<u>Environmental Protection:</u>				
Commonwealth of Pennsylvania	66.RD	4100035580	0	7,118
Commonwealth of Pennsylvania	66.RD	4100036695	0	87,312
		4100051222_CZM:		
Commonwealth of Pennsylvania	66.RD	2009EG.02	0	80,486
Commonwealth of Pennsylvania	66.RD	4100052885	0	22,794
Commonwealth of Pennsylvania	66.RD	4300148414	0	28,588
Commonwealth of Pennsylvania	66.RD	4300165351	0	18,032
Commonwealth of Pennsylvania	66.RD	43000181971	0	64,843
Commonwealth of Pennsylvania	66.RD	4300226633	0	27,246
Commonwealth of Pennsylvania	66.RD	CZ1:2007-EG.02	0	12,176
Commonwealth of Pennsylvania	66.RD	ME 4408752	0	10,613
Commonwealth of Pennsylvania	66.RD	ME 4408754	0	5,120
Total - Environmental Protection			0	364,328
<u>Energy:</u>				
Commonwealth of Pennsylvania	81.RD	4300133578	54,662	65,658
Total - Energy			54,662	65,658
<u>Education:</u>				
Commonwealth of Pennsylvania	84.RD	041-09-9202	0	18,152
Commonwealth of Pennsylvania	84.RD	062-09-0-042	0	3,092
Commonwealth of Pennsylvania	84.RD	062-10-0-042	0	445,662
Commonwealth of Pennsylvania	84.RD	4300090021/4400003640	0	4,710
Commonwealth of Pennsylvania	84.RD	4300104017	0	96
Commonwealth of Pennsylvania	84.RD	4300148910/4400003640	0	154,460
Commonwealth of Pennsylvania	84.RD	4300152626	0	29,054
Commonwealth of Pennsylvania	84.RD	4300163809/4400003640	0	2,407
Commonwealth of Pennsylvania	84.RD	4300166016/4400003640	0	235,486
Commonwealth of Pennsylvania	84.RD	4300213392	0	26,906
Commonwealth of Pennsylvania	84.RD	430655	0	123,270
Total – Education			0	1,043,295
Total Research and Development Pass-Through Funds Commonwealth of Pennsylvania			\$ 65,173	\$ 5,144,595

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
5. RESEARCH AND DEVELOPMENT - PASS-THROUGH FUNDS - COMMONWEALTH OF PENNSYLVANIA - AMERICAN RECOVERY AND REINVESTMENT ACT:				
<u>Environmental Protection:</u>				
Commonwealth of Pennsylvania	66.RD	4100050541	\$ 0	\$ 34,999
Total - Environmental Protection			0	34,999
<u>Energy:</u>				
Commonwealth of Pennsylvania	81.RD	4300195336	0	40,154
Total - Energy			0	40,154
Total Research and Development - Pass-Through Funds - Commonwealth of Pennsylvania - American Recovery And Reinvestment Act			\$ 0	\$ 75,153
6. RESEARCH AND DEVELOPMENT - PASS-THROUGH FUNDS - OTHER INSTITUTIONS:				
<u>Agriculture:</u>				
American Bird Conservancy	10.RD	04-CS-11082601-010	\$ 0	\$ 16,895
American Chestnut Foundation	10.RD	08-DG-11083150-009	0	48,209
College of Menominee Nation	10.RD	----	0	20,587
Connecticut Agricultural Experiment Station	10.RD	----	0	(1)
Cornell University	10.RD	2007-37620-18204	0	32,743
Cornell University	10.RD	2008-34360-19469	0	10,999
Cornell University	10.RD	2009-34360-19879	0	292
Cornell University	10.RD	Z520301	0	1,191
Duke University	10.RD	2007-49200-03888	0	46,566
Geisinger Clinic	10.RD	59-1950-6-610	0	46,187
Georgetown University	10.RD	2008-35200-04475	0	133,297
Iowa State University	10.RD	20083560418805	0	42,820
Iowa State University	10.RD	2009-34381-20157	0	10,506
Iowa State University	10.RD	2009-51300-05581	0	34,395
Lycoming Clinton Counties	10.RD	----	0	71,064
Michigan State University	10.RD	----	59,012	146,715
Mifflin County Conservation District	10.RD	NRCS 68-3A75-5-167	0	38,473
Mote Marine	10.RD	----	0	17,859
Nature Conservancy	10.RD	2007-39552-18643	0	15,491
North Carolina State University	10.RD	2005-35504-16145	0	5,685
North Carolina State University	10.RD	2006-41210-03731	0	3,901
North Carolina State University	10.RD	2006-51101-03604	0	88,957
North Carolina State University	10.RD	2007-39552-18643	126,762	202,538
Ohio State University	10.RD	2007-35401-18861	0	26,800
Pennsylvania Environmental Council	10.RD	NRCS 69-3A75-7-113	0	11,093
Purdue University	10.RD	05-37620-15609	0	19,214
Purdue University	10.RD	2010-48869-20781	0	48,556
Rodale Institute	10.RD	2006-38640-16700	0	12,134
RTI International	10.RD	----	0	17,083
Rutgers University	10.RD	2008-38640-18866	0	1,569

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
Temple University	10.RD	2006-55215-05938	0	70,542
United Egg Producers	10.RD	NRCS 69-03A75-7-91	0	128,255
University of Arkansas	10.RD	2004-35317-14867	0	6,265
University of Arkansas	10.RD	2009-35603-05063	0	163,117
University of California Davis	10.RD	2007-35204-18391	0	15,424
University of California	10.RD	59-5000-7-0044	0	7,835
University of Connecticut	10.RD	2006-51110-03725	0	14,860
University of Georgia	10.RD	2007-34103-18292	0	434
University of Georgia	10.RD	2008-55302-04471	0	100,952
University of Georgia	10.RD	2009-85118-05718	0	17,896
University of Idaho	10.RD	2007-38624-18600	0	132
University of Idaho	10.RD	----	0	9,695
University of Illinois	10.RD	----	0	66,296
University of Maine	10.RD	2008-34141-19351	0	5,077
		2006-38640-		
University of Maryland	10.RD	16700-LNE06-241	0	425
University of Maryland	10.RD	2008-55204-18863	0	21,244
University of Pennsylvania	10.RD	2007-3512-18243	0	44,060
University of Rhode Island	10.RD	2005-35215-15412	0	12,237
University of Vermont	10.RD	2009-38640-19631	0	82,077
University of Vermont	10.RD	2009-47001-05350	0	21,268
		CSREES 2006-38640-	0	6,999
University of Vermont	10.RD	16700		
University of Wisconsin	10.RD	2008-34558-19331	0	30,766
Washington State University	10.RD	2005-35320-15375	0	14,662
		NFS 06-CR-		
West Virginia University	10.RD	11062759-439	0	127,454
West Virginia University	10.RD	68-3A75-2-89	0	(177)
Xerces Society, Inc.	10.RD	NRCS 69-03A75-7-91	0	2,630
Total – Agriculture			185,774	2,142,243
<u>Commerce:</u>				
Ohio State University	11.RD	NA08OAR4310271	0	5,324
University Corporation for Atmospheric Research	11.RD	NA06OAR4310119	0	54,416
University of Delaware	11.RD	NA08OAR4170750	0	2,824
University of Michigan	11.RD	NA06OAR4170017	0	53,546
University of North Carolina	11.RD	NA03OAR4300088	0	8,591
University of North Carolina	11.RD	NA08OAR4300863	0	6,817
University of Puerto Rico	11.RD	NA08NOS4730408	0	(227)
Total – Commerce			0	131,291
<u>Defense:</u>				
Academy of Applied Science	12.RD	W911NF-04-1-0001	0	42,410
Adaptive Methods Inc.	12.RD	N00024-10-C-4124	0	6,816
Advanced Bionics, Inc.	12.RD	N00173-07-C-2047	0	194
Advanced Cooling Technologies	12.RD	W911QX-10-C-0017	0	9,799
		FA9300-06-D-0003 T.O.		
Advatech Pacific, Inc.	12.RD	-0008	0	24,769
Aerospace Corp.	12.RD	----	0	4,920
Agarigen, Inc.	12.RD	----	0	86,091
Alion Science & Technology Corporation	12.RD	05TA1-SP1-RT4	0	165,632
Alion Science & Technology Corporation	12.RD	N00014-08-C-0295	0	233,724
Alion Science & Technology Corporation	12.RD	N00014-09-C-0526	0	296,230
Alphasense, Inc.	12.RD	N00014-09-M-0346	0	20,963
Altex Technologies	12.RD	HR0011-09-C-0092	0	347,799
Altex Technologies	12.RD	N00014-06-C-0405	0	74,914
Altex Technologies	12.RD	W909MY-10-C-001	0	32,433

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
Altex Technologies	12.RD	W911QX-09-C-0038	0	25,000
Altex Technologies	12.RD	W911SR-09-C-0031	0	20,000
Altex Technologies	12.RD	----	0	136,208
American Competitiveness Institute	12.RD	DE-AC02-06CH11357	0	6,891
American Competitiveness Institute	12.RD	N000178-09-C-2004	0	86,315
American Competitiveness Institute	12.RD	N00014-06-D-0090	0	5,164
America's Phoenix Inc.	12.RD	N68335-09-C-0017	0	8,663
Applied Physical Sciences	12.RD	N00024-09-C-5215	0	10,837
Area-1 Inc.	12.RD	N00014-09-M-0307	0	46,768
ARINC	12.RD	DAAB0703DB006	0	10,616
ATA Engineering	12.RD	FA8650-08-C-6842	0	43,057
ATI Incorporated	12.RD	W911NF-09-C-0150	0	30,484
ATI Incorporated	12.RD	W15QKN-07-C-0066	0	(1,394)
Atlantec Enterprise Solutions	12.RD	N00024-08-C-4155	0	4,607
Auburn University	12.RD	HDTRA 1-07-1-0014	0	95,100
BAE Systems	12.RD	N683335-09-C-0581	0	15,303
Barron Associates	12.RD	N68335-08-C-0411	0	58,070
Battelle Pacific NW National Lab	12.RD	W911NF-07-D-0001	161,998	410,950
BBN Technologies Corporation	12.RD	W911NF-09-2-0053	131,187	477,937
Bell Helicopter Textron Inc.	12.RD	W911W6-07-2-0003	0	704,340
Blue Ridge Research & Consultants	12.RD	N68335-09-C-0156	0	21,682
Boeing Company	12.RD	W58RGZ-04-G-0023	0	83,215
Boeing Company	12.RD	W911W6-08-2-0005	0	193,524
Boeing Company	12.RD	----	0	13,421
Bollinger Shipyards, Inc.	12.RD	----	0	4,805
Booz-Allen & Hamilton Inc.	12.RD	HM1582-06-C-0017	0	201,859
Briartek, Inc.	12.RD	----	0	58,331
Busek Co., Inc.	12.RD	W31P4Q-9-C-0359	0	25,781
CACI International Inc.	12.RD	N00024-01-D-7030/0003	0	33,153
CACI International Inc.	12.RD	----	(2,493)	(4,047)
Camber Corporation	12.RD	GS-23F-0374K	0	51,602
Carnegie Mellon University	12.RD	N00014-02-1-0533	0	(16)
Center for Rotorcraft Innovation	12.RD	88475 2009-B-41-T2	0	136,909
Center for Rotorcraft Innovation	12.RD	W911W6-05-2-0002	0	11,135
Center for Rotorcraft Innovation	12.RD	W911W6-05-2-0003	0	121,663
		W911W6-06-2-0002/		
Center for Rotorcraft Innovation	12.RD	MOD P00011	0	7,454
		W911W6-06-2-0002/		
Center for Rotorcraft Innovation	12.RD	MOD P00012	0	33,709
		W911W6-06-2-0002-1		
Center for Rotorcraft Innovation	12.RD	P0010	0	130,000
Cernova Corp.	12.RD	----	0	36,321
CFD Research Corporation	12.RD	W911W6-09-C-0027	0	51,342
Clarkson Aerospace Corporation	12.RD	FA8650-05-D-1912	0	15,000
Clemson University	12.RD	N00014-06-C-0022	0	18,535
Combustion Propulsion & Ballistics	12.RD	----	0	(2,717)
Concurrent Technologies Corp.	12.RD	C-DDX-1045-02	0	39,558
Concurrent Technologies Corp.	12.RD	N00014-06-D-0048	0	8,487
Concurrent Technologies Corp.	12.RD	N00024-98-9-2310	0	10,904
Continuum Dynamics, Inc.	12.RD	----	0	9,919
Cordec Corporation	12.RD	DAAH10-98-C0005	0	351
Cornell University	12.RD	N00014-07-1-0938	73,228	102,364
Cortana	12.RD	GS-23F-0374K	0	10,229
Cortana	12.RD	N683335-09-C-0581	0	25,000
Cortana	12.RD	N00421-02-C3020	0	5
Crystal IS, Inc.	12.RD	W911NF-09-2-0068	0	86,662
Curtis Wright Electro Mechanical Co.	12.RD	----	0	52,119
Discovery Machine Inc.	12.RD	N00014-10-M-0026	0	12,185
Discovery Machine Inc.	12.RD	W3192T-09-C-0018	0	4,515

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
Discovery Machine Inc.	12.RD	W9132T-10-C-0027	0	4,463
Duke University	12.RD	FA8650-09-C-2944	0	44,945
Duke University	12.RD	W911NF-05-1-0248	0	71,790
Dynaflow, Inc.	12.RD	N66604-08-C-0798	0	4,514
		FA-8650-08-D-1303		
Dynetech	12.RD	TO0006	0	62,745
Electrodynamics Applications Inc.	12.RD	FA9550-09-C-0109	0	122,708
Electrodynamics Applications Inc.	12.RD	FA9550-10-C-0023	0	41,109
EOIR Technologies	12.RD	W157PT-08-D-P417	253,293	315,911
ERC, Inc.	12.RD	FA9300-06-C-0023	0	70,442
Etrema Products, Inc.	12.RD	----	0	134,926
Evionyx, Inc.	12.RD	W31P4Q-05-C-0209	0	(37,208)
Evolved Machines Federal Contract	12.RD	HR0011-09-C-0013	0	383,320
Ex One, LLC	12.RD	DAAD19-02-2-0015	0	(1,048)
Extude Hone Corporation	12.RD	DAAD19-03-2-0011	0	(94)
Feature Based Systems, Inc.	12.RD	FA9550-10-C-0020	0	47,706
Feature Based Systems, Inc.	12.RD	N00014-07-C-0278	0	61,411
Feature Based Systems, Inc.	12.RD	W911W6-08-C-0064	0	89,630
General Dynamics	12.RD	N00014-00-3-0020	0	2,935
General Dynamics	12.RD	N00024-03-C-2101	0	455,552
General Dynamics	12.RD	----	0	(149)
General Dynamics/Electric Boat	12.RD	N00014-07-C-0768	0	2,084
General Dynamics/Electric Boat	12.RD	N00024-07-C-2107	0	360,511
General Dynamics/Electric Boat	12.RD	N66604-05-C-3180	0	454,528
General Dynamics/Electric Boat	12.RD	----	0	921,994
General Opto Solutions, LLC	12.RD	W31P4Q-06-C-0489	0	(34)
George Mason University	12.RD	FA9550-07-1-0527	0	136,039
Georgia Institute of Technology	12.RD	N00014-08-1-0481	0	131,737
Goodrich B.F. Aerospace	12.RD	N00024-09-C-2104	0	74,261
H C Materials Corporation	12.RD	N00014-08-C-0857	0	190,175
Hexcel	12.RD	N00421-08-C-0017	0	72,454
Honeywell Inc.	12.RD	391WAW-07-A-0005	0	26,909
HRL Laboratories, LLC	12.RD	BAA-09-58	0	17,227
HRL Laboratories, LLC	12.RD	----	0	162,333
Hydroid, Inc.	12.RD	N00014-09-C-0137	0	4,446
Hydroid, Inc.	12.RD	N00174-07-D-0001	0	761,364
Image Acoustics, Inc.	12.RD	FA8501-08-C-0015	0	4,457
Image Acoustics, Inc.	12.RD	FA8650-08-M-2883	0	5
Image Acoustics, Inc.	12.RD	FA9550-09-C-0130	0	30,000
Image Acoustics, Inc.	12.RD	N00014-07-C-0146	77,148	96,635
Image Acoustics, Inc.	12.RD	N00014-08-C-0798	0	2,292
Image Acoustics, Inc.	12.RD	N00014-09-C-0491	0	6,006
Image Acoustics, Inc.	12.RD	W911NF-07-C-0101	0	50,803
Image Acoustics, Inc.	12.RD	----	0	64,887
Impact Technologies LLC	12.RD	W15P7T-06-D-E401	0	12,230
Infinia Corporation	12.RD	N00014-09-C-0106	0	51,353
Infoscitex Corporation	12.RD	FA9453-04-C-0040	0	85,058
Infoscitex Corporation	12.RD	W911QX-08-C-0079	0	139,340
Innalabs	12.RD	N61339-07-C-0052	0	245,751
Innovative Automation Tech LLC	12.RD	FA9550-10-C-0047	0	4,878
Innovative Productivity, Inc.	12.RD	N00167-07-C-0008	0	12,239
Innovative Science Solutions Inc.	12.RD	F33615-03-D-2329	0	175,899
Innovative Science Solutions Inc.	12.RD	N00014-08-C-0296	0	103,471
Innovative Technology Applications Co., LLC	12.RD	N68335-09-C-0370	0	32,762
International Business Machines, Inc.	12.RD	W911NF-06-3-0001	0	238,403
ITT Industries	12.RD	N00173-09-C-2023	0	3,495
ITT Industries	12.RD	----	0	2,628
Jacobs Technology Inc.	12.RD	----	0	9,828
Johns Hopkins University	12.RD	04-D-8601	0	136,406

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Johns Hopkins University	12.RD	N000146-06-1-0991	0	832
Johns Hopkins University	12.RD	N00024-03-D-6606	0	129,664
KAAI Inc.	12.RD	W911NF-09-C-0149	0	33,949
KCF Technologies	12.RD	N00014-07-C-1010	0	31,157
KCF Technologies	12.RD	N68335-09-C-0176	0	16,719
Kennametal	12.RD	W911NF-04-2-0037	0	70,173
Knolls Atomic Power Lab	12.RD	N00024-00-C-4011	0	(232)
Kuchera Defense Systems Inc.	12.RD	FA8650-07-C-5214	0	24,898
Kuchera Defense Systems Inc.	12.RD	N68665-07-C-0447	0	37,319
Kuchera Defense Systems Inc.	12.RD	W911QX-08-C-0048	0	345,024
L-3 Communications	12.RD	DTRA01-03-D-0013	0	328,723
L-3 Communications	12.RD	N00406-05-D-5116	0	126,279
L-3 Communications	12.RD	----	0	(2,986)
Lightning Packs LLC	12.RD	N00014-08-0279	0	100,959
Lockheed Martin	12.RD	56-IC-63641	0	2,371
Lockheed Martin	12.RD	FA8650-07-C-7749	0	66,014
Luna Innovations, Inc.	12.RD	N68335-08-C-0119	0	32,165
Luna Innovations, Inc.	12.RD	NQ0147-09-C-7010	0	12,823
Lynntech, Inc.	12.RD	N00014-09-M-0329	0	24,811
Lynntech, Inc.	12.RD	N65538-10-M-0029	0	15,611
Makel Engineering, Inc.	12.RD	----	0	243,028
Marlow Industries	12.RD	W909MY-09-C-0061	0	31,353
		N65540-08-D-0011 DO-		
Material Sciences Corp.	12.RD	0010	0	83,605
Material Sciences Corp.	12.RD	W31P4Q-08-C-0189	0	4,313
McDonnell Douglas Corp.	12.RD	D11H10-01-2-0005	0	8,403
McDonnell Douglas Corp.	12.RD	----	0	9,783
Medico Industries, Inc.	12.RD	W15QKN-08-C-0052	0	135,256
Medico Industries, Inc.	12.RD	----	0	23,972
Metacomp Technologies	12.RD	FA9550-08-C-0014	0	(63,424)
Micromechatronics, Inc.	12.RD	FA9550-09-C-0029	0	1,812
Mimark	12.RD	W56HZV-07-C-0392	0	(2,475)
Mitre Corporation	12.RD	----	0	58,180
Nammo Talley Inc.	12.RD	M67854-08-C-1123	0	33,861
Nammo Talley Inc.	12.RD	N00014-08-C-0422	0	10,667
NAASCO	12.RD	----	0	8,649
National Center for Manufacturing Sciences	12.RD	DASW01-98-2-0002	0	197,574
National Center for Manufacturing Sciences	12.RD	----	0	(528)
National Nanotechnology Manufacturing Center	12.RD	W15QKN-09-0-0001	0	32,086
Newport News Shipbuilding	12.RD	N00024-98-C-4064	0	50,263
Newport News Shipbuilding	12.RD	----	0	(5)
Nextgen Aeronautics Inc.	12.RD	W31P4Q-09-C-0101	0	4,789
Nextgen Aeronautics Inc.	12.RD	----	0	12,544
North Carolina A&T University	12.RD	N00030-08-C-0047	0	(433)
Northrop Grumman	12.RD	8R3-FLEET-PSU-2009	0	104,817
Northrop Grumman	12.RD	HR011-09-C-0062	0	92,421
Northrop Grumman	12.RD	N00014-09-C-0317	0	64,674
Northrop Grumman	12.RD	N00024-98-C-4064	0	31,031
Northrop Grumman	12.RD	N00178-04-D-4091	0	134,186
Northrop Grumman	12.RD	----	0	210,799
Ohio Aerospace Institute	12.RD	FA8650-09-D-2945	0	5,248
Ohio State University	12.RD	FA9550-09-1-0602	0	22,273
Optimetrix, Inc.	12.RD	FA8650-04-D-1712	0	41,883
Optipro Systems	12.RD	----	0	34,399
Orbital Technologies	12.RD	FA9550-09-C-0037	0	24,595
Phoenix Integration	12.RD	N00014-09-C-0271	0	151,803
Physical Sciences Inc.	12.RD	FA9550-09-C-0080	0	5,945
Physical Sciences Inc.	12.RD	N68335-08-C-0038	0	68,066
Physical Sciences Inc.	12.RD	W911NF-08-C-0078	0	27,508

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Physical Sciences Inc.	12.RD	W911NF-09-C-0102	0	55,442
Piasecki Aircraft Corporation	12.RD	N68335-09-C-0217	0	15,000
PPG Industries	12.RD	----	0	2,098
Princeton University	12.RD	FA9550-07-1-0515	0	412,112
Progeny Systems	12.RD	N00014-09-M-0365	0	15,688
Proto Manufacturing Inc.	12.RD	N00014-09-M-0347	0	20,999
Purdue University	12.RD	FA9550-05-1-0365	0	33,596
Purdue University	12.RD	HDTRA1-08-1-0006	0	63,089
Purdue University	12.RD	W911NF-06-1-0377	0	142,382
Qortek Inc.	12.RD	W31P4Q-08-C-0275	0	34,554
Raytheon Co.	12.RD	W900KK-07-D-0001	0	143,432
Raytheon Co.	12.RD	----	0	5,007
Resource Dynamics Corp.	12.RD	N00014-08-M-0266	0	8,998
Rolls Royce PLC	12.RD	N00014-09-D-0680	0	150,405
Rutgers State University of NJ	12.RD	FA9550-05-1-0365	0	284,281
Rutgers State University of NJ	12.RD	W911NF-06-2-0007	0	74,263
Sabre Systems, Inc.	12.RD	N00178-05-D-4546 4Y01	0	40
Sabre Systems, Inc.	12.RD	N00178-05-D-4546 4Y02	0	234,386
		N00178-05-D-4546 DO-		
Sabre Systems, Inc.	12.RD	4Y02	0	24,954
Sarnoff Corporation	12.RD	NMA4 01-02-9-2001	0	(297)
SCI Applications International Corp.	12.RD	DAAE30-01-9-0800	0	29,191
SCI Applications International Corp.	12.RD	N00014-10-C-0073	0	52,572
SCI Applications International Corp.	12.RD	N00173-07-C-2068	0	(423)
Science Research Laboratory	12.RD	FA8651-09-1-0090	0	15,137
Science Research Laboratory	12.RD	W31P4Q-08-C-0328	0	83,037
Science Research Laboratory	12.RD	W31P4Q-09-C-0291	0	24,403
Science Research Laboratory	12.RD	W31P4Q-09-C-0306	0	56,952
Smiths Detection	12.RD	DAAB07-00-C-J613	0	23,029
Solers Inc.	12.RD	N00014-05-C-0032	0	37,187
Sonatech, Inc.	12.RD	N00014-09-M-0364	0	24,285
South Carolina Research Authority	12.RD	N00014-06-D-0045	0	115,324
		N00014-06-D-0045		
South Carolina Research Authority	12.RD	DO 0004	0	719,545
Spectral Energies, LLC	12.RD	FA8650-08-C-3828	0	116,519
Spectrum Technology Group Inc.	12.RD	N00167-04-D-0022	0	193
Star-H Corporation	12.RD	W9113M-09-C-0157	0	19,808
State University of New York	12.RD	N00014-09-1-0699	0	25,323
State University of New York	12.RD	W911NF-09-1-0392	0	272,031
Strategic Polymer Sciences Inc.	12.RD	FA8650-08-C-2811	0	24,521
Strategic Polymer Sciences Inc.	12.RD	N00014-10-C-0093	0	4,632
Strategic Polymer Sciences Inc.	12.RD	W31P4Q-09-C-0576	0	29,000
Systems Engineering Research Center	12.RD	H98230-08-D-0171	0	58,364
Taitech, Inc.	12.RD	FA9550-09-C-0069	0	191,923
Telecordia Technologies, Inc.	12.RD	FA8750-07-C-0030	0	422
Teledyne Science & Imaging LLC	12.RD	HR0011-10-C-0031	0	21,972
Tennessee State University	12.RD	W911NF-04-2-0049	0	82,353
Texas A & M University	12.RD	W81XWH-06-01-0479	0	31,376
Ticom Geomatics	12.RD	----	0	13,531
Triton Systems Inc.	12.RD	W911QX-07-C-0031	0	22,545
TRS Ceramics Inc.	12.RD	N00014-07-C-0761	0	5,838
TRS Ceramics Inc.	12.RD	N00014-07-C-0858	0	6,063
TRS Ceramics Inc.	12.RD	N00014-08-C-0856	0	42,648
TRS Ceramics Inc.	12.RD	N00014-08-M-0113	0	(4)
TRS Ceramics Inc.	12.RD	N00014-09-C-0488	0	4,418
TRS Technologies, Inc.	12.RD	FA8650-10-M-2068	0	15,214
TRS Technologies, Inc.	12.RD	FA9550-10-C-0028	0	41,129
TRS Technologies, Inc.	12.RD	FA9950-0-C-0002	0	(1,862)
TRS Technologies, Inc.	12.RD	N00014-05-C-0209	0	38,478

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TRS Technologies, Inc.	12.RD	N00014-05-C-0371	0	205,812
TRS Technologies, Inc.	12.RD	N00014-06-M-0139	0	63
TRS Technologies, Inc.	12.RD	N00014-07-C-0761	0	46,922
TRS Technologies, Inc.	12.RD	N00014-07-C-0858	0	58,627
UES Inc.	12.RD	N00014-08-M-0296	0	5,424
United Technologies Research Center	12.RD	N4156-08-C-3040	18,986	143,357
United Technologies Research Center	12.RD	W9132T-10-C-0013	0	12,983
University of California	12.RD	N00014-08-1-1015	0	121,543
University of California	12.RD	N00014-06-1-0428	0	159,039
University of California	12.RD	----	0	19,963
University of California Davis	12.RD	W911NF-07-1-0318	0	249,393
University of Iowa	12.RD	N00014-06-1-0420	0	22,373
University of Maryland	12.RD	FA9550-09-1-0632	0	54,060
University of Maryland	12.RD	N00014-06-1-0530	0	60,357
University of Medicine & Dentistry of NJ	12.RD	W81XWH-0701-0403	0	13,541
University of Michigan	12.RD	FA9550-09-1-0695	0	49,507
University of Mississippi	12.RD	W9113M-06-C-0029	0	295,702
University of New Mexico	12.RD	DTRA01-03-D-0009	0	941
University of Oklahoma	12.RD	W911NF-07-1-0587	0	17,912
University of Rochester	12.RD	F49620-03-1-0379	0	431
University of Southern California	12.RD	----	0	15,641
		N00024-07-D-6200		
University of Texas at Austin	12.RD	DO-0082	0	3,334
University of Texas at Austin	12.RD	W911NF-07-1-0028	0	86,089
University of Utah	12.RD	FA9550-08-1-0400	0	177,234
		N00178-04-D-4042 TO		
URS Corporation	12.RD	FC16	0	54,005
Virginia Polytechnic Institute	12.RD	FA9550-07-1-0357	0	10,926
Virginia Polytechnic Institute	12.RD	N66001-08-1-2046	0	(49)
Virginia Polytechnic Institute	12.RD	W911NF-07-1-0452	0	343,047
VLOC Inc.	12.RD	FA9451-05-C-0182	0	1,487
Woods Hole Oceanographic	12.RD	N00014-07-1-0992	0	10,356
Woods Hole Oceanographic	12.RD	----	0	1,111
Wyle Laboratories	12.RD	HC1047-05-D-4005	0	38,752
Wyle Laboratories	12.RD	N00421-04-C-0121	0	64,106
Wyle Laboratories	12.RD	----	0	842
Total – Defense			713,347	21,458,159
<u>Interior:</u>				
America View Consortium	15.RD	08HQGR0157	10,694	12,298
American Chestnut Foundation	15.RD	S08AP12906	0	7,437
Appalachian Trail Conservancy	15.RD	249008009	0	15,258
Excellims Corp.	15.RD	NBCHC070141	0	48,978
Lackawanna Heritage Valley Authority	15.RD	----	0	4,611
Nature Conservancy	15.RD	----	0	(288)
TDI Brooks International Inc.	15.RD	0105CT39187	0	80,279
TDI Brooks International Inc.	15.RD	---	0	94,896
Universal Corporation for Atmospheric Research	15.RD	NA06OAR4310119	0	(1)
University of Southern California	15.RD	07HQAG0008	0	9,287
University of Wyoming	15.RD	----	0	41,616
Total - Interior			10,694	314,371
<u>Justice:</u>				
American Statistical Associates	16.RD	----	0	16,734
Total - Justice			0	16,734

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
<u>Labor:</u>				
Ben Franklin Technology Center	17.RD	WR-15407-06-60	0	173,480
Ben Franklin Technology Center	17.RD	----	0	(35,255)
Total - Labor			0	138,225
<u>State:</u>				
Applied Research Associates, Inc.	19.RD	SAQMMA-08-D-0084	0	48,590
Total - State			0	48,590
<u>Transportation:</u>				
Auburn University	20.RD	DTFH61-09-H-00013	0	47,711
Auburn University	20.RD	----	0	28,876
Cornell University	20.RD	DTOS59-07-G-00052	73,882	281,532
Intelligent Automation, Inc.	20.RD	----	0	12,193
Metron Aviation, Inc.	20.RD	DTFAWA-08-C-00069	0	117,372
National Academy of Sciences	20.RD	----	941	76,543
National Biodiesel Board	20.RD	DTOS59-07-G-00051	0	43,943
Quality Engineering Solutions	20.RD	IPRF-FAA-01-G-002-003-4	0	16,341
SES Group & Associates LLC	20.RD	DTFH61-08-D-00001	0	61,941
Vanasse Hangen Brustlin Inc.	20.RD	DTFH61-05-D-00024	0	22,777
Virginia Polytech Institute	20.RD	DMC75-07-D-00006	0	64,502
Total - Transportation			74,823	773,731
<u>Appalachian Regional Commission:</u>				
Southern Alleghenies P&D Commission	23.RD	----	0	24,825
Wilkes University	23.RD	PA-16500-09	0	21,042
Total - Appalachian Regional Commission			0	45,867
<u>National Aeronautics and Space Admin.:</u>				
Aerodyne Research Inc.	43.RD	----	0	4,455
Busek Co., Inc.	43.RD	NNX10CC62P	0	31,739
California Institute of Technology	43.RD	NNG06GA08G	0	13,290
Colorado State University	43.RD	NNX08AK08G	0	39,375
Combustion Propulsion & Ballistics	43.RD	NAS8-97238	0	50,234
George Mason University	43.RD	NNX08AU04G	0	4,953
Georgia Institute of Technology	43.RD	NNX06AE50G	0	29,374
Jet Propulsion Lab	43.RD	NM0710076	0	394
Jet Propulsion Lab	43.RD	NM0710776	0	8,173
Jet Propulsion Lab	43.RD	NM0710833	0	6,085
Jet Propulsion Lab	43.RD	NM0710860	0	12,379
Jet Propulsion Lab	43.RD	NM0710076	0	1,178
Jet Propulsion Lab	43.RD	----	0	82,196
Makel Engineering, Inc.	43.RD	----	0	5,104
Michigan State University	43.RD	NNX09AM87G	0	31,391
National Science Grant Foundation	43.RD	----	0	4,323
Orbital Technologies	43.RD	NNKO60M02C	0	2
Smithsonian Astrophysical Observatory	43.RD	NAS8-03060	1,352,478	2,531,881
Smithsonian Astrophysical Observatory	43.RD	NNX09AE87G	0	48,817
Smithsonian Astrophysical Observatory	43.RD	----	0	10,583
Space Telescope SCl Institute	43.RD	NAS5-26555	0	227,053
St. Vincent College	43.RD	NNX09AC87G	0	48,898
Techno-Sciences Inc.	43.RD	NNC08CA02C	0	89,699
TRS Technologies, Inc.	43.RD	NNX09CC63P	0	15,835
University of Florida	43.RD	NNX09AC84G	0	17,962
University of Maryland	43.RD	NCC 3989	158,108	896,657
University of South Florida	43.RD	NNL06AA17A	0	30,000
University of Texas at Austin	43.RD	NNX09AV10G	0	37,590
University of Washington	43.RD	NNA08CN87A	0	28,846
Virginia Institute of Marine Sciences	43.RD	NNX08A025G	0	20,572

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
Wyle Laboratories	43.RD	HC1047-05-D-4005	0	(50)
		NNL05AA04Z /		
Wyle Laboratories	43.RD	NNL07AD95T	0	2,261
Total - National Aeronautics and Space Admin.			1,510,586	4,331,249
<u>National Science Foundation:</u>				
Advanced Power Products, Inc.	47.RD	IIP-0944681-SBIR-PHASE 1	0	38,999
Advanced Power Products, Inc.	47.RD	0848712	0	106,940
American Education Research Association	47.RD	DRL-0941014	0	2,229
American Physical Society	47.RD	----	0	1,090
Bentley College	47.RD	----	0	9,572
California Institute of Technology	47.RD	CHE-0802907	0	222,292
Carnegie Institute	47.RD	----	0	229,913
Case Western Reserve University	47.RD	ECS-0609128	0	91,361
Central Washington University	47.RD	----	0	1,269
City College of San Francisco	47.RD	----	0	1,914
Colorado School of Mines	47.RD	----	0	(39)
Columbia University	47.RD	IOS-0719259	0	19,544
Consortium for Ocean Leadership	47.RD	----	0	48,279
Cornell University	47.RD	0335765	0	637,629
Cornell University	47.RD	0619495	0	7,569
Cornell University	47.RD	0821565	0	170,628
Cornell University	47.RD	649215		17,584
Duke University	47.RD	----	0	185,212
Expansyn Technologies Inc.	47.RD	IIP0936151	0	14,462
Florida State University	47.RD	----	0	12,660
Georgia Institute of Technology	47.RD	EEC-0908895	0	25,227
Haverford College	47.RD	PHY-0901925	0	3,081
Integral Ocean Drill Program Management Inc.	47.RD	----	0	1,208
Iowa State University	47.RD	CMA-0424700	0	16,593
Kansas University	47.RD	----	0	499,391
Lehigh University	47.RD	DMR-0602986	0	104,467
Lehigh University	47.RD	DMR-0409588	0	22,946
Lemelson Foundation	47.RD	EEC-0835992	0	43,839
Massachusetts Institute of Technology	47.RD	PHY-0326281	0	3
Massachusetts Institute of Technology	47.RD	----	0	36,080
Micromechatronics, Inc.	47.RD	IIP-0945613	0	16,633
Montana State University	47.RD	ANT-0636770	0	5,531
Montana State University	47.RD	DBI-0501890	0	28,138
Nanolambda, Inc.	47.RD	----	0	19,402
National Academy of Sciences	47.RD	HRD-0533520	0	5,088
North Carolina State University	47.RD	2006-0797	0	99,253
North Carolina State University	47.RD	DB1-0605135	0	21,144
North Carolina State University	47.RD	DBI-0605017	0	6,476
Northwestern University	47.RD	OCI-0724599	0	96,188
Portland State University	47.RD	ANT-0423595	0	45,055
Portland State University	47.RD	DUE-0633754	0	2,517
Rand Corporation	47.RD	0345925	0	48,351
Rand Corporation	47.RD	SES-0624353	0	38,195
Semiconductor Research Corp.	47.RD	NSF CCF-0903432	0	14,662
Stark State College of Technology	47.RD	DUE-0802536	0	15,642
Tufts University	47.RD	IIP-0968651	0	4,000
Universal Corporation for Atmospheric Research	47.RD	ATM-0301213	0	(523)
University of Arizona	47.RD	----	0	9,500
University of California	47.RD	0968662	0	4,000
University of California	47.RD	SES-0850056	0	15,106
University of California	47.RD	----	0	1,779

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
University of California Berkley	47.RD	DRL-0822119	0	75,362
University of Colorado	47.RD	ATM 0449815	0	18,967
University of Florida	47.RD	DMS-0540745	0	159,991
University of Georgia	47.RD	SBE0830165	0	14,996
University of Maryland	47.RD	ESI-0426253	0	411,988
University of Michigan	47.RD	EFRI-0937323	0	36,853
University of Minnesota	47.RD	DMS-0439734	0	156,691
University of Missouri	47.RD	HRD-06-781	0	7,933
University of Nebraska	47.RD	ANT-0342484	0	101,242
University of Nebraska	47.RD	CMMI-0709333	0	54,443
University of North Carolina	47.RD	----	0	29,746
University of Oregon	47.RD	BCS-0643393	0	393
University of Richmond	47.RD	BCS-0642586	0	82,174
University of South Carolina	47.RD	SES-0720072	0	(937)
University of Texas at Austin	47.RD	DEB-0733029	0	21,226
University of Vermont	47.RD	0848247	0	14,588
University of Washington	47.RD	DRL-0813874	0	43,888
University of Wisconsin	47.RD	0708759	0	50,942
University of Wisconsin	47.RD	ANT-0639286	0	91,605
University of Wisconsin	47.RD	PHY-0600953	0	331,274
University of Wisconsin	47.RD	----	0	91,276
Virginia Polytech Institute	47.RD	DBI-04-01748	0	306,874
Virginia Polytech Institute	47.RD	DBI-0922747	0	81,524
Total - National Science Foundation			0	5,251,118
<u>Department of Spanish Origin:</u>				
Altoona Blair County Development Corporation	59.RD	SBAHQ-08-1-0087	0	77,789
Total - Department of Spanish Origin			0	77,789
<u>Environmental Protection Agency:</u>				
Aqua Terra Consultants	66.RD	EP-C-06-029	0	24,800
Capital Research Conservation Development Council	66.RD	----	0	20,199
Erie County	66.RD	----	0	(2,835)
Mactec Inc.	66.RD	----	0	3,403
PARS Environmental	66.RD	EP-C-05-057/0062	0	6,994
Partner for Delaware Estuary	66.RD	----	0	9,963
Pittsburgh Water & Sewer Authority	66.RD	----	40,096	53,103
Texas State Soil & Water Conservation Board	66.RD	C9-996236-14	0	9,524
University of Alabama	66.RD	EP-C-07-014	0	38,293
University of Maryland	66.RD	2006-0113-004	0	8,914
Total - Environmental Protection Agency			40,096	172,358
<u>Nuclear Regulatory Commission:</u>				
Argonne National Lab	77.RD	DE-AC02-06CH11357	0	8,174
Argonne National Lab	77.RD	----	0	31,132
Numark Associates, Inc.	77.RD	----	0	24,180
Purdue University	77.RD	NRC-04-07-094	0	87,765
Purdue University	77.RD	NRC-04-07-116	0	(336)
Purdue University	77.RD	----	0	207,377
Total Nuclear Regulatory Commission			0	358,292
<u>Energy:</u>				
Advanced Cooling Technologies	81.RD	DE-SC0002299	0	31,669
Aerodyne Research, Inc.	81.RD	DE-FG02-05ER63995	0	41,449
Air Products & Chemical	81.RD	DE-FC26-98FT 40343	0	215,938
Argonne National Laboratory	81.RD	DE-AC02-06CH11357	0	326,985
Argonne National Laboratory	81.RD	DE-SV02-06-CH11357	0	32,379

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
AWWA Research Foundation	81.RD	DE-FG02-0363619	0	1,266
Ballard Material Products Inc.	81.RD	DE-FG36-08G018051	0	106,091
Battelle Pacific NW National Lab	81.RD	4000092324	0	17,947
Battelle Pacific NW National Lab	81.RD	DE-AC05-000R2272-5	0	129,869
Battelle Pacific NW National Lab	81.RD	DE-AC05-76RL01830	39,554	344,699
Battelle Pacific NW National Lab	81.RD	DE-AC07-05ID14517	0	190,944
Battelle Pacific NW National Lab	81.RD	----	0	106,543
Bechtel Bettis, Inc.	81.RD	----	0	428,436
Berkley Lawrence Laboratory	81.RD	DE-AC02-05CH11231	0	109,244
Carnegie Institute	81.RD	DE-SC0001057	0	13,296
Consortium Prem. Carbon Prod. From Coal	81.RD	DE-FC26-03NT41874	(311,647)	(16,865)
Cornell University	81.RD	DE-SC0002334	0	98,014
Duke University	81.RD	H133E080011	26,610	90,634
General Electric Company	81.RD	DE-FC26-08NT06560	0	380,903
Georgia Institute of Technology	81.RD	DE-FG26-07NT43069	0	48,113
Illuminex Corporation	81.RD	DE-FG02-07ER86313	0	142,602
Infinia Corporation	81.RD	DE-FC36-08GO18157	0	84,757
Livermore Lawrence National Laboratory	81.RD	DE-AC52-07NA27344	0	80,639
Los Alamos National Lab	81.RD	DE-AC52-06NA25396	0	47,830
Los Alamos National Lab	81.RD	----	0	23,361
Louisiana State University	81.RD	DE-SC0001058	0	29,392
Medical University of South Carolina	81.RD	DE-FG07-051D14692 IND	0	3,992
National Occupancy Competency Test Institute	81.RD	----	0	10,205
National Renewable Energy Lab	81.RD	DE-AC36-08GO28308	0	18,227
National Renewable Energy Lab	81.RD	DE-AC36-99GO10337	0	45,690
NICCR Consortium	81.RD	DE-FC02-06ER64157	(84,735)	86,473
		DE-AC07-051D14517/		
North Carolina State University	81.RD	00042959-29	0	43,364
Nuvera Fuel Cells, Inc.	81.RD	DE-PS36-08GO98009	0	184,357
New York State Energy Research & Development Authority	81.RD	DE-FC26-00NT41025	95,779	105,998
Oak Ridge National Lab	81.RD	DE-AC05-000R22725	0	5,000
Oak Ridge National Lab	81.RD	----	0	83,701
Research Partnership to Secure Energy	81.RD	DE-AC26-07NT42677	0	13,563
Rutgers University	81.RD	DE-SC0001780	0	90,179
Sandia National Labs	81.RD	775396	0	44,733
Sandia National Labs	81.RD	----	6,024	392,833
Solar Turbines	81.RD	----	0	154,839
South Dakota State University	81.RD	DE-FC36-05GO85041	0	58,074
Southern University and A&M College	81.RD	DE-FG26-08NT0001471	0	11,528
Stripperwell Consortium	81.RD	DE-FC26-04NT42098	(96,882)	(4,622)
Techno-Sciences Inc.	81.RD	DE-SC0000914	0	24,037
Tulane University	81.RD	DE-FC02-06ER64298	0	19,521
UHV Technologies, Inc.	81.RD	DE-FG-02-05ER84342	0	296
University of California	81.RD	DE-AC02-05CH11231	0	2,157
University of Michigan	81.RD	DE-FG07-07ID14894	0	191,663
University of Missouri	81.RD	DE-FG07-071D14807	0	27,047
University of Tennessee	81.RD	DE-FG07-071D14895	0	123,496
University of Texas at Austin	81.RD	DE-FC21-92MC29061	0	93,751
URS Corporation	81.RD	DE-FE0004000	0	145,397
Washington Savannah River Co., LLC	81.RD	DE-AC09-96SR19500	0	1,478
West Virginia University	81.RD	----	0	158,962
Total - Energy			(325,297)	5,242,074

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
<u>Education:</u>				
Duke University	84.RD	H133E080011	0	165,975
Duke University	84.RD	----	0	58,800
Johns Hopkins School of Public Health	84.RD	R305A080326	0	69,122
Purdue University	84.RD	P116J070040	0	5,400
University of Minnesota	84.RD	H327A080004A	0	94,245
University of North Carolina	84.RD	R305A040056	0	336,998
Total - Education			0	730,540
<u>Health and Human Services:</u>				
Abiomed	93.RD	2R22HL078049-02A1	0	14,309
Adult Congenital Heart Association	93.RD	----	0	1,003
AFASCI, Inc.	93.RD	----	0	7,593
Arizona State University	93.RD	2 R01 HD039666-05A1	0	120,787
Arizona State University	93.RD	1R01GM080586-01A2	0	86,125
Arizona State University	93.RD	1R01GM092946	0	20,407
Bassett Mary Imogene Hospital	93.RD	#5 U50/OH07542-07	0	(4,108)
Bassett Mary Imogene Hospital	93.RD	1R01OH009484-01	0	181,412
Bassett Mary Imogene Hospital	93.RD	5 U50/OH007542-09	0	155,315
Bassett Mary Imogene Hospital	93.RD	U50/OH007542-08	0	60,328
Baylor College of Medicine	93.RD	2 R01 AR044474-13	0	23
Baylor College of Medicine	93.RD	5-R01-AR-044474-14	0	53,480
Baylor University	93.RD	R01 NS049135	0	9,620
Brigham & Women's Hospital	93.RD	1 R01 ES017017-01A1	0	35,764
Broad Institute of Cambridge Massachusetts	93.RD	1 PO1 HG005062	0	28,694
Center for Addiction & Mental Health	93.RD	1R01AA017663-01A1	0	18,402
Child Care Consultants Inc.	93.RD	----	0	4,197
Children's Hospital of Philadelphia	93.RD	5 H30 MC09625-03-00	0	1,223
Children's Hospital of Philadelphia	93.RD	5 H30MC09625-02-00	0	60,569
Children's Hospital of Philadelphia	93.RD	5U01 DD000193-04	0	64,302
Children's Hospital of Philadelphia	93.RD	U01DD000193-03	0	23,460
Children's Miracle Network	93.RD	R21 HD047463	8,250	8,908
Cincinnati Children's Hospital Medical Center	93.RD	5R01DA09965-04	0	4,266
Cincinnati Children's Hospital Medical Center	93.RD	5U54RR019498-05	0	18,238
Cincinnati Children's Hospital Medical Center	93.RD	R01 DA16402	0	5,173
City University of New York	93.RD	R01 HL057093-09	0	11,511
Claremont Graduate University	93.RD	7R01CA120945	0	12,055
Cleveland Clinic	93.RD	----	0	9,933
Colorado State University	93.RD	9R01HL092791	0	111,202
Columbia University	93.RD	1 R01 MH084995-01	0	51,938
Community Strategies	93.RD	----	0	22,451
Cornell University	93.RD	5 U01NS50324-03	0	28,480
Dartmouth College	93.RD	7 R01 HD049762	0	85,898
Dartmouth College	93.RD	7R01HD049782-02	0	70,498
Drexel University	93.RD	7 R01AG022443-05	0	62,437
Drexel University	93.RD	7R01AG022443-04	0	808
East Carolina University	93.RD	7R03HD050239-03	0	10,933
Edinboro University	93.RD	1 R21 HG005133-01	0	56,078
Elizabethtown College	93.RD	1 R15 AI076933-01A1-08-1	0	3,152
European Bioinformatics Institute	93.RD	1 5U01HG004695-01	0	(21,774)
European Bioinformatics Institute	93.RD	1 5U01HG004695-02	0	131,519
Fox Chase Cancer Center	93.RD	1 U19 AI083008-01	0	560,546
Fox Chase Cancer Center	93.RD	5 U19 AI083008-02	0	81,977
Frontier Science & Technology Research Foundation	93.RD	2U10CA92115030	0	117,628

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
George Mason University	93.RD	5 R01 MH079502-03	0	9,520
George Mason University	93.RD	5 R01 MH079502-04	0	47,598
George Washington University	93.RD	1R01HD061017-01	0	54,837
Georgetown University	93.RD	1 R01 AA018863-01	0	121,452
Glycotek, LLC	93.RD	1 R43 HL091656-01A1	0	24,187
Hebrew Rehabilitation Center	93.RD	1 R01AG028423-04	0	30,598
Hebrew Rehabilitation Center	93.RD	1 R01 AG032982-01A1	0	7,112
International Agency Research on Cancer	93.RD	----	0	35,287
Invo Tek, Inc.	93.RD	1R43HD059231-01A1	0	22,842
Iowa State University	93.RD	1R01DOP002279-01	0	27,115
Iowa State University	93.RD	R01DA013709	0	807,077
Iowa State University	93.RD	R01MH057717-08	0	30,886
JAEB Center for Health Research	93.RD	U10 EY 14231	0	39,504
John Wayne Cancer Institute	93.RD	5 R01 GM077391-02	0	14,172
John Wayne Cancer Institute	93.RD	R01 GM077391	0	29,081
Johns Hopkins University	93.RD	1 P01AG021190	0	(16)
Johns Hopkins University	93.RD	1 PS0CA098252-01	0	16,307
Johns Hopkins University	93.RD	1P30MH086043-01	0	158,262
Johns Hopkins University	93.RD	1U01NS062851-01A1	0	11,906
Johns Hopkins University	93.RD	3P01AG021190-05S1	0	211,741
Johns Hopkins University	93.RD	5 P01AG021190-05	0	207,318
Johns Hopkins University	93.RD	5 R01 HD038384-09	0	71,153
Johns Hopkins University	93.RD	5 U01 DK074082-04	0	4,096
Johns Hopkins University	93.RD	R01HD0505254	0	86,299
Johns Hopkins University	93.RD	----	0	49,285
Keystone Nano, Inc.	93.RD	1 R43 CA141849-01	0	33,000
Kirksville College	93.RD	5R25AT003579-02	0	36,885
Lincoln University	93.RD	1 P20MD0033520-01	0	2,129
Lincoln University	93.RD	3SC1GM082365-02S1	0	28,260
Lincoln University	93.RD	5 P20MD0033520-02	0	92,621
Louisiana State University	93.RD	1R01DK080441-01A2	0	29,233
Louisiana State University	93.RD	7R01NS058867-04	0	29,233
Luna Innovations Inc.	93.RD	HHSN268200900023C	0	23,796
Luna Innovations Inc.	93.RD	R44 GM074373	0	33,252
Lycoming Clinton Counties	93.RD	----	0	88,711
Massachusetts General Hospital	93.RD	3 U01 NS049640-04S1	0	(630)
Massachusetts General Hospital	93.RD	5U01NS049640-05	0	70,988
Medical College of Georgia	93.RD	5 U24 DK076169-04	0	56,369
Medical University of South Carolina	93.RD	2R01HS011326-03	0	(17)
Michigan State University	93.RD	R21DA025695	0	15,772
Moffit, H L Cancer Center & Research Institute	93.RD	5 P01 CA118210-03	0	148,703
Moffit, H L Cancer Center & Research Institute	93.RD	5 PO1 CA118210-04	0	63,503
Mount Sinai Medical Center	93.RD	5 R01DD000350-02	0	21,487
Mount Sinai Medical Center	93.RD	5 R01DD000350-03	0	27,533
National Childhood Cancer Foundation	93.RD	5 U10 CA098543-08	0	64,370
National Childhood Cancer Foundation	93.RD	U10 CA98543-07	0	161,362
National Jewish Medical & Research Center	93.RD	1R01HL090982-01	0	10
National Jewish Medical & Research Center	93.RD	1 R01 HL090982-03	0	31,350
New York Medical College	93.RD	5 R01 CA111842-03	0	11,117
New York Medical College	93.RD	5 R01CA111842-04	0	93,917
New York Medical College	93.RD	7 R01 CA111842-02	0	(335)
Ohio State University	93.RD	1P42ES016465-01A1	0	62,436
Oregon Health Science University	93.RD	HHSA 290 2007 10016	0	15,546
Oregon Social Learning Center	93.RD	2R01HD042608-07	0	30,098
Oregon Social Learning Center	93.RD	5R01HD042608-08	0	146,255
Pacific Institute for Research and Evaluation	93.RD	R01AA017186-01A2	0	35,628
Pennington Biomed Research Center	93.RD	1-P50-AT002776	0	(24,117)
Piezo Resonance Innovations Inc.	93.RD	1R43AI080335-01A1	0	19,998
Piezo Resonance Innovations Inc.	93.RD	2R44GMO85844-02A1	0	5,029

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
Purdue University	93.RD	1 R01 AG027769-01A2	0	47,168
Purdue University	93.RD	2 R01 AG018436-06	0	35,768
Purdue University	93.RD	7 R01 GM083983	0	68,152
Research Foundation State University of New York	93.RD	1 R01 DC009429-01	0	11,649
Rhode Island Hospital	93.RD	1 R01 HL093205-01A1	0	38,605
Sanford Health	93.RD	3 U01 HD045935-07W1	0	8,716
SCI Applications International Corp	93.RD	----	0	11,601
Scripps Institute	93.RD	2 R01 CA097209-06	0	1
Scripps Institute	93.RD	5 R01 CA097209-07	0	26,702
Skidmore College	93.RD	1 R21 DA023147-02	0	28,447
Skidmore College	93.RD	IR21 DA023147-01A2	0	8,101
St. Joseph's Hospital and Medical Center	93.RD	1 U01 NS052478-03	0	13,392
State University of New York	93.RD	1-R01-GM08322401-A1	0	18,958
Syracuse University	93.RD	1P30AG033464-01	0	28,872
Syracuse University	93.RD	R01AT002477	0	61,320
Syracuse University	93.RD	---	0	54
Temple University	93.RD	7R01HD051542-06	0	36,757
Temple University	93.RD	90YF0070/01	0	45,856
TRS Ceramics	93.RD	2 R44 EB001516-02A2	0	2,043
University of Alabama	93.RD	2-P01-ES011617-06	0	105,120
University of Arkansas Medical Science	93.RD	1 R01 GM089001-01	0	78,369
University of California	93.RD	1R01HG005117	0	56,877
University of California	93.RD	7R01-AR052536-04	0	110,498
University of California	93.RD	7 R01-EB004051-04	0	14,578
University of California	93.RD	R01-AI12575	0	182,406
University of California	93.RD	R01 DE016886	0	161,800
University of California	93.RD	R01GM087405-01A1	0	15,995
University of California San Francisco	93.RD	R01 EB008049	0	75,253
University of California San Francisco	93.RD	7 R01 EB008049-02	0	11,143
University of California San Diego	93.RD	2 U54 GM069338-06	0	43,470
University of California San Diego	93.RD	5 U54 GM069338-07	0	125,284
University of Cincinnati	93.RD	1 U01 NS052220-02	0	27,535
University of Cincinnati	93.RD	5 R01 AI065256-03	0	8,012
University of Cincinnati	93.RD	5 R01 AI065256-05	0	2,671
University of Colorado	93.RD	90YF005305	0	2,399
University of Colorado	93.RD	FAA 90YF0053102	0	10,068
University of Connecticut	93.RD	5-R01-DC00499-07	0	237
University of Connecticut	93.RD	5R01-DC00499-09	0	76,065
University of Florida	93.RD	R01 GM059969	0	63,050
University of Florida	93.RD	5R01GM59969	0	127,299
University of Georgia	93.RD	7R01HS01132604	0	18,628
University of Illinois	93.RD	R 01 NR08425-02	0	14,247
University of Iowa	93.RD	1 R01 HL083475-02	0	37,942
University of Iowa	93.RD	1 R01 HL083475-03	0	142,640
University of Kentucky	93.RD	3 U01 CA114622-05	0	8,944
University of Kentucky	93.RD	3 U01 CA114622-05S2	0	79,480
University of Kentucky	93.RD	5 U01 CA11462-05	26,006	217,761
University of Kentucky	93.RD	----	0	13,611
University of Maryland	93.RD	2U54AI057168-06	0	221,750
University of Maryland	93.RD	HD039386-08		121,498
University of Massachusetts	93.RD	1 R01 CA133908-02	0	20,632
University of Massachusetts	93.RD	5P01HD025995-18	0	11,851
University of Massachusetts	93.RD	5-P01-HD025995-19	0	111,913
University of Medicine and Dental of NJ	93.RD	1 R01 NS049176-01A2	0	40,654
University of Michigan	93.RD	CA129102-01A2	0	56,876
University of Michigan	93.RD	DA001411-34	0	9,614
University of Michigan	93.RD	DA001411-35	0	21,001
University of Michigan	93.RD	HD039386-07	0	7,393

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
University of Michigan	93.RD	HD055524-01	0	52,055
University of Missouri	93.RD	1-R25-OH008319-01	0	5,196
University of North Carolina	93.RD	5 P01-HD039667-07	0	3,884
University of North Carolina	93.RD	5 R01 ES012238-05	0	(1)
University of North Carolina	93.RD	5 U19 MH082441-03	0	255,356
University of North Carolina	93.RD	5 U19 MH082441-04	0	51,784
University of North Carolina	93.RD	5P01HD039667-08	0	716,139
University of Oklahoma	93.RD	5R01 AG026607-04	0	80,142
University of Oklahoma	93.RD	5R01AG026607-05	0	53,757
University of Pennsylvania	93.RD	1-R01-CA-131333-01	0	(4,328)
University of Pennsylvania	93.RD	5P20DA025995-02	0	281,702
University of Pennsylvania	93.RD	5-R01-CA-131333-02	0	62,795
University of Pennsylvania	93.RD	5-R01-CA-131333-03	0	17,472
University of Pennsylvania	93.RD	5D31HP08847-03-00	0	117,338
University of Pittsburgh	93.RD	1 U01 NS052478-01A2	0	13,042
University of Pittsburgh	93.RD	1R01HL086918-01A1	0	64,852
University of Pittsburgh	93.RD	5 R01 PH000026-03	0	11,444
University of Pittsburgh	93.RD	5 U01 CA099168-07	0	28,456
University of Pittsburgh	93.RD	5 U10 HD049983-04	0	(10,001)
University of Pittsburgh	93.RD	5 U01-CA 099168-05	0	(1,386)
University of Pittsburgh	93.RD	5P50AG05133-26	0	18,375
University of Pittsburgh	93.RD	5P50GM076659-04	0	177
University of Pittsburgh	93.RD	5-R01-OH007592-05	0	2,355
University of Pittsburgh	93.RD	5R01OH007592-06	0	31,296
University of Pittsburgh	93.RD	5R21MH083134-02	0	64,525
University of Pittsburgh	93.RD	5R01HL086918-03	0	105,359
University of Pittsburgh	93.RD	HHSN267200700029C	0	29,374
University of Pittsburgh	93.RD	----	0	774
University of Rochester	93.RD	----	0	13,220
University of South Carolina	93.RD	1 R01GM081793-01	0	103,783
University of Southern California	93.RD	5 P41EB002182-11	0	123,666
University of Washington	93.RD	5 R01 EB005197-04	0	28,811
University of Washington	93.RD	5-R01-GM075095-05	0	65,538
University of Wisconsin	93.RD	3U10EY014351-05	0	29,219
University of Wisconsin	93.RD	5U10HL074212-05	0	98,081
University of Wisconsin	93.RD	----	0	35,840
University of Wyoming	93.RD	DHHSNIH43944	0	11,130
Utah State University	93.RD	N01A115435	0	101,024
Villanova University	93.RD	----	0	2,014
Virginia Commonwealth University	93.RD	2U54HD034449-12A1	0	149,406
Virginia Commonwealth University	93.RD	3U54HD03449-14	0	32,288
Virginia Commonwealth University	93.RD	5U54 HD034449-14	0	20,604
Virginia Commonwealth University	93.RD	5U54HD034449-13	0	94,663
Virginia Polytech Institute	93.RD	1U600H009761-01	0	11,152
Wake Forest University	93.RD	1R21A1081022-01	0	32,315
Wake Forest University	93.RD	N01-HC-95178	0	29,818
Wake Forest University	93.RD	R01 HL090567	0	43,042
Wayne State University	93.RD	1R21GM082821-01A1	0	29,086
Western NY Public Health Agency	93.RD	----	0	1,890
Yale University	93.RD	1 U01 GM087719-01	0	7,873
Yale University	93.RD	2 U01-NS044876-06	0	2,646
Yale University	93.RD	5 U10 HD055925-02	0	22,660
Yale University	93.RD	5 U10 HD055925-03	0	13,864
Total - Health and Human Services			34,256	12,060,163
<u>Corporation for National and Community Service:</u>				
The After School Program	94.RD	----	0	7,440
Total - Corporation for National and Community Service			0	7,440

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
<u>Homeland Security:</u>				
Arizona State University	97.RD	2008-ST-061-BS0002	0	52,549
Morgan State University	97.RD	W911NF-04-2-0046	0	47,052
Morgan State University	97.RD	----	0	2,396
Purdue University	97.RD	2009-ST-061-CI0001	0	326,036
University of Arizona	97.RD	2008-ST-061-BS0002	0	139,701
University of Maryland	97.RD	2008ST061ST0004	0	12,862
Total Homeland Security			0	580,596
<u>Agency for International Development:</u>				
International Rice Research	98.RD	----	0	1,023
North Carolina State University	98.RD	19071-425678	0	1,433
Virginia Polytech Institute	98.RD	EPP-A-00-04-00013-00	0	53,356
Virginia Polytech Institute	98.RD	EPP-A-00-04-00016-00	0	37,031
Total - Agency for International Development			0	92,843
<u>Miscellaneous:</u>				
Advanced Optical Systems, Inc.	99.RD	W9113M-05-C-0164	0	(828)
American Bird Conservancy	99.RD	W912DY-09-2-0002	0	16,007
Duke University	99.RD	----	0	2,500
Earth Resources Technology, Inc.	99.RD	GS-10F-0196R	0	125,868
Ex One, LLC	99.RD	----	0	(828)
Feature Based Systems Inc.	99.RD	FA9550-09-C-0105	0	27,503
Intelligent Optical Systems Inc.	99.RD	NBCHC060081	0	8,671
ITT Corp.	99.RD	----	0	1,000,070
L-3 Communications Titon Corporation	99.RD	DTRA01-03-D-0013	0	(47,171)
L-3 Communications Titon Corporation	99.RD	----	0	42,789
Lockheed Martin	99.RD	----	0	(213)
New Mexico Veterans Administrative Health	99.RD	----	0	46,642
Northeastern University	99.RD	----	0	20,860
Polyfuel	99.RD	70NANB7H7054	0	46,738
Sarnoff Corporation	99.RD	----	0	668
SCI Applications International Corp.	99.RD	----	0	5,216
Stimulus Engineering Services, Inc.	99.RD	N00178-04-D-4119	0	55,259
University of California	99.RD	N01-CM-62209	0	24,406
Virginia Polytech Institute	99.RD	EPP-A-00-04-00016-00	0	9,327
Total - Miscellaneous			0	1,383,484
Total Research and Development - Pass-Through Funds - Other Institutions			\$ 2,244,279	\$ 55,357,157

**7. RESEARCH AND DEVELOPMENT -
PASS-THROUGH FUNDS - OTHER
INSTITUTIONS - AMERICAN RECOVERY
AND REINVESTMENT ACT:**

<u>Commerce:</u>				
Nature Conservancy	11.RD	NA09NMF4630332	\$ 0	\$ 2,591
Purdue University	11.RD	60NANB10D023	0	36,643
Total - Commerce			0	39,234
<u>Defense:</u>				
Purdue University	12.RD	FA9550-09-1-0523	0	161,044
University of Texas	12.RD	1163165 PO #2601040	0	16,483
Total - Defense			0	177,527
<u>National Aeronautics and Space Admin.:</u>				
Makel Engineering, Inc.	43.RD	----	0	15,210
Total - National Aeronautics and Space Admin.			0	15,210

CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
<u>National Science Foundation:</u>			
Cornell University	47.RD	ECCS-0335765	0 114,746
Illumenix Corporation	47.RD	IIP-0929448	0 45,120
Lehigh University	47.RD	DMR-0844014	0 71,015
Proton Energy Systems	47.RD	NSF-0930447	0 44,999
University of Pennsylvania	47.RD	EAR-0722476	0 15,522
University of Vermont	47.RD	SES-0851153	0 10,954
Total - National Science Foundation			0 302,356
<u>Environmental Protection Agency:</u>			
Erie County Conservation District	66.RD	25012030905-CF	0 194,342
Shohoa Township	66.RD	52036030905-CF	0 28,554
Total - Environmental Protection Agency			0 222,896
<u>Energy:</u>			
Air Products & Chemical	81.RD	DE-EE0000580	0 16,022
Physics Sciences Inc.	81.RD	DE-SC0003400	0 32,579
Proton Energy Systems	81.RD	DE-EE0000276	0 36,601
Strategic Polymer Sciences Inc.	81.RD	DE-SC0003340	0 49,042
University of Massachusetts	81.RD	DE-SC 0001087	0 45,041
Total - Energy			0 179,285
<u>Health and Human Services:</u>			
Boston Medical Center	93.RD	1 R01 AI077463-01A2	0 23,234
Bowling Green University	93.RD	1R21HD058142-01A1	0 93,062
Children's Hospital of Philadelphia	93.RD	1-RC2-HL101606-01	0 31,482
Claremont Graduate University	93.RD	1R03HD058122-01A1	0 11,113
Donald Danforth Plant Science Center	93.RD	1R01DA25197-01	0 25,119
Edinboro University	93.RD	1 RC2 HG005542-01	0 159,509
Iowa State University	93.RD	1RC2DA02887901	0 122,330
Massachusetts Institute of Technology	93.RD	1-R01-HL086521-01A2	0 107,925
Northwestern University	93.RD	1R01HD057223-01A1	0 40,775
Northwestern University	93.RD	R03 HD060659	0 13,586
Purdue University	93.RD	3 R01HD057599-02S1	0 62,328
State University of New York at Albany	93.RD	1 RC1 HL099122-01	0 101,782
University of Arkansas Medical Science	93.RD	3 R56 AI06056305A2S1	0 155,126
University of California	93.RD	1R21AI077532-01A1	0 73,224
University of Florida	93.RD	3R01GM59969-1251	0 64,191
University of Florida	93.RD	R01 HL095508	0 66,939
University of Kentucky	93.RD	3 U01 CA114622-0553	0 51,724
University of Maryland	93.RD	3R01CA052881-19S1	0 41,243
University of Pennsylvania	93.RD	1RC1AR058450-01	0 28,535
University of Pittsburgh	93.RD	3 U01 CA099168-07S1	0 89,756
University of Pittsburgh	93.RD	3 U01 CA099168-07S2	0 134,641
Utah State University	93.RD	1R21AG033109-01A1	0 53,389
Wake Forest University	93.RD	1RC2EB011406-01	0 18,456
Total - Health and Human Services			0 1,569,469
Total Research and Development - Pass-Through Funds - Other Institutions			
American Recovery and Reinvestment Act			
		\$	0 \$ 2,505,977
Total Research and Development		\$	71,564,482 \$ 501,094,877

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
8. OTHER DIRECT FUNDING:				
<u>Agriculture:</u>				
Food and Agricultural Sciences National	10.210		\$ 0	\$ 179,605
Higher Education Challenge Grants	10.217		0	19,786
Higher Education Multicultural Scholars Program	10.220		0	39,890
Integrated Programs	10.303		661,387	841,921
Beginning Farmer and Rancher Development Prog	10.311		0	112,086
Commodity Partnerships for Risk Management	10.459		0	11,609
Food Safety Cooperative Agreements	10.479		0	52,435
Cooperative Extension Service	10.500		177,338	13,583,077
Cooperative Forestry Assistance	10.664		0	46,020
Urban and Community Forestry Program	10.675		0	349,546
Forest Stewardship Program	10.678		0	17,423
Rural Business Enterprise Grants	10.769		0	80,052
Environmental Quality Incentives Program	10.912		0	61,752
Watershed Rehabilitation Program	10.916			(3,139)
Technical Agricultural Assistance	10.960		0	61,799
Cochran Fellowship Program-International Training-Foreign Participant	10.962		0	167,706
Non-Specified	10.xxx		0	155,693
Total - Agriculture			838,725	15,777,261
 <u>Commerce:</u>				
Economic Development Technical Assistance	11.303		0	151,700
Economic Adjustment Assistance	11.307		0	281,602
Public Telecommunications Facilities Planning and Construction	11.550		0	59,305
Total - Commerce			0	492,607
 <u>Defense:</u>				
Military Medical Research and Development	12.420		0	32,024
Basic Scientific Research	12.431		0	(20)
Basic, Applied, and Advanced Research in Science and Engineering	12.630			112,575
Mathematical Sciences Grants Program	12.901		0	14,202
Non-Specified	12.xxx		0	2,398,147
Total - Defense			0	2,556,928
 <u>Justice:</u>				
National Institute of Justice Research	16.560		0	20,101
Total - Justice			0	20,101
 <u>Labor:</u>				
Brookwood-Sago Grant	17.603		34,007	93,422
Non-Specified	17.xxx		0	18,355
Total - Labor			34,007	111,777
 <u>Department of Transportation:</u>				
Airport Improvement Program	20.106		0	3,002,441
Total - Department of Transportation			0	3,002,441
 <u>Appalachian Regional Commission:</u>				
Non-Specified	23.xxx		0	(309)
Total - Appalachian Regional Commission			0	(309)

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
<u>National Aeronautics and Space Administration:</u>				
Space Grant	43.xxx		0	16,060
Total - Appalachian Regional Commission			0	16,060
<u>National Endowment for the Humanities:</u>				
Promotion of the Humanities - Division of Preservation and Access	45.149		0	256,872
Promotion of the Humanities - Professional Develop	45.163		0	187,882
National Leadership Grants	45.312		0	38,803
Total - National Endowment for the Humanities			0	483,557
<u>National Science Foundation:</u>				
Engineering Grants	47.041		0	39,990
Mathematical and Physical Sciences	47.049		8,651	502,282
Geosciences	47.050		0	237,877
Computer and Information Science and Engineering	47.070		0	36,933
Biological Sciences	47.074		0	52,082
Social, Behavioral, and Economic Sciences	47.075		0	63,861
Education and Human Resources	47.076		0	124,674
Total - National Science Foundation			8,651	1,057,699
<u>Veterans Affairs:</u>				
Non-Specified	64.xxx		0	9,738
Total - Veterans Affairs			0	9,738
<u>Environmental Protection Agency:</u>				
Community Action for a Renewed Environment	66.035		0	32,810
Congressionally Mandated Projects	66.202		0	35,943
Surveys, Studies, Investigations and Special Purpose Grants	66.606		0	(9,603)
Pesticide Environmental Stewardship Regional Grants	66.714		0	30,981
Surveys, Studies, Investigations, Training Demo and Educational Outreach	66.716		0	105,040
Total - Environmental Protection Agency			0	195,171
<u>Education:</u>				
Office of Post Secondary Education	84.022		0	54,122
TRIO - Student Support Services	84.042		0	330,665
TRIO - Talent Search	84.044		0	675,863
TRIO - Upward Bound	84.047		0	726,003
TRIO - Educational Opportunity Centers	84.066		0	723,248
Fund for the Improvement of Postsecondary Education	84.116		9,981	222,557
Rehabilitation Long-Term Training	84.129		0	114,423
Migrant Education-College Assistance Migrant Program	84.149		0	409,906
Bilingual Education - Professional Development	84.195		0	306,956
Fund for the Improvement of Education	84.215		0	17,763
TRIO - McNair Post-Baccalaureate Achievement	84.217		0	317,351
National Institute for Literacy	84.257		169,027	295,296
Indian Education Formula Grants to Local Education Agencies	84.299		0	369,395
Education Research, Development and Dissemination	84.305		0	277,972

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
Special Education-Personnel Preparation to Improve Services and Results for Children with Disabilities	84.325		0	768,971
Child Care Access Means Parents in School	84.335		0	377,766
Total - Education			179,008	5,988,257
<u>Health and Human Services:</u>				
Model State-Supported Area Health Education Centers	93.107		454,361	629,911
Injury Prevention and Control Research and State and Community Based Programs	93.136		28,497	496,433
Research Related to Deafness and Communication Disorders	93.173		0	37,019
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243		0	113,793
Drug Abuse and Addiction Research Programs	93.279		0	393,550
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286		0	10,000
Minority Health and Health Disparities Research	93.307		0	119,044
Nurse Education, Practice and Retention Grants	93.359		0	302,411
National Center for Research Resources	93.389		22,955	147,945
Cancer Research Manpower	93.398		0	225,641
Cardiovascular Diseases Research	93.837		0	42,000
Arthritis, Musculoskeletal and Skin Diseases Research	93.846		0	41,061
Kidney Diseases, Urology and Hematology Research	93.849		0	157,443
Pharmacological Sciences	93.859		0	112,054
Aging Research	93.866		0	3,790
Grants to States for Operation of Offices of Rural Health	93.913		0	143,034
Non-Specified	93.xxx		0	26,976
Total - Health and Human Services			505,813	3,002,105
<u>Homeland Security:</u>				
Non-Specified	98.xxx		0	34,686
Total - Homeland Security			0	34,686
<u>Miscellaneous:</u>				
Non-Specified	99.xxx		0	170,668
Total - Miscellaneous			0	170,668
Total Other Direct Funding			\$ 1,566,204	\$ 32,918,747

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
9. OTHER DIRECT FUNDING - AMERICAN RECOVERY AND REINVESTMENT ACT:				
<u>National Science Foundation:</u>				
Trans-NSF Recovery Act Research Support	47.082		\$ 6,240	\$ 77,496
Total - National Science Foundation			6,240	77,496
<u>Health and Human Services:</u>				
Trans-NIH Recovery Act Research Support	93.701		0	63,330
National Center for Research Resources				
Recovery Act Construction Support	93.702		0	144,943
Total - Health and Human Services			0	208,273
Total Other Direct Funding - American Recovery and Reinvestment Act			\$ 6,240	\$ 285,769
10. OTHER PASS-THROUGH FUNDS - COMMONWEALTH OF PENNSYLVANIA:				
<u>Department of Welfare:</u>				
Specialty Crop Block Grant Program	10.169	4300125174	\$ 0	\$ 11,583
Specialty Crop Block Grant Program - Farm Bill	10.170	ME 44091404	0	9,013
Summer Food Service Program for Children	10.559	310-14-000-0	0	20,605
Non-Specified	10.xxx	----	0	1,000
Total - Department of Welfare			0	42,201
<u>Commerce:</u>				
Non-Specified	11.xxx	4000007626	0	(25,050)
Total - Commerce			0	(25,050)
<u>Housing and Urban Development:</u>				
Total Housing and Urban Development	14.900	4100039606	0	127,637
<u>Labor:</u>				
Mine Health and Safety Grants	17.600	4300111808	0	81,831
Total - Labor			0	81,831
<u>Environmental Protection Agency:</u>				
Office of Water	66.468	4100042025	0	14,372
Pollution Prevention Grants	66.708	4100041695	0	167,825
Total - Environmental Protection Agency			0	182,197

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
<u>Education:</u>				
Vocational Education Basic Grants to States	84.048	094-09-9003	0	1,133
Vocational Education Basic Grants to States	84.048	097-10-0002	0	71,239
Vocational Education Basic Grants to States	84.048	119-09-9004	0	3,614
Vocational Education Basic Grants to States	84.048	119-10-0003	0	89,590
Vocational Education Basic Grants to States	84.048	381-09-9011	0	(949)
Vocational Education Basic Grants to States	84.048	381-09-9021	0	(875)
Vocational Education Basic Grants to States	84.048	381-09-9042	66,471	89,857
Vocational Education Basic Grants to States	84.048	381-09-9043	0	35,792
Vocational Education Basic Grants to States	84.048	386-09-9001	0	26
Vocational Education Basic Grants to States	84.048	386-09-9009	0	7,251
Vocational Education Basic Grants to States	84.048	386-10-0005	0	71,267
		4300151083/		
Tech-Prep Education	84.367	4400003640	0	64,510
		4300186778/		
Tech-Prep Education	84.367	4400003640	0	11,531
		4300190326/		
Tech-Prep Education	84.367	4400003640	0	32,658
Total - Education			66,471	476,644

Health and Human Services:

Centers for Disease Control & Prevention				
Investigations	93.197	4100039606	0	17,282
State Rural Hospital Flexibility Program	93.241	4100050114	0	357,830
Centers for Disease Control & Prevention				
Investigations	93.283	4100038765	22,636	96,189
National Bioterrorism Hospital Preparedness Prog	93.889	4100040071	0	96,128
National Bioterrorism Hospital Preparedness Prog	93.889	4100049821	830,733	1,181,029
Maternal and Child Health Services	93.994	4100040632	0	104,254
Total - Health and Human Services			853,369	1,852,712

**Total Other Pass-Through Funds -
Commonwealth of Pennsylvania**

\$	919,840	\$	2,738,172
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**11. OTHER PASS-THROUGH FUNDS -
COMMONWEALTH OF PENNSYLVANIA -
AMERICAN RECOVERY AND
REINVESTMENT ACT:**

Energy:

State Energy Program Special Projects	81.119	4100053748	\$	0	\$	163,615
Total Energy				0		163,615

**Total Other Pass-Through Funds-
Commonwealth of Pennsylvania
American Recovery And
Reinvestment Act**

\$	0	\$	163,615
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12. OTHER PASS-THROUGH FUNDS - OTHER INSTITUTIONS:	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
<u>Agriculture:</u>				
University of Vermont-Agricultural Research Special Research Grants	10.200	CSREES 2006-38640- 16700	\$ 0	\$ 3,397
University of Vermont-Sustainable Agricultural Research and Education	10.215	2007-38640-17935	0	35,305
University of Vermont-Sustainable Agricultural Research and Education	10.215	2008-38640-18866	0	22,760
University of Vermont-Sustainable Agricultural Research and Education	10.215	2009-38640-19631	0	867
University of Connecticut-Integrated Programs	10.303	2006-51110-03644		1,924
University of Maryland-Integrated Programs	10.303	2004-51130-03110	0	30,322
University of Maryland-Integrated Programs	10.303	2008-51130-19500	0	8,053
University of Nebraska-Integrated Programs	10.303	2004-51110-01889	0	1,404
Virginia Technology University-Integrated Programs	10.303	2008-51110-04334	0	43,193
Cornell University-Homeland Security Agricultural Carnegie Mellon University-Specialty Crop Research	10.304 10.309	2007-37620-18204 2008-51180-04876	0 0	50,000 203,931
Rutgers University-Specialty Crop Research	10.309	2009-51181-06035	0	10,193
Auburn University-Cooperative Extension Service	10.500	2008-48540-04313	0	6,625
Cornell University-Cooperative Extension Service	10.500	2007-48668-03969		8,684
Cornell University-Cooperative Extension Service	10.500	ENE09-110	0	1,298
Kansas State University-Cooperative Extension Service	10.500	2007-48661-03868	0	130,121
Mississippi State University-Cooperative Extension Service	10.500	2005-45-64-03212	0	8,298
North Carolina State University-Cooperative Extension Service	10.500	2006-48642-03728	0	18,628
University of Delaware-Cooperative Extension Service	10.500	2007-49200-03888	0	18,006
University of Maine-Cooperative Extension Service	10.500	2008-47001-04302	0	10,000
University of Vermont-Cooperative Extension Service	10.500	2007-47001-03782	0	(257)
University of Vermont-Cooperative Extension Service	10.500	2008-47001-04302	0	34,416
Altarum Institute-Non-Specified	10.xxx	----	0	60,055
American Forest Foundation-Non-Specified	10.xxx	----	0	24,972
Chesapeake Bay Foundation-Non-Specified	10.xxx	----	0	1
Kansas State University-Non-Specified	10.xxx	----	0	50,000
National Association of State University Land Grant Colleges-Non-Specified	10.xxx	----	0	10,584
Purdue University-Non-Specified	10.xxx	2005-37620-15609	0	31,458
University of Vermont-Non-Specified	10.xxx	2007-38640-17935	0	1,608
University of Vermont-Non-Specified	10.xxx	2007-47001-03782	0	17,640
University of Vermont-Non-Specified	10.xxx	2009-47001-05350	0	1,011
Total - Agriculture			0	844,497
<u>Defense:</u>				
University of Michigan-Non-Specified	12.xxx	---	0	3,142
Total - Defense			0	3,142
<u>Interior:</u>				
TDI Brooks International Inc.-Non-Specified	15.xxx	0105CT39187	0	1,352
TDI Brooks International Inc.-Non-Specified	15.xxx	----	0	27,120
Total - Interior			0	28,472

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
<u>Labor:</u>				
Private Industry Council Lehigh Valley - Job Training Partnership Act	17.250	----	0	285,175
Ben Franklin Technology Center-WIA Pilots, Demonstrations and Research Projects	17.261	WR-15407-06-60	0	283,688
Maglev, Inc.-WIA Pilots, Demonstrations and Research Projects	17.261	EA-15057-05-60	0	(2,568)
Total - Labor			0	566,295
<u>State:</u>				
Institute for International Education- Humphrey Fellowship Program	19.010	----	0	261,791
Total - State			0	261,791
<u>Transportation:</u>				
Cornell University-Biobased Transportation Research	20.761	DTOS59-07-G-00052	4,996	63,959
Total - Transportation			4,996	63,959
<u>National Aeronautics and Space Admin.:</u>				
Jacobs Technology Inc.-Non-Specified	43.xxx	----	0	23,680
Smithsonian Astrophysical Observatory- Non-Specified	43.xxx	NAS8-03060	0	13,162
Space Telescope Science Institute- Non-Specified	43.xxx	NAS5-26555	0	23,498
Technology Commercialization Center- Non-Specified	43.xxx	NNL09AA03B	0	291,889
Wyle Laboratories - Non-Specified	43.xxx	HC1047-05-D-4005	0	15,389
Total-National Aeronautics and Space Admin.			0	367,618
<u>National Endowment for the Arts:</u>				
New England Foundation for the Arts-Promotion of the Arts Grants to Organizations and Individuals	45.024	----	0	7,055
Mid-Atlantic Arts Foundation-Promotion of the Arts Grants to Organizations and Individuals	45.025	----	0	34,302
Total National Endowment for the Arts			0	41,357
<u>National Science Foundation:</u>				
University of New Hampshire-Geosciences	47.050	GEO-0631377	0	208,083
Woods Hole Oceanographic-Geosciences	47.050	OCE-0838923	0	35,413
Texas A&M University-Education and Human Resources	47.076	----	0	43,484
University of Massachusetts-Education and Human Resources	47.076	HRD 9978878	0	121,385
University of Pittsburgh-Education and Human Resources	47.076	DRL-0732798	0	46,659
WGBH Education Foundation-Education and Human Resources	47.076	----	0	7,869
Total National Science Foundation			0	462,893

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
<u>Small Business Administration:</u>				
University of Pennsylvania-Small Business Development Centers	59.037	0-603001-Z-0040-30	0	101,921
University of Pennsylvania-Small Business Development Centers	59.037	9-603001-Z-0040-29	0	58,507
Total - Small Business Administration			0	160,428
<u>Environmental Protection Agency:</u>				
National Fish & Wildlife Foundation-Office of Water	66.439	----	0	155,678
National Fish & Wildlife Foundation-Office of Water	66.466	----	64,395	110,926
Total - Environmental Protection Agency			64,395	266,604
<u>Energy:</u>				
Ben Franklin Technology Center-Energy Efficiency and Renewable Energy Technology Deployment Demonstration and Commercialization	81.129	DE-EE0001967	0	5,421
Battelle Pacific NW National Lab-Non-Specified	81.xxx	DE-AC05-76RL01830	0	657,960
National Renewable Energy Lab-Non-Specified	81.xxx	DE-AC36-99G010337	0	37,629
Total - Energy			0	701,010
<u>Education:</u>				
University of Minnesota-Fund for the Improvement of Postsecondary Education	84.116	P116B041277	0	3
School District of Philadelphia-Bilingual Education Training Grants	84.195	----	0	36,672
University of Turabo Puerto Rico- Bilingual Education Training Grants	84.195	T195N070410	0	96,011
Kent State University-National Institute for Literacy	84.257	X257S060001	0	111,712
National Writing Project-State Grants for Innovative Programs	84.298	----	0	85,353
Lancaster Lebanon Intermediate Unit 13 - Early Reading First	84.359	----	0	43,223
Council for Public Broadcasting Service- Non-Specified	84.xxx	----	0	35,033
Public Broadcasting Service-Non-Specified	84.xxx	----	0	16,777
Total - Education			0	424,784
<u>Health and Human Services:</u>				
Tufts University-Centers for Disease Control and Prevention	93.061	1R18DP002144	0	65,783
Temple University-Drug Abuse Addiction Research Programs	93.279	1 U01 DA025284-02	0	3,994
Gynecologic Oncology Group- Cancer Treatment Research	93.395	CA27469	0	1,479
Westmoreland-Fay Workforce Investment- Temporary Assistance for Needy Families	93.558	----	0	11,646
Community Service for Children-Child Care and Development Block Grant	93.575	----	0	28,170
Northwest Institute of Research-Child Care and Development Block Grant	93.575	----	0	37,132
YWCA of Greater Pittsburgh-Child Care and Development Block Grant	93.575	4100029172	0	12,337
YWCA of Greater Pittsburgh-Child Care and Development Block Grant	93.575	----	0	2,242
Services Block Grant				
Council of Graduate Schools-Non-Specified	93.xxx	----	0	9,259

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
New York University Medical Center-Non-Specified	93.xxx	N01-LM-6-3501	0	6,758
Northwest Institute of Research-Non-Specified	93.xxx	----	0	9,967
Seattle Institute of Cardiac Research- Non-Specified	93.xxx	1U01HL67972-01A1	0	42
University of Pennsylvania-Non-Specified	93.xxx	7 R01 DC006698-02	0	197,389
Total - Health and Human Services			0	386,198

Homeland Security:

Texas A&M University-Centers for Homeland Security	97.061	2007-ST-061-000002	0	22,474
Total- Homeland Security			0	22,474

Miscellaneous:

North Carolina State University-Non-Specified	99.xxx	4-98-2-23	0	56,991
North Central Workforce Investment Bureau- Non-Specified	99.xxx	----	0	21,327
Total - Miscellaneous			0	78,318

**Total Other Pass-Through Funds -
Other Institutions**

\$ 69,391 \$ 4,679,840

13. OTHER PASS-THROUGH FUNDS

**OTHER INSTITUTIONS
AMERICAN RECOVERY AND
REINVESTMENT ACT:**

Labor:

County of Fayette & Penntap-Non-Specified	17.xxx	----	\$ 0	\$ 7,852
Job Training of Beaver Co. - Non-Specified	17.xxx	----	0	7,500
Total - Labor			0	15,352

National Institute of Health:

Community Action Commission-Community Services Block Grant	93.710	----	0	1,600
Westmoreland Community Action-Community Services Block Grant	93.710	----	0	13,672
Total - National Institute of Health			0	15,272

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

\$ 0 \$ 30,624

14. FEDERAL LOAN PROGRAMS

The University administers the following Federal loan programs:

<u>Title</u>	<u>CFDA No.</u>	<u>Federal Capital Contribution for the Year Ended June 30, 2010</u>	<u>Loan Expenditures and Disburs.</u>	<u>Outstanding Balance at June 30, 2010</u>
Federal Perkins Loan Program	84.038	\$0	\$985,519	\$42,580,049
Health Professions Student Loan Program	93.342	0	0	430,773

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

15. FEDERAL DIRECT LOAN PROGRAM

The University participates in the Federal Direct Student Loan Program (CFDA No. 84.268) including Federal Stafford Loans and Federal PLUS Loans. Loan disbursements under the program for the year ended June 30, 2010 totaled \$532,892,028.

16. FEDERAL ENDOWMENT:

In fiscal year 2001, the University received \$6,000,000 from the U.S. Department of Education to establish the William F. Goodling Institute for Research in Family Literacy (the "Institute") and to establish an endowment for the Institute under the Fund for Improvement of Postsecondary Education Program. The Institute will focus on developing a sound conceptual, interdisciplinary research base for guiding practice and policy in family literacy. Based on research findings, the Institute will also build the capacity of the field to provide high-quality, research-based instruction and program development in family literacy. Under the terms of the endowment agreement, annual income from the endowment's investments must be used to support the planned activities of the Institute. In addition, the endowment is restricted for this use until 2021.

The University administers the following federal endowment:

		<u>Balance at July 1, 2009</u>	<u>Endowment Expenditures</u>	<u>Endowment Income</u>	<u>Balance at June 30, 2010</u>
Fund for the Improvement of Postsecondary Education	<u>CFDA No.</u> 84.116	\$6,000,000	\$258,089	\$258,089	\$6,000,000

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

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

We have audited the consolidated financial statements of The Pennsylvania State University and subsidiaries (the "University") as of and for the year ended June 30, 2010, and have issued our report thereon dated October 18, 2010 (April 11, 2011 as to effects of the restated Schedule of Expenditures of Federal Awards ("SEFA") for the year ended June 30, 2010 discussed in Note 1 to the SEFA). We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the University's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over financial reporting.

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

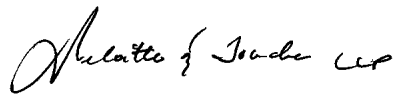
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is solely intended for the information and use of the Board of Trustees, Subcommittee on Audit, management, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script, appearing to read "Committee of Trustees" followed by a flourish.

October 18, 2010 (April 11, 2011 as to the effects of the restated Schedule of Expenditures of Federal Awards ("SEFA") for the year ended June 30, 2010 discussed in Note 1 to the SEFA)

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of The Pennsylvania State University and subsidiaries (the "University") with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2010. The University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the University's management. Our responsibility is to express an opinion on the University's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the University's compliance with those requirements.

In our opinion, the University complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as item 10-1.

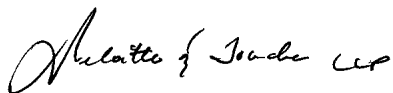
Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

This report is intended solely for the information and use of the Board of Trustees, Subcommittee on Audit, management, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script, appearing to read "Committee of Trustees".

March 28, 2011 (April 11, 2011 as to the effects of the restated Schedule of Findings and Questioned Costs, Sections I and III)

THE PENNSYLVANIA STATE UNIVERSITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2010 (AS RESTATED)

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditors' report issued Unqualified

Internal control over financial reporting:

Material weakness identified? _____ yes X no

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

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

Federal Awards

Internal control over major programs:

Material weakness identified? _____ yes X no

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

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

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

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

Identification of major programs

Name of Federal Program or Cluster

Research and Development Cluster

State Administrative Matching Grants for Food Stamp Program - Pass-through funds
- Commonwealth of Pennsylvania (10.561)

State Fiscal Stabilization Funds - Pass-through funds - Commonwealth of Pennsylvania
- American Recovery and Reinvestment Act (84.394)

Dollar threshold used to distinguish between Type A and Type B programs

\$ 3,766,359

Auditee qualified as low-risk auditee? _____ X yes _____ no

SECTION II - FINANCIAL STATEMENT FINDINGS

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

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding #10-1 - Complete Presentation of Federal Awards in the Schedule of Expenditures of Federal Awards

Federal Agency	Education
Criteria	The Schedule of Expenditures of Federal Awards appropriately reflects all expenditures which occurred in the presented fiscal year of federal awards.
Condition	The University's mechanism to track all expenditures of federal awards, in order to properly prepare the Schedule of Expenditures of Federal Awards, is to code all federal expenditures in their information technology system specifically using identification codes, such as contract numbers. The State Fiscal Stabilization Funds (CFDA 84.394) were newly granted awards during the fiscal year ended June 30, 2010, and were not appropriately coded in the University's information technology system. These funds were, however, appropriately tracked and monitored for compliance purposes by the University.
Questioned Costs	None
Context	All expenditures of federal awards should be specifically coded in the University's information technology system in order to be properly tracked and included in the University's Schedule of Expenditures of Federal Awards.
Effect	The original June 30, 2010 Schedule of Expenditures of Federal Awards omitted the expenditures from State Fiscal Stabilization Funds (CFDA 84.394) of \$32,764,000.
Cause	The State Fiscal Stabilization Funds were newly granted to the University during fiscal year ended June 30, 2010. Such expenditures were not appropriately coded in the University's information technology system to be captured for the purpose of compiling the June 30, 2010 Schedule of Expenditures of Federal Awards.
Recommendation	It is recommended that the University implement additional review and/or monitoring procedures to ensure that all federal expenditures are appropriately coded and tracked and therefore reported properly in the Schedule of Expenditures of Federal Awards.
Views of University management and planned corrective actions	We agree with the finding. Although the expenditures in question were tracked and monitored appropriately under the terms and conditions of the underlying grant, the expenditures were not properly identified for purposes of compiling and reporting the SEFA. Prior to June 30, 2011, the University will establish new parameters for capturing, coding and tracking all federal expenditures including state pass-through funds. Enhanced review procedures will also be implemented in the Office of Financial Reporting to further improve the compilation and reporting process in advance of the June 30, 2011 A-133 audit.

THE PENNSYLVANIA STATE UNIVERSITY

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS IN ACCORDANCE WITH OMB CIRCULAR A-133 FOR FISCAL YEAR ENDED JUNE 30, 2010

Below is the Summary of Prior Year Findings Related to Federal Awards as contained in the Research and Development Cluster and the status of such findings.

Finding #09-1 - Timely Identification of Expenses for Appropriate Cut-off in the Schedule of Federal Expenditures

Federal Agency	Research & Development Cluster
Criteria	The Schedule of Federal Expenditures appropriately reflects expenditures which occurred in the presented fiscal year.
Condition	Out of thirty-five fiscal year 2009 expenditures selected for testing, one expenditure of \$40,000 occurred during the 2008 fiscal year but was not appropriately captured and recorded in the 2008 Schedule of Federal Expenditures.
Questioned Costs	None
Context	The expenditure was incurred in 2008. However, a delay in processing the expenditure caused the expenditure to be included in the 2009 Schedule of Federal Expenditures rather than in the 2008 Schedule of Federal Expenditures.
Effect	The June 30, 2009 Schedule of Federal Expenditures is overstated by the amount of the expenditure.
Cause	The expenditure required additional approval levels which were not obtained until July 2008 resulting in a delay in recording the expenditure.
Recommendation	The University should ensure employees processing expenditures are aware of the end of the fiscal year so that expenditures are captured on a timely basis and an accurate cut-off is met for proper recording.
University Response	We agreed with the finding. We believe the University has proper policies and procedures in place to ensure program expenditures are

reported in the correct period. We have reinforced such policies and procedures to personnel involved in managing the program where the finding was identified.

Status of Finding

Corrective action was taken by management in the current year. The corrective action included reinforcing policies and procedures to personnel involved in managing the program where the finding was identified.