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

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**The Pennsylvania State University  
Fiscal Year Ended June 30, 2011**

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University Park, Pennsylvania

**THE PENNSYLVANIA STATE UNIVERSITY**  
**REPORTS ON THE AUDIT OF**  
**FEDERAL AWARDS**  
**IN ACCORDANCE WITH OMB CIRCULAR A-133**  
**FISCAL YEAR ENDED JUNE 30, 2011**

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March 30, 2012

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

To Whom It May Concern:

The Pennsylvania State University's financial, internal control and compliance reports for the fiscal year ended June 30, 2011 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  
Associate Vice President for Finance and Corporate Controller

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Enclosures

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# Audited Financial Statements

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The Pennsylvania State University  
Fiscal Year Ended June 30, 2011

## INDEPENDENT AUDITORS' REPORT

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

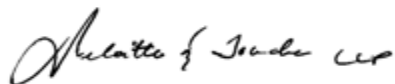
We have audited the accompanying consolidated statements of financial position of The Pennsylvania State University and subsidiaries (the "University") as of June 30, 2011 and 2010, and the related consolidated statements of activities and cash flows for the years then ended. These financial statements 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, 2011 and 2010, 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 2011 consolidated financial statements of the University, taken as a whole. The accompanying schedule of expenditures of federal awards for the year ended June 30, 2011 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 consolidated 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 2011 consolidated financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic consolidated financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2011, 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, 2011

THE PENNSYLVANIA STATE UNIVERSITY  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
ASSETS  
JUNE 30, 2011 AND 2010  
(in thousands)

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
Current assets:		
Cash and cash equivalents	\$ 1,569,015	\$ 1,203,486
Short-term investments	219,483	202,487
Deposits held by bond trustees	54,905	191,340
Deposits held for others	24,453	25,972
Accounts receivable, net of allowances of \$48,096 and \$25,571	365,308	395,039
Contributions receivable, net	69,610	55,752
Loans to students, net of allowances of \$369 and \$396	7,364	7,076
Inventories	36,045	31,872
Prepaid expenses and other assets	89,565	70,845
Investments held under securities lending program	<u>219,524</u>	<u>249,959</u>
Total current assets	<u>2,655,272</u>	<u>2,433,828</u>
Noncurrent assets:		
Deposits held by bond trustees	4,746	6,676
Contributions receivable, net	157,459	158,408
Loans to students, net of allowances of \$2,384 and \$2,647	47,630	49,002
Deferred bond costs, net	6,748	7,260
Total investment in plant, net	3,372,005	3,151,655
Beneficial interest in perpetual trusts	12,843	11,400
Investments	<u>3,443,905</u>	<u>2,909,271</u>
Total noncurrent assets	<u>7,045,336</u>	<u>6,293,672</u>
 Total assets	 <u>\$ 9,700,608</u>	 <u>\$ 8,727,500</u>

See notes to consolidated financial statements.

THE PENNSYLVANIA STATE UNIVERSITY  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
LIABILITIES AND NET ASSETS  
JUNE 30, 2011 AND 2010  
(in thousands)

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
Current liabilities:		
Accounts payable and other accrued expenses	\$ 508,426	\$ 454,482
Deferred revenue	233,132	222,654
Long-term debt	43,016	52,339
Present value of annuities payable	5,397	4,873
Accrued postretirement benefits	37,601	32,257
Liability under securities lending program	219,524	249,959
<b>Total current liabilities</b>	<u>1,047,096</u>	<u>1,016,564</u>
Noncurrent liabilities:		
Deposits held in custody for others	52,618	52,783
Deferred revenue	12,004	14,521
Long-term debt	1,146,642	1,184,072
Present value of annuities payable	39,028	31,550
Accrued postretirement benefits	1,441,442	1,258,530
Refundable United States Government student loans	43,764	43,957
Other liabilities	141,908	143,870
<b>Total noncurrent liabilities</b>	<u>2,877,406</u>	<u>2,729,283</u>
<b>Total liabilities</b>	<u>3,924,502</u>	<u>3,745,847</u>
Net assets:		
Unrestricted -		
Undesignated	1,591	1,545
Designated for specific purposes	2,195,213	1,774,384
Net investment in plant	1,913,962	1,832,776
Total unrestricted - The Pennsylvania State University	4,110,766	3,608,705
Noncontrolling interest	694	657
Total unrestricted	4,111,460	3,609,362
Temporarily restricted	555,375	337,570
Permanently restricted	1,109,271	1,034,721
<b>Total net assets</b>	<u>5,776,106</u>	<u>4,981,653</u>
 <b>Total liabilities and net assets</b>	 <u><u>\$ 9,700,608</u></u>	 <u><u>\$ 8,727,500</u></u>

See notes to consolidated financial statements.

THE PENNSYLVANIA STATE UNIVERSITY  
CONSOLIDATED STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2011  
(in thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating revenues and other support:				
Tuition and fees, net of discounts of \$116,588	\$ 1,432,398	\$ -	\$ -	\$ 1,432,398
Commonwealth of Pennsylvania -				
Appropriations	333,863	-	-	333,863
Special contracts	65,919	-	-	65,919
Department of General Services projects	46,801	-	-	46,801
United States Government grants and contracts	450,710	-	-	450,710
Private grants and contracts	170,890	-	-	170,890
Gifts and pledges	76,141	81,916	-	158,057
Endowment spending	65,964	-	-	65,964
Other investment income	50,958	284	-	51,242
Sales and services of educational activities	63,737	-	-	63,737
Recovery of indirect costs	145,855	-	-	145,855
Auxiliary enterprises	363,781	-	-	363,781
Medical Center revenue	1,181,732	-	-	1,181,732
Other sources	24,928	-	-	24,928
Net assets released from restrictions	40,145	(40,145)	-	-
<b>Total operating revenues and other support</b>	<b>4,513,822</b>	<b>42,055</b>	<b>-</b>	<b>4,555,877</b>
Operating expenses:				
Educational and general -				
Instruction	1,105,503	-	-	1,105,503
Research	725,306	-	-	725,306
Public service	98,965	-	-	98,965
Academic support	318,771	-	-	318,771
Student services	160,006	-	-	160,006
Institutional support	270,982	-	-	270,982
Total educational and general	2,679,533	-	-	2,679,533
Auxiliary enterprises	316,617	-	-	316,617
Medical Center expense	1,144,462	-	-	1,144,462
<b>Total operating expenses</b>	<b>4,140,612</b>	<b>-</b>	<b>-</b>	<b>4,140,612</b>
<b>Increase in net assets from operating activities</b>	<b>373,210</b>	<b>42,055</b>	<b>-</b>	<b>415,265</b>
Non-operating activities:				
Gifts and pledges	-	-	77,867	77,867
Current year investment returns	162,243	177,541	6,190	345,974
Endowment appreciation utilized	(28,539)	-	-	(28,539)
Changes in funds held by others in perpetuity	-	712	1,419	2,131
Write-offs and disposals of assets	(4,853)	-	-	(4,853)
Actuarial adjustment on annuities payable	-	(2,503)	(10,926)	(13,429)
<b>Increase in net assets from non-operating activities</b>	<b>128,851</b>	<b>175,750</b>	<b>74,550</b>	<b>379,151</b>
<b>Increase in net assets - The Pennsylvania State University</b>	<b>502,061</b>	<b>217,805</b>	<b>74,550</b>	<b>794,416</b>
Non-controlling interest:				
Excess of revenues over expenses	37	-	-	37
<b>Increase in net assets non-controlling interest</b>	<b>37</b>	<b>-</b>	<b>-</b>	<b>37</b>
<b>Increase in total net assets</b>	<b>502,098</b>	<b>217,805</b>	<b>74,550</b>	<b>794,453</b>
Net assets at the beginning of the year	3,609,362	337,570	1,034,721	4,981,653
Net assets at the end of the year	\$ 4,111,460	\$ 555,375	\$ 1,109,271	\$ 5,776,106

See notes to consolidated financial statements.



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

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
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	26,705	(26,705)	-	-
<b>Total operating revenues and other support</b>	<b>4,297,837</b>	<b>33,197</b>	<b>-</b>	<b>4,331,034</b>
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	274,327	-	-	274,327
<b>Total educational and general</b>	<b>2,690,384</b>	<b>-</b>	<b>-</b>	<b>2,690,384</b>
Auxiliary enterprises	305,646	-	-	305,646
Medical Center expense	1,009,860	-	-	1,009,860
<b>Total operating expenses</b>	<b>4,005,890</b>	<b>-</b>	<b>-</b>	<b>4,005,890</b>
<b>Increase in net assets from operating activities</b>	<b>291,947</b>	<b>33,197</b>	<b>-</b>	<b>325,144</b>
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	-	629	(4,987)	(4,358)
<b>Increase in net assets from non-operating activities</b>	<b>131,283</b>	<b>60,257</b>	<b>60,741</b>	<b>252,281</b>
<b>Increase in net assets - The Pennsylvania State University</b>	<b>423,230</b>	<b>93,454</b>	<b>60,741</b>	<b>577,425</b>
Non-controlling interest:				
Acquisition adjustment	657	-	-	657
<b>Increase in net assets - non-controlling interest</b>	<b>657</b>	<b>-</b>	<b>-</b>	<b>657</b>
<b>Increase in total net assets</b>	<b>423,887</b>	<b>93,454</b>	<b>60,741</b>	<b>578,082</b>
Net assets at the beginning of the year	3,185,475	244,116	973,980	4,403,571
Net assets at the end of the year	\$ 3,609,362	\$ 337,570	\$ 1,034,721	\$4,981,653

See notes to consolidated financial statements.

THE PENNSYLVANIA STATE UNIVERSITY  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010  
(in thousands)

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
Cash flows from operating activities:		
Increase in net assets	\$ 794,453	\$ 578,082
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Actuarial adjustment on annuities payable	13,428	4,358
Contributions restricted for long-term investment	(156,224)	(85,019)
Interest and dividends restricted for long-term investment	(32,233)	(23,467)
Net realized and unrealized gains on long-term investments	(352,737)	(235,936)
Depreciation expense	223,642	215,474
Amortization expense	563	560
Loss on early extinguishment of debt	803	-
Write-offs and disposals of assets	4,961	7,020
Contributions of land, buildings and equipment	(2,787)	(2,343)
Buildings and equipment provided by Pennsylvania Department of General Services	(16)	(152)
Contribution to government student loan funds	154	234
Provision for bad debts	56,920	27,297
(Increase)/decrease in deposits held for others	1,520	(700)
Increase in receivables	(44,620)	(53,222)
Increase in inventories	(4,171)	(301)
Increase in prepaid expenses and other assets	(10,815)	(19,266)
Increase/(decrease) in accounts payable and other accrued expenses	(1,328)	12,735
Increase in deferred revenue	7,961	2,893
Increase in accrued postretirement benefits	188,256	246,603
<b>Net cash provided by operating activities</b>	<u>687,730</u>	<u>674,850</u>
Cash flows from investing activities:		
Purchase of land, buildings and equipment	(424,404)	(354,052)
(Increase)/decrease in deposits held by bond trustees	138,366	(65,476)
Advances on student loans	(7,809)	(7,909)
Collections on student loans	7,881	7,426
Decrease in investments held under securities lending program	30,435	3,737
Decrease in liability under securities lending program	(30,435)	(3,737)
Purchase of investments	(40,211,674)	(27,207,760)
Proceeds from sale of investments	40,047,416	26,864,199
<b>Net cash used in investing activities</b>	<u>(450,224)</u>	<u>(763,572)</u>
Cash flows from financing activities:		
Contributions restricted for long-term investment	156,224	85,019
Interest and dividends restricted for long-term investment	32,233	23,467
Payments of annuity obligations	(5,419)	(4,892)
Proceeds from issuance of bonds	39,276	145,005
Bond issuance costs	(399)	-
Principal payments on notes, bonds and capital leases	(94,516)	(51,804)
Proceeds related to government student loan funds, net of collection costs	624	606
<b>Net cash provided by financing activities</b>	<u>128,023</u>	<u>197,401</u>
<b>Net increase in cash and cash equivalents</b>	365,529	108,679
Cash and cash equivalents at the beginning of the year	1,203,486	1,094,807
Cash and cash equivalents at the end of the year	<u>\$ 1,569,015</u>	<u>\$ 1,203,486</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, 2011 AND 2010

**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 significant transactions between the University, TMSHMC and the Corporation have been eliminated.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting

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

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

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

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

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

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

Use of Estimates

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

Revenue Recognition

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

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

TMSHMC 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. Because TMSHMC does not pursue collection of amounts determined to qualify as charity care, they are not reported as net patient service revenue. The amount of charges forgone for services and supplies furnished under the Medical Center's charity care policy during 2011 and 2010 totaled approximately \$35.4 million and \$32.9 million, respectively.

Fair Value of Financial Instruments

The University has provided fair value estimates for certain financial instruments in the notes to the financial statements. Fair value information presented in the financial statements is based on information available at June 30, 2011 and 2010. The carrying amounts of cash and cash equivalents, accounts receivable and accounts payable and other accrued expenses approximate fair value because of the terms and relatively short maturity of these financial instruments. The carrying values of the University's loans to students are also reasonable estimates of their fair value, as the total outstanding loans to students as of June 30, 2011 and 2010 have been made at the rates available to students for similar loans at such times. Investments are reported at fair value as disclosed in Note 3. The fair value of the University's bonds payable is disclosed in Note 7. See Note 5 for further discussion of fair value measurements.

Cash Flows

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

<i>(in thousands of dollars)</i>	<u>2011</u>	<u>2010</u>
Interest paid	\$ 50,862	\$ 43,970
Non-cash acquisitions of land, buildings and equipment	10,371	12,956

Cash and cash equivalents include certain investments in highly liquid instruments with initial maturities of 90 days or less, except for such assets held by the University's investment managers as part of their long-term

investment strategies. Short-term investments include other current investments held for general operating purposes with maturities greater than three months but less than 12 months.

### Accounts Receivable

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

<i>(in thousands of dollars)</i>	<u>2011</u>	<u>2010</u>
Grants and contracts, net of allowance of \$1,260 and \$860	\$ 141,503	\$ 134,998
Patient accounts receivable, net of allowance of \$39,142 and \$17,684	133,145	129,871
Student receivables, net of allowance of \$4,258 and \$4,018	34,053	41,965
Investment and interest receivable	30,558	34,891
Other, net of allowance of \$3,436 and \$3,009	<u>26,049</u>	<u>53,314</u>
Total accounts receivable, net	<u>\$ 365,308</u>	<u>\$ 395,039</u>

### Loans to Students

Loans to students are disbursed to qualified students based on need and include loans granted by the University from institutional resources and under federal government loan programs. Students have a grace period until repayment is required based upon the earlier of graduation or no longer achieving at least half-time enrollment status. The grace period varies depending on the type of loan. Loans accrue interest after the grace period and are repaid directly to the University. Loans to students are uncollateralized and carry default risk. At June 30, 2011 and 2010, respectively, student loans represent 0.6% of total assets.

The availability of funds for loans under federal government revolving loan programs is dependent on reimbursements to the pool from repayments of outstanding loans. Funds advanced by the federal government of \$43.8 million and \$44.0 million at June 30, 2011 and 2010, respectively, are ultimately refundable to the government and are classified as liabilities in the consolidated statements of financial position. Outstanding loans cancelled under the program result in a reduction of the funds available to loan and a decrease in the liability to the federal government.

At June 30, 2011 and 2010, loans to students consisted of the following:

<i>(in thousands of dollars)</i>	<u>2011</u>	<u>2010</u>
Loans to students:		
Federal government loan programs:		
Perkins loan program	\$ 41,508	\$ 42,580
Health Professions Student Loans and Loans for Disadvantaged Students	<u>377</u>	<u>431</u>
Federal government loan programs	41,885	43,011
Institutional loan programs	<u>15,862</u>	<u>16,110</u>
	57,747	59,121
Less allowance for doubtful accounts:		
Balance, beginning of year	(3,043)	(3,359)
Provision for doubtful accounts	<u>290</u>	<u>316</u>
Balance, end of year	<u>(2,753)</u>	<u>(3,043)</u>
Loans to students, net	<u>\$ 54,994</u>	<u>\$ 56,078</u>

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

The University considers the age of the amounts outstanding in determining the collectability of loans to students. The aging of the loans to students based on days delinquent and the related allowance for doubtful accounts at June 30, 2011 and 2010 are as follows:

	<i>(in thousands of dollars)</i>				
	<u>30 days or less</u>	<u>31-60 days</u>	<u>61-90 days</u>	<u>Over 91 days</u>	<u>Total</u>
<u>2011</u>					
Loans to students:					
Federal government loan programs	\$ 40,470	\$ 603	\$ 48	\$ 764	\$ 41,885
Institutional loan programs	<u>15,358</u>	<u>273</u>	<u>42</u>	<u>189</u>	<u>15,862</u>
Total loans to students	<u>55,828</u>	<u>876</u>	<u>90</u>	<u>953</u>	<u>57,747</u>
Allowance for doubtful accounts:					
Federal government loan programs					(1,771)
Institutional loan programs					<u>(982)</u>
Total allowance for doubtful accounts					<u>(2,753)</u>
Total loans to students, net					<u>\$ 54,994</u>

	<i>(in thousands of dollars)</i>				
	<u>30 days or less</u>	<u>31-60 days</u>	<u>61-90 days</u>	<u>Over 91 days</u>	<u>Total</u>
<u>2010</u>					
Loans to students:					
Federal government loan programs	\$ 41,010	\$ 817	\$ 93	\$ 1,091	\$ 43,011
Institutional loan programs	<u>15,647</u>	<u>201</u>	<u>22</u>	<u>240</u>	<u>16,110</u>
Total loans to students	<u>56,657</u>	<u>1,018</u>	<u>115</u>	<u>1,331</u>	<u>59,121</u>
Allowance for doubtful accounts:					
Federal government loan programs					(2,003)
Institutional loan programs					<u>(1,040)</u>
Total allowance for doubtful accounts					<u>(3,043)</u>
Total loans to students, net					<u>\$ 56,078</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. 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. The University records derivative securities at fair value with gains and losses reflected in the consolidated statements of activities.

The estimated fair value amounts for marketable debt 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, 2011 and 2010. Because the limited partnerships are not readily marketable, the estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market existed, and such differences could be material.

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

Beneficial Interest in Perpetual Trusts

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

Investment in Plant

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

<i>(in thousands of dollars)</i>	<u>2011</u>	<u>2010</u>
Land	\$ 110,409	\$ 107,382
Buildings	4,449,942	4,093,137
Improvements other than buildings	502,542	485,613
Equipment	<u>979,857</u>	<u>938,440</u>
Total plant	6,042,750	5,624,572
Less accumulated depreciation	<u>(2,670,745)</u>	<u>(2,472,917)</u>
Total investment in plant, net	<u>\$ 3,372,005</u>	<u>\$ 3,151,655</u>

The value of land, buildings, and equipment is recorded at cost or, if received as gifts, at fair value at date of gift. The University does not capitalize the cost of library books. Depreciation is computed over the estimated useful lives of the assets using the straight-line method. Useful lives range from 10 to 50 years for buildings, 10 to 20 years for improvements other than buildings, and 3 to 20 years for equipment. The University has certain building and equipment lease agreements in effect which are considered capital leases that are included as long-term debt in the statements of financial position. These leases have been capitalized at the net present value of the minimum lease payments. Buildings and equipment held under capital leases are amortized on a straight-line basis over the shorter of the lease term or the estimated useful life of the asset. The capitalized cost and accumulated depreciation of the leases at June 30, 2011 and 2010 was \$101.8 million and \$27.6 million, and \$99.2 million and \$21.7 million, respectively.

Asset Retirement Obligations

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

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

	<i>(in thousands of dollars)</i>
Balance as of June 30, 2009	\$ 55,647
Accretion expense	2,873
Liabilities settled	<u>(1,057)</u>
Balance as of June 30, 2010	57,463
Accretion expense/ change in assumptions	4,780
Liabilities settled	<u>(1,973)</u>
Balance as of June 30, 2011	<u>\$ 60,270</u>

Income Taxes

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

Recent Accounting Pronouncements

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 a decrease in ownership provisions. This guidance was effective for the University beginning July 1, 2010 as it relates to acquisitions and mergers. On July 1, 2010, the University adopted the above guidance that established accounting and reporting standards for the noncontrolling interests in a subsidiary. This accounting and reporting standard requires entities that prepare consolidated financial statements to: (a) present noncontrolling interests as a component of net assets, separate from the parent's net assets; (b) separately present the amount of consolidated excess of revenues over expenses attributed to noncontrolling interests in the statements of activities; and (c) require an entity to provide sufficient disclosures that identify and clearly distinguish between interests of the parent and interests of noncontrolling owners. Such presentation is reflected in the University's consolidated financial statements.



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. As there were no transfers between Level 1 and Level 2 investments, there was no impact to the consolidated financial statements.

In August 2010, the FASB issued ASU 2010-24, *Health Care Entities (Topic 954): Presentation of Insurance Claims and Related Insurance Recoveries*, 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. This guidance is effective for annual reporting periods beginning after December 15, 2010 and would require a cumulative-effect adjustment to opening unrestricted net assets in the period of adoption if a difference exists between any liabilities and insurance receivables recorded upon the adoption of the guidance. The University is currently assessing the impact of adopting this guidance on its consolidated financial statements.

In July 2010, the FASB issued ASU 2010-23, *Health Care Entities (Topic 954): Measuring Charity Care for Disclosure a consensus of the FASB Emerging Issues Task Force*, which requires a HCO to disclose its policy for providing charity care and the amount of charity care provided. In addition, the ASU requires that the amount of charity care be based on the direct and indirect costs of providing charity care. The ASU also requires disclosure of funds received to offset or subsidize charity services provided. 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.

In July 2011, the FASB issued ASU 2011-07, *Health Care Entities (Topic 954): Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Entities*. This ASU requires a HCO to change the presentation of its statement of operations by reclassifying the provision for bad debts associated with patient service revenue from an operating expense to a deduction from patient service revenue (net of contractual allowances and discounts). Additionally, a HCO is required to provide enhanced disclosure about its policies for recognizing revenue and assessing bad debts. The ASU also requires disclosures of patient service revenue (net of contractual allowances and discounts) as well as qualitative and quantitative information about changes in the allowance for doubtful accounts. This guidance is effective for annual reporting periods ending after December 15, 2012. The University is currently assessing the impact of adopting this guidance on its consolidated financial statements.

In July 2010, the FASB issued ASU 2010-20, *Receivables (Topic 310): Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses*, which requires more robust disclosure aimed at improving transparency by providing additional information to assist financial statement users in assessing an entity’s credit risk exposures and evaluating the adequacy of its allowance for credit losses. This guidance is effective for the University beginning June 30, 2011 for disclosures as of the end of a reporting period.

### 3. INVESTMENTS

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

<i>(in thousands of dollars)</i>	<u>2011</u>	<u>2010</u>
Money markets	\$ 172,027	\$ 157,193
Fixed income:		
U.S. government/agency	892,659	892,175
U.S. corporate	524,413	493,493
Foreign	188,741	171,535
Other	306,152	182,902
Equities	918,265	694,491
Private capital	661,131	519,969
Investments held under securities lending program	<u>219,524</u>	<u>249,959</u>
Total	<u>\$ 3,882,912</u>	<u>\$ 3,361,717</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.

Futures contracts, which are fully cash collateralized, comprise the University's directly held derivative instruments at June 30, 2011 and 2010, respectively, are marked to market daily and are included in the fair value of the University's investments. The fair value of derivative instruments is included in the fair value of the University's investments within the money market category. Futures contracts have minimal credit risk because the counterparties are the exchanges themselves. Fully cash collateralized derivative securities comprised approximately 2.8% and 1.6% of total investments at June 30, 2011 and 2010.

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, 2011 and 2010, the University held \$219.5 million and \$250.0 million, 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 \$214.5 million and \$244.4 million at June 30, 2011 and 2010, respectively. Effective September 7, 2011, the University is no longer participating in the securities lending program.

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

<i>(in thousands of dollars)</i>	<u>2011</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Dividends and interest	\$ 88,383	\$ 88,383	\$ 284	\$ 6,190	\$ 94,857
Net realized gains	75,676	75,676	14,060	-	89,736
Net unrealized gains	86,567	86,567	163,481	-	250,048
Total returns	<u>\$ 250,626</u>	<u>\$ 250,626</u>	<u>\$ 177,825</u>	<u>\$ 6,190</u>	<u>\$ 434,641</u>
	<u>2010</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Dividends and interest	\$ 77,661	\$ 77,661	\$ 545	\$ 4,894	\$ 83,100
Net realized gains	49,755	49,755	2,271	-	52,026
Net unrealized gains	124,745	124,745	56,808	-	181,553
Total returns	<u>\$ 252,161</u>	<u>\$ 252,161</u>	<u>\$ 59,624</u>	<u>\$ 4,894</u>	<u>\$ 316,679</u>

#### 4. ENDOWMENT NET ASSETS

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

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

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

From time to time due to unfavorable market fluctuations, the fair value of some assets associated with individual donor-restricted endowment funds may fall below the level that donors require to be retained as a perpetual fund, while other assets are unaffected to the same extent and maintain or exceed the level required. The aggregate amount of deficiencies at June 30, 2011 and 2010 was \$3.3 million and \$31.7 million, respectively, reported in unrestricted net assets on the consolidated statement of activities. Subsequent investment gains will be used to restore the balance up to the fair market value of the original gift. Subsequent gains above that amount will be recorded as temporarily restricted net assets.

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

<i>(in thousands of dollars)</i>				
<u>2011</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ (3,261)	\$ 314,769	\$ 951,006	\$ 1,262,514
Funds functioning as endowments	<u>475,329</u>	<u>-</u>	<u>-</u>	<u>475,329</u>
Total net assets	<u>\$ 472,068</u>	<u>\$ 314,769</u>	<u>\$ 951,006</u>	<u>\$ 1,737,843</u>
<u>2010</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ (31,662)	\$ 157,325	\$ 863,312	\$ 988,975
Funds functioning as endowments	<u>361,341</u>	<u>-</u>	<u>-</u>	<u>361,341</u>
Total net assets	<u>\$ 329,679</u>	<u>\$ 157,325</u>	<u>\$ 863,312</u>	<u>\$ 1,350,316</u>

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

<i>(in thousands of dollars)</i>					
<u>2011</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	
Endowment net assets, beginning of the year	\$ 329,679	\$ 157,325	\$ 863,312	\$ 1,350,316	
Endowment return:					
Endowment earnings	37,425	48	3,081	40,554	
Net realized gains	28,539	13,318	-	41,857	
Net unrealized gains	66,659	171,629	-	238,288	
Reclassification of funds with deficiencies	<u>28,401</u>	<u>(28,401)</u>	<u>-</u>	<u>-</u>	
Total endowment return	<u>161,024</u>	<u>156,594</u>	<u>3,081</u>	<u>320,699</u>	
Contributions	-	850	84,613	85,463	
Endowment spending	(65,964)	-	-	(65,964)	
Transfers to create funds functioning as endowments	<u>47,329</u>	<u>-</u>	<u>-</u>	<u>47,329</u>	
Endowment net assets, end of the year	<u>\$ 472,068</u>	<u>\$ 314,769</u>	<u>\$ 951,006</u>	<u>\$ 1,737,843</u>	

<i>(in thousands of dollars)</i>					
<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	\$ 101,838	\$ 807,047	\$ 1,173,540	
Endowment return:					
Endowment earnings	32,815	-	4,875	37,690	
Net realized gains	30,842	782	-	31,624	
Net unrealized gains	29,875	82,622	-	112,497	
Reclassification of funds with deficiencies	<u>27,991</u>	<u>(27,991)</u>	<u>-</u>	<u>-</u>	
Total endowment return	<u>121,523</u>	<u>55,413</u>	<u>4,875</u>	<u>181,811</u>	
Contributions	-	74	51,390	51,464	
Endowment spending	(63,401)	-	-	(63,401)	
Transfers to create funds functioning as endowments	<u>6,902</u>	<u>-</u>	<u>-</u>	<u>6,902</u>	
Endowment net assets, end of the year	<u>\$ 329,679</u>	<u>\$ 157,325</u>	<u>\$ 863,312</u>	<u>\$ 1,350,316</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 2011 and 4.5% for 2010) of its pooled endowment fund's average fair market value over the prior five years preceding the fiscal year in which the distribution is planned. Accordingly, over the long term, the University expects the current spending policy to allow its endowment to provide generous current spending while preserving "intergenerational equity". This is consistent with the University's objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment returns.

## 5. FAIR VALUE MEASUREMENTS

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

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

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, 2011 about the University's financial assets and liabilities that are measured at fair value on a recurring basis:

<i>(in thousands of dollars)</i>	Quoted Prices in Active Markets For Identical Assets <u>Level 1</u>	Significant Other Observable Inputs <u>Level 2</u>	Significant Unobservable Inputs <u>Level 3</u>	Total Fair Value
<b><u>Assets:</u></b>				
Long-term Investment Pool:				
Money markets	\$ 4,897	\$ 124,806	\$ -	\$ 129,703
Fixed income				
U.S. government/agency	68,454	23,580	-	92,034
U.S. corporate	3,388	103,733	-	107,121
Foreign	1,004	42,186	-	43,190
Other	-	13,770	-	13,770
Equities	578,847	262,730	-	841,577
Private capital	-	134,587	520,605	655,192
Total	<u>\$ 656,590</u>	<u>\$ 705,392</u>	<u>\$ 520,605</u>	<u>\$ 1,882,587</u>
Operating investments:				
Money markets	\$ 23,662	\$ 18,662	\$ -	\$ 42,324
Fixed income				
U.S. government/agency	400,147	400,365	113	800,625
U.S. corporate	11,158	406,134	-	417,292
Foreign	4,135	141,416	-	145,551
Other	-	290,216	2,166	292,382
Equities	75,142	519	1,027	76,688
Private capital	-	-	5,939	5,939
Total	<u>\$ 514,244</u>	<u>\$ 1,257,312</u>	<u>\$ 9,245</u>	<u>\$ 1,780,801</u>
Investments held under securities lending program	\$ -	\$ -	\$ 219,524	\$ 219,524
Deposits held by bond trustees:				
Money markets	\$ 54,905	\$ -	\$ -	\$ 54,905
Fixed income				
U.S. government/agency	-	4,746	-	4,746
Total	<u>\$ 54,905</u>	<u>\$ 4,746</u>	<u>\$ -</u>	<u>\$ 59,651</u>
Beneficial interest in perpetual trusts	\$ -	\$ -	\$ 12,843	\$ 12,843
<b><u>Liabilities:</u></b>				
Present value of annuities payable	\$ -	\$ -	\$ 44,425	\$ 44,425
Liability under securities lending program	\$ -	\$ -	\$ 219,524	\$ 219,524

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:

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

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, 2011 and 2010, fair value of endowment funds and funds functioning as endowments within the LTIP totaled \$1,737.8 million and \$1,350.3 million, respectively. At June 30, 2011 and 2010, fair value of operating funds included in the LTIP totaled \$144.8 million and \$121.7 million, respectively.

The following tables present information related to changes in Level 3 for each category of assets and liabilities for year ended June 30, 2011:

<i>(in thousands of dollars)</i>	Long-term Investment Pool	Operating Investments	Investments Held Under Securities Lending	Beneficial Interest in Perpetual Trusts
<b>Assets:</b>				
Beginning balance	\$ 413,870	\$ 8,667	\$ 249,959	\$ 11,400
Total realized and unrealized gains/(losses)	97,994	(196)	-	1,443
Purchases and settlements	8,741	1,552	(30,435)	-
Transfers in/(out) of Level 3	-	(778)	-	-
Ending balance	<u>\$ 520,605</u>	<u>\$ 9,245</u>	<u>\$ 219,524</u>	<u>\$ 12,843</u>
	Present Value of Annuities Payable	Liability Under Securities Lending		
<b>Liabilities:</b>				
Beginning balance	\$ 36,423	\$ 249,959		
Actuarial adjustment of liability	2,680	-		
Gifts and severances	5,322	-		
Purchases and settlements	-	(30,435)		
Ending balance	<u>\$ 44,425</u>	<u>\$ 219,524</u>		

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

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



The following table presents the fair value and redemption frequency for those investments whose fair value is not readily determinable and is estimated using the net asset value per share or its equivalent as of June 30, 2011:

<i>(in thousands of dollars)</i>	<u>Fair Value</u>	<u>Unfunded Commitment</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Commingled Funds:				
Non-U.S. Equity	\$ 201,602		Daily/Monthly	5-15 days
Subtotal	<u>\$ 201,602</u>			
Marketable Investment Partnerships:				
Absolute Return	\$ 23,691		Quarterly	60 days
Private Debt	61,084		Quarterly/ Semi Annual	60-90 days
Directional Long/Short	79,756		Quarterly	30-65 days
Subtotal	<u>\$ 164,531</u>			
Non-Marketable Investment Partnerships:				
Private Real Estate	\$ 79,978	\$ 20,394		
Venture Capital	95,009	91,759		
Private Equity	227,632	83,398		
Natural Resources	68,094	38,224		
Private Debt	21,232	5,800		
Subtotal	<u>\$ 491,945</u>	<u>\$ 239,575</u>		
Total	<u>\$ 858,078</u>	<u>\$ 239,575</u>		

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

<i>(in thousands of dollars)</i>	<u>Fair Value</u>	<u>Unfunded Commitment</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Commingled Funds:				
Non-U.S. Equity	\$ 156,596		Daily/Monthly	5-15 days
Fixed Income	131,592		Daily	5 days
Subtotal	<u>\$ 288,188</u>			
Marketable Investment Partnerships:				
Absolute Return	\$ 22,202		Quarterly	60 days
Private Debt	54,607		Quarterly/ Semi Annual	60-90 days
Directional Long/Short	51,897		Quarterly	30-65 days
Subtotal	<u>\$ 128,706</u>			
Non-Marketable Investment Partnerships:				
Private Real Estate	\$ 56,203	\$ 30,902		
Venture Capital	69,567	80,349		
Private Equity	185,470	79,396		
Natural Resources	54,720	25,473		
Private Debt	25,302	2,013		
Subtotal	<u>\$ 391,262</u>	<u>\$ 218,133</u>		
Total	<u>\$ 808,156</u>	<u>\$ 218,133</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 countries outside of the United States, and spans the entire equity capitalization spectrum. These collective portfolios preclude the need to obtain securities registration in foreign countries.

Marketable Investment Partnerships include several 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 cannot be redeemed. Realizations from each fund are received as the underlying investments are liquidated or distributed, typically within 10 years after initial commitment. Unfunded commitments represent remaining commitments for which capital calls have not been exercised as of June 30, 2011 and 2010, respectively. Five major investment strategies are included within this category. Private Real Estate includes properties primarily located in the U.S. Venture Capital includes non-public startups and enterprises in early stages of growth located globally. Private Equity includes buyouts of previously public companies as well as enterprises that are planning to go public in the near future, including funds focusing on opportunities outside the U.S. Natural Resources largely include companies primarily involved in 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:

<i>(in thousands of dollars)</i>	<u>2011</u>	<u>2010</u>
In one year or less	\$ 76,640	\$ 60,895
Between one year and five years	92,869	97,942
More than five years	<u>125,732</u>	<u>119,605</u>
	295,241	278,442
Less allowance	(6,107)	(3,656)
Less discount	<u>(62,065)</u>	<u>(60,626)</u>
Contributions receivable, net	<u>\$ 227,069</u>	<u>\$ 214,160</u>

Contributions receivable are discounted at rates ranging from 0.19% to 3.57% and 0.32% to 3.36% at June 30, 2011 and 2010, respectively. The discount rates for prior periods ranged from 0.51% to 6.28%.

At June 30, 2011 and 2010, the University has received bequest intentions and certain other conditional promises to give of \$58.1 million and \$39.0 million, respectively. These intentions and conditional promises to give are not included in the consolidated financial statements.

The following table summarizes the change in contributions receivable, net during the year ended June 30, 2011:

	<i>(in thousands of dollars)</i>
Balance beginning of year	\$ 214,160
New pledges	130,412
Collections on pledges	(113,613)
Increase in allowance	(2,451)
Increase in unamortized discounts	<u>(1,439)</u>
Balance at the end of year	<u>\$ 227,069</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:

<i>(in thousands of dollars)</i>	<u>2011</u>	<u>2010</u>
<u>The Pennsylvania State University Bonds</u>		
Series 2010	\$ 135,035	\$ 135,035
Series 2009A	125,850	131,460
Series 2009B	74,235	74,235
Series 2008A	77,670	77,670
Series 2008B	5,775	6,630
Series 2007A	89,150	89,640
Series 2007B	68,880	71,395
Series 2005	89,560	91,395
Series 2004A	55,385	56,580
Refunding Series 2003	18,140	20,280
Series of 2002	100,000	100,000
Refunding Series 2002	70,670	84,130
Refunding Series 2001	-	9,290
<u>Pennsylvania Higher Educational Facilities</u>		
<u>Authority University Revenue Bonds</u>		
<u>(issued for The Pennsylvania State</u>		
<u>University)</u>		
Series 2006	3,940	4,125
Series 2004	4,375	4,595
Series 2002	4,720	5,050
<u>Lycoming County Authority College</u>		
<u>Revenue Bonds (issued for Penn College)</u>		
Series 2011	39,050	-
Series 2008	55,000	55,000
Series 2005	12,875	13,535
Series 2002	28,550	28,930
Series 2000	-	39,305
Series 1993	8,750	10,500
Total bonds payable	<u>1,067,610</u>	<u>1,108,780</u>
Unamortized bond premiums	<u>42,203</u>	<u>44,261</u>
<u>Note payable and capital leases</u>		
Note payable	-	2,000
Capital lease obligations	<u>79,845</u>	<u>81,370</u>
Total notes payable and capital leases	<u>79,845</u>	<u>83,370</u>
Total long-term debt	<u>\$ 1,189,658</u>	<u>\$ 1,236,411</u>

<u>Debt issuance</u>	<u>Interest rate mode</u>	<u>Interest rates</u>	<u>Payment ranges and maturity</u> <i>(in thousands of dollars)</i>
<b>The Pennsylvania State University Bonds</b>			
Series 2010	Fixed	3.375% - 5.00%	\$3,655 to \$6,280 through March 2030 with \$21,805 and \$44,245 due March 2035 and 2040
Series 2009A	Fixed	4.00% - 5.00%	\$5,775 to \$9,320 through March 2029
Series 2009B	Variable	0.30%	June 2031
Series 2008A	Fixed	5.00%	\$1,840 to \$7,695 through August 2029
Series 2008B	Fixed	3.25% - 3.75%	\$885 to \$1,050 through August 2016
Series 2007A	Fixed	3.65% - 4.50%	\$505 to \$700 through August 2022, with \$11,115 and \$70,905 due August 2028 and 2036
Series 2007B	Fixed	4.25% - 5.25%	\$2,625 to \$5,955 through August 2027
Series 2005	Fixed	3.125% - 5.00%	\$1,895 to \$2,745 through September 2019 with \$15,990, \$20,550, and \$32,485 due September 2024, 2029, and 2034
Series 2004A	Fixed	3.625% - 5.00%	\$1,250 to \$1,825 through September 2019, with \$10,625, \$13,635, and \$17,515 due September 2024, 2029, and 2034
Refunding Series 2003	Fixed	4.00% - 5.25%	\$2,250 to \$2,970 through March 2018
Series of 2002	Variable	0.07%	March 2032
Refunding Series 2002	Fixed	5.25%	\$4,585 to \$16,540 through August 2016
Refunding Series 2001	Fixed	5.25%	Paid in full during 2011
<b>Pennsylvania Higher Education Facilities Authority ("PHEFA") University Revenue Bonds</b>			
Series 2006	Fixed	3.80% - 5.125%*	\$195 to \$280 through 2020, with \$1,610 due September 2025
Series 2004	Fixed	3.85% - 5.00%*	\$230 to \$325 through 2019, with \$1,905 due September 2024
Series 2002	Fixed	4.10% - 5.00%*	\$345 to \$425 due through 2017, with \$2,435 due March 2022
* Annual interest costs to the University for interest rates greater than 3.00% are subsidized by PHEFA.			
<b>Lycoming County Authority College Revenue Bonds</b>			
Series 2011	Fixed	3.00% - 5.50%	\$70 to \$5,230 through July 2030
Series 2008	Fixed	3.50% - 5.50%	\$1,455 to \$4,140 through October 2037
Series 2005	Fixed	4.00% - 5.00%	\$505 to \$1,855 through January 2025
Series 2002	Fixed	4.40% - 5.25%	\$460 to 2,775 through 2032
Series 2000	Fixed	4.80% - 5.00%	Paid in full during 2011
Series 1993	Fixed	6.10% - 6.15%	\$450 to \$578 through November 2015

The Series 2011 bonds are Lycoming County Authority (the "Authority") College Revenue Bonds issued by Penn College in June 2011 for the purpose of refunding \$39.3 million of the Authority's College Revenue Bonds Series 2000. The Series 2000 bonds were paid in full during 2011.

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 2009B Bonds are currently paying interest on a variable rate basis at a long term rate for the period June 1, 2011 through May 31, 2012. 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 0.30% with adjustment on the respective date to the rate the remarketing agent believes will cause the bonds to have a market value equal to the principal.

The 2009B bondholders have the right to tender bonds on the purchase dates while such bonds bear interest at the daily, weekly or monthly rate. The 2009B Bonds were issued subject to the self-liquidity program established by the University on the date of issuance pursuant to which the University will provide liquidity for the 2009B Bonds from its general funds in the event of insufficient remarketing proceeds.

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 0.07% 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> (in thousands of dollars)
2012	\$ 33,150
2013	34,675
2014	36,355
2015	38,545
2016	27,550
Thereafter	<u>897,335</u>
	<u>\$1,067,610</u>

The fair value of the University's bonds payable is estimated based on current rates offered for similar issues with similar security, terms and maturities using available market information as supplied by the various financial institutions who act as trustees or custodians for the University. At June 30, 2011, the carrying value and estimated fair value of the University's bonds payable, including issuance premiums, are \$1,109.8 million and \$1,121.5 million, respectively. At June 30, 2010, the carrying value and estimated fair value of the University's bonds payable, including issuance premiums, were \$1,153.0 million and \$1,168.3 million, respectively. Certain bond issues have associated issuance premiums, these issuance premiums total \$42.2 million and \$44.3 million at June 30, 2011 and 2010, respectively and are presented within the statement of financial position as long-term debt. These issuance premiums will be amortized over the term of the respective outstanding bonds.

#### Capital leases

The University has certain building and equipment lease agreements in effect which are considered capital leases. Future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of June 30, 2011 are as follows:

<u>Year</u>	<u>(in thousands of dollars)</u>
2012	\$ 12,515
2013	11,391
2014	9,882
2015	8,801
2016	8,113
Thereafter	<u>146,825</u>
Total minimum lease payments	197,527
Less imputed interest	<u>(117,682)</u>
Capital lease obligation	79,845
Current portion	<u>7,175</u>
Long-term portion	<u>\$ 72,670</u>

## 8. OPERATING LEASES

The University has certain lease agreements in effect which are considered operating leases. During the year ended June 30, 2011, the University recorded expenses of \$20.0 million for leased equipment and \$21.6 million for leased building space. During the year ended June 30, 2010, the University recorded expenses of \$21.3 million for leased equipment and \$21.4 million for leased building space.

Future minimum lease payments under operating leases as of June 30, 2011 are as follows:

<u>Year</u>	<i>(in thousands of dollars)</i>
2012	\$ 19,010
2013	15,643
2014	13,018
2015	11,253
2016	9,268
Thereafter	<u>57,175</u>
Total minimum lease payments	<u>\$ 125,367</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 (\$14.8 million and \$11.0 million for the years ended June 30, 2011 and 2010, respectively). The University's total cost for retirement benefits, included in expenses, is \$118.7 million and \$110.5 million for the years ended June 30, 2011 and 2010, respectively.

## 10. POSTRETIREMENT BENEFITS

The University sponsors a retiree medical plan covering eligible retirees and eligible dependents. For the 2011 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 PPO plan and a Medicare Supplement plan. In addition, the University provides retiree life insurance benefits at no cost to the retiree.

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

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

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

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

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

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

Included in unrestricted net assets at June 30, 2011 and 2010 are the following amounts that have not yet been recognized in net periodic postretirement cost: unrecognized prior service cost (benefit) of (\$129.7) million and (\$151.4) million and unrecognized actuarial loss of \$579.1 million and \$521.8 million, respectively.

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

Change in benefit obligation:

(in thousands of dollars)

	<u>2011</u>	<u>2010</u>
Benefit obligation at beginning of year	\$ 1,290,787	\$ 1,044,185
Service cost	57,030	42,216
Interest cost	76,285	66,363
Actuarial (gain)/loss	(58,555)	32,068
Benefits paid	(37,849)	(35,479)
Plan assumptions	<u>151,345</u>	<u>141,434</u>
Benefit obligation at end of year	<u>\$ 1,479,043</u>	<u>\$ 1,290,787</u>

Change in plan assets:

(in thousands of dollars)

	<u>2011</u>	<u>2010</u>
Fair value of plan assets at beginning of year	\$ -	\$ -
Employer contributions	37,849	35,479
Benefits paid	<u>(37,849)</u>	<u>(35,479)</u>
Fair value of plan assets at end of year	<u>\$ -</u>	<u>\$ -</u>
Funded status	\$ (1,479,043)	\$ (1,290,787)
Unrecognized prior service cost (benefit)	-	-
Unrecognized net actuarial loss	-	-
Accrued postretirement benefit expense	<u>\$ (1,479,043)</u>	<u>\$ (1,290,787)</u>

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

(in thousands of dollars)

	<u>2011</u>	<u>2010</u>
Service cost	\$ 57,030	\$ 42,216
Interest cost	76,285	66,363
Amortization of prior service cost	(21,673)	(21,651)
Amortization of unrecognized net loss	<u>35,497</u>	<u>20,187</u>
Net periodic postretirement cost	<u>\$ 147,139</u>	<u>\$ 107,115</u>

The assumed healthcare cost trend rate used in measuring the accumulated postretirement benefit obligation was 9.00% and 8.00% for the years ended June 30, 2011 and 2010, respectively, reduced by 0.50% per year to a fixed level of 5.00%. The weighted average postretirement benefit obligation discount rate was 5.75% and 5.50% for the years ended June 30, 2011 and 2010, respectively.

If the healthcare cost trend rate assumptions were increased by 1% in each year, the accumulated postretirement benefit obligation would be increased by \$448.6 million and \$234.8 million as of June 30, 2011 and 2010, 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 \$46.1 million and \$22.4 million as of June 30, 2011 and 2010, respectively. If the healthcare cost trend rate assumptions were decreased by 1% in

each year, the accumulated postretirement benefit obligation would be decreased by \$242.6 million and \$186.3 million as of June 30, 2011 and 2010, 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 \$25.3 million and \$17.4 million as of June 30, 2011 and 2010, respectively.

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

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

	<i>(in thousands of dollars)</i>
2012	\$ 44,858
2013	48,303
2014	53,244
2015	57,559
2016	62,063
2017-21	373,155

## 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 \$630.9 million of which \$494.8 million has been paid or accrued as of June 30, 2011. 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 \$16.0 million and \$17.4 million as of June 30, 2011 and 2010, respectively. These letters of credit are used primarily to comply with minimum state and federal regulatory laws that govern various University activities. The fair value of these letters of credit approximates contract values based on the nature of the fee arrangements with the issuing banks.

### Guarantees

The University has a contract with a third party whereby the third party acts as an agent of the University in connection with procurement of electricity. The University guarantees the payment of the obligations of the third party incurred on behalf of the University to counterparties. No liabilities related to guarantees have been recorded as of June 30, 2011.



### 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% at June 30, 2011 and 2010, respectively, of the medical malpractice claims liability in the amount of \$66.6 million and \$71.4 million is recorded as of June 30, 2011 and 2010, 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 \$21.0 million and \$22.3 million at June 30, 2011 and 2010, 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 \$13.1 million and \$14.1 million, discounted at 1.25%, is recorded as of June 30, 2011 and 2010, respectively. The University has established a trust fund, in the amount of \$12.4 million and \$12.2 million at June 30, 2011 and 2010, 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, 2011, the date when the financial statements were available to be issued. It did not identify any subsequent events other than as disclosed in Note 3 to the consolidated financial statements.

**THE PENNSYLVANIA STATE UNIVERSITY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2011**

<b><u>Program</u></b>	<b><u>CFDA No.</u></b>	<b><u>Subcontract Expenditures</u></b>	<b><u>Expenditures</u></b>
<b><u>Research and development programs -</u></b>			
Direct funding	Note 2	\$ 62,132,164	\$ 410,386,256
Direct funding - American Recovery and Reinvestment Act	Note 3	1,994,034	27,506,205
Pass-through funds - Commonwealth of Pennsylvania	Note 4	10,179	5,204,985
Pass-through funds - Commonwealth of Pennsylvania - American Recovery and Reinvestment Act	Note 5	0	1,013,961
Pass-through funds - Other Institutions	Note 6	2,291,280	56,799,953
Pass-through funds - Other Institutions - American Recovery and Reinvestment Act	Note 7	0	5,098,715
Total research and development programs		<u>66,427,657</u>	<u>506,010,075</u>
<b><u>Student financial assistance programs (Direct funding) -</u></b>			
Department of Education:			
Federal Supplemental Educational Opportunity Grant	84.007	0	4,479,248
Federal Work Study Program (ARRA funds are not separately identified and are included in the total expenditures)	84.033	0	3,642,192
Federal Perkins Loan Program - Note 14	84.038	0	41,508,799
Federal Pell Grant Program (ARRA funds are not separately identified and are included in the total expenditures)	84.063	0	86,238,032
Federal Direct Loan Program - Note 15	84.268	0	568,717,012
Federal Endowment - Note 16	84.116	0	6,000,000
Academic Competitiveness Grants	84.375	0	4,842,932
National Science and Mathematics Access to Retain Talent	84.376	0	4,665,208
Department of Health & Human Services:			
Health Professions Student Loan Program - Note 14	93.342	0	377,323
Total student financial assistance programs		<u>0</u>	<u>720,470,746</u>
<b><u>Other programs -</u></b>			
Other Direct funding - Cooperative Extension Service Department of Agriculture	10.500	10,849	13,170,207
Other Direct funding - Airport Improvement Project Department of Transportation	20.106	0	4,219,325
State Fiscal Stabilization Funds - Pass-through funds - Commonwealth of Pennsylvania - American Recovery and Reinvestment Act	84.394	0	15,791,000
Other Direct funding	Note 8	1,518,109	19,513,119
Other Direct funding - American Recovery and Reinvestment Act	Note 9	43,298	1,369,906
Other Pass-through funds - Commonwealth of Pennsylvania	Note 10	12,673,885	19,787,859
Other Pass-through funds - Commonwealth of Pennsylvania American Recovery and Reinvestment Act	Note 11	215,646	836,442
Other Pass-through funds - Other Institutions	Note 12	66,763	4,553,319
Other Pass-through funds - Other Institutions - American Recovery and Reinvestment Act	Note 13	0	142,240
Total other programs		<u>14,528,550</u>	<u>79,383,417</u>
<b>Total Programs</b>		<u>\$ 80,956,207</u>	<u>\$ 1,305,864,238</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, 2011**

**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, 2011 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.

	<b>CFDA No.</b>	<b>Pass-Through Entity Identifying No.</b>	<b>Subcontract Expenditures</b>	<b>Expenditures</b>
<b>2. RESEARCH AND DEVELOPMENT -</b>				
<b>DIRECT FUNDING:</b>				
<u>Agriculture:</u>				
Agriculture and Food Research Initiative	10.RD		\$ 133,731	\$ 1,474,380
Agricultural Research Service	10.RD		0	982,223
Animal and Plant Health Inspection Service	10.RD		251,982	1,146,279
Cooperative State Research, Education and Extension Service	10.RD		-	7,397,311
Department of Agriculture	10.RD		0	273,948
Economic Research Service	10.RD		2,105	143,984
Foreign Agricultural Service	10.RD		0	61,784
Forest Service	10.RD		0	392,955
Grants for Agricultural Research Special Research Grants	10.RD		1,126,605	2,554,678
Grants for Agricultural Research Competitive Research Grants	10.RD		0	301,454
International Science and Education Grants	10.RD		0	43,256
National Institute of Food and Agriculture	10.RD		1,094,493	5,130,130
Total – Agriculture			<u>2,608,916</u>	<u>19,902,382</u>
<u>Commerce:</u>				
Census Bureau	11.RD		0	14,430
Department of Commerce	11.RD		0	434,618
Economic Development Administration	11.RD		0	70,749
National Oceanic and Atmospheric Administration	11.RD		0	1,158,258
Total – Commerce			<u>0</u>	<u>1,678,055</u>

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
<u>Defense:</u>				
Department of Air Force, Material Command	12.RD		1,059,414	3,883,021
Department of Army, Material Command	12.RD		10,424,883	22,702,615
Department of Defense	12.RD		2,782,627	13,949,374
Department of Defense, Advanced Research Projects Agency	12.RD		0	470,589
Department of Defense, National Security Agency	12.RD		0	533,337
Department of Navy, Office of the Chief of Naval Research	12.RD		18,511,347	131,346,787
Total – Defense			32,778,271	172,885,723
<u>Interior:</u>				
Bureau of Land Management	15.RD		0	10,550
Fish and Wildlife Service	15.RD		0	124,290
Department of Interior	15.RD		(6,725)	60,729
Geological Survey	15.RD		19,974	748,288
National Park Service	15.RD		0	532,224
Office of Surface Mining	15.RD		30,308	80,971
Total – Interior			43,557	1,557,052
<u>Justice:</u>				
Department of Justice	16.RD		0	96,640
National Institute of Justice	16.RD		382,023	2,149,957
Total – Justice			382,023	2,246,597
<u>State:</u>				
	19.RD		43,022	699,781
<u>Transportation:</u>				
	20.RD		1,367,247	5,239,059
<u>General Services Administration:</u>				
	39.RD		0	320,122
<u>National Aeronautics and Space Administration:</u>				
	43.RD		2,275,012	15,717,643
<u>National Endowment for the Humanities:</u>				
	45.RD		0	128,899
<u>National Science Foundation:</u>				
	47.RD		3,224,120	47,943,972
<u>Department of Veterans Affairs:</u>				
	64.RD		0	53,814
<u>Environmental Protection Agency:</u>				
Office of the Chief Financial Officer	66.RD		0	46,050
Office of Research and Development	66.RD		218,335	821,596
Office of Water	66.RD		0	151,475
Total – Environmental Protection Agency			218,335	1,019,121
<u>Nuclear Regulatory Commission:</u>				
	77.RD		0	711,380
<u>Energy:</u>				
	81.RD		4,570,006	18,118,031

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
<u>Education:</u>				
Department of Education	84.RD		5,152,335	7,821,947
Office of Educational Research and Improvement	84.RD		237,112	1,759,788
Office of Elementary and Secondary Education	84.RD		25,000	670,498
Rehabilitation Long-term Training				
Office of Special Education and Rehabilitative Services	84.RD		0	52,113
TRIO - Student Support Services	84.RD		0	64,537
Total – Education			5,414,447	10,368,883
<u>Health and Human Services:</u>				
National Institutes of Health	93.RD		7,738,785	102,136,050
Total – Health and Human Services			7,738,785	102,136,050
<u>Department of Homeland Security:</u>				
	97.RD		0	350,855
<u>Agency for International Development:</u>				
	98.RD		0	99,681
<u>Miscellaneous:</u>				
	99.RD		1,468,423	9,209,156
<b>Total Research and Development - Direct Funding</b>			\$ 62,132,164	\$ 410,386,256
<b>3. RESEARCH AND DEVELOPMENT - DIRECT FUNDING - AMERICAN RECOVERY AND REINVESTMENT ACT:</b>				
<u>Department of Defense</u>				
	12.RD		\$ 0	\$ 92,100
<u>National Science Foundation:</u>				
	47.RD		257,773	7,746,341
<u>Department of Energy:</u>				
	81.RD		686,895	4,201,324
<u>Health and Human Services</u>				
National Institutes of Health	93.RD		1,049,366	15,466,440
Total – Health and Human Services			1,049,366	15,466,440
<b>Total Research and Development - Direct Funding - American Recovery and Reinvestment Act</b>			\$ 1,994,034	\$ 27,506,205
<b>4. RESEARCH AND DEVELOPMENT - PASS- THROUGH FUNDS - COMMONWEALTH OF PENNSYLVANIA:</b>				
<u>Agriculture:</u>				
Commonwealth of Pennsylvania	10.RD	4300219747	\$ 0	\$ 74,077
Commonwealth of Pennsylvania	10.RD	4300230678	0	11,462
Commonwealth of Pennsylvania	10.RD	ME 4408578	0	54,631
Commonwealth of Pennsylvania	10.RD	ME 44091394	0	80,000
Commonwealth of Pennsylvania	10.RD	ME 44091405	0	49,509
Commonwealth of Pennsylvania	10.RD	ME 446002	0	2,484,190
Total – Agriculture			0	2,753,869

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
<u>Commerce:</u>				
Commonwealth of Pennsylvania	11.RD	4100044794	0	18,424
Commonwealth of Pennsylvania	11.RD	4100048133	0	(2,283)
Commonwealth of Pennsylvania	11.RD	4100051222_CZM: 2009EG.02	0	19,547
Commonwealth of Pennsylvania	11.RD	4100055617	0	59,983
Total - Commerce			0	95,671
<u>Interior:</u>				
Commonwealth of Pennsylvania	15.RD	1434-03HQRU1548	0	452,024
Commonwealth of Pennsylvania	15.RD	4100053520	0	34,677
Total - Interior			0	486,701
<u>Justice:</u>				
Commonwealth of Pennsylvania	16.RD	2007-2010-JG-03-21186	0	96,497
Commonwealth of Pennsylvania	16.RD	4300258168	0	4,896
Total - Interior			0	101,393
<u>Transportation:</u>				
Commonwealth of Pennsylvania	20.RD	359704	0	2,511
Total - Transportation			0	2,511
<u>Environmental Protection:</u>				
Commonwealth of Pennsylvania	66.RD	4100036695	0	25,080
Commonwealth of Pennsylvania	66.RD	4100052885	0	69,274
Commonwealth of Pennsylvania	66.RD	4100055830	0	840
Commonwealth of Pennsylvania	66.RD	43000181971	0	(172)
Commonwealth of Pennsylvania	66.RD	4300226633	0	71,319
Commonwealth of Pennsylvania	66.RD	4300226638	0	34,453
Commonwealth of Pennsylvania	66.RD	4300248240	0	95,521
Commonwealth of Pennsylvania	66.RD	4300269905	0	31,472
Commonwealth of Pennsylvania	66.RD	4300283071	0	3,805
Total - Environmental Protection			0	331,592
<u>Education:</u>				
Commonwealth of Pennsylvania	84.RD	041-11-1001	0	421,479
Commonwealth of Pennsylvania	84.RD	062-10-0-042	0	7,272
Commonwealth of Pennsylvania	84.RD	062-11-0042	0	452,118
Commonwealth of Pennsylvania	84.RD	065-11-009	10,179	126,789
Commonwealth of Pennsylvania	84.RD	21746	0	84,172
Commonwealth of Pennsylvania	84.RD	4300148910/4400003640	0	170,699
Commonwealth of Pennsylvania	84.RD	4300152626	0	64,693
Commonwealth of Pennsylvania	84.RD	4300213392	0	94
Commonwealth of Pennsylvania	84.RD	4300248830	0	15,603
Commonwealth of Pennsylvania	84.RD	430655	0	90,329
Total - Education			10,179	1,433,248
<b>Total Research and Development Pass-Through Funds Commonwealth of Pennsylvania</b>			<b>\$ 10,179</b>	<b>\$ 5,204,985</b>

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
<b>5. RESEARCH AND DEVELOPMENT - PASS-THROUGH FUNDS - COMMONWEALTH OF PENNSYLVANIA - AMERICAN RECOVERY AND REINVESTMENT ACT:</b>				
<u>Interior:</u>				
Commonwealth of Pennsylvania	15.RD	4300181250	\$ 0	\$ 656,372
Total - Environmental Protection			0	656,372
<u>Energy:</u>				
Commonwealth of Pennsylvania	81.RD	4300195336	0	134,590
Total - Energy			0	134,590
<u>Education:</u>				
Commonwealth of Pennsylvania	84.RD	4300239520	0	11,252
Total - Energy			0	11,252
<u>Health and Human Services:</u>				
Commonwealth of Pennsylvania	93.RD	4100051970	0	211,747
Total - Energy			0	211,747
<b>Total Research and Development - Pass-Through Funds - Commonwealth of Pennsylvania - American Recovery And Reinvestment Act</b>			\$ 0	\$ 1,013,961
<b>6. RESEARCH AND DEVELOPMENT - PASS-THROUGH FUNDS - OTHER INSTITUTIONS:</b>				
<u>Agriculture:</u>				
American Chestnut Foundation	10.RD	08-DG-11083150-009	\$ 0	\$ (134)
American Chestnut Foundation	10.RD	09-DG-11083150-003	0	51,195
Cornell University	10.RD	2007-37620-18204	0	44,538
Cornell University	10.RD	2008-34360-19469	0	3,697
Cornell University	10.RD	2009-34103-19863	0	6,851
Cornell University	10.RD	2009-34360-19879	0	14,875
Cornell University	10.RD	2010-34103-21307	0	8,358
Cornell University	10.RD	Z520301	0	6,479
Geisinger Clinic	10.RD	59-1950-9-963	0	57,249
Geisinger Clinic	10.RD	----	0	30,242
Georgetown University	10.RD	2008-35200-04475	0	36,597
Iowa State University	10.RD	20083560418805	0	34,915
Iowa State University	10.RD	2009-34381-20157	0	11,361
Iowa State University	10.RD	2009-51300-05581	0	90,318
Lycoming Clinton Counties	10.RD	----	0	555
McKnight Foundation	10.RD	----	0	11,571
Mississippi State University	10.RD	20094869906089	11,748	13,184
North Carolina State University	10.RD	2006-51101-03604	0	10,852
North Carolina State University	10.RD	2007-39552-18643	123,448	236,707
North Carolina State University	10.RD	2010-39557-21910	0	13,321
Ohio State University	10.RD	2007-35401-18861	0	6,435
Ohio State University	10.RD	----	0	1,499
Pennsylvania Environmental Council	10.RD	NRCS 69-3A75-7-113	0	28,891
Purdue University	10.RD	05-37620-15609	0	786
Purdue University	10.RD	2010-48869-20781	0	618,514
Rodale Institute	10.RD	2008-38640-18866	0	5,143
RTI International	10.RD	----	0	2,388
Rutgers University	10.RD	2008-38640-18866	0	18,673
Rutgers University	10.RD	----	0	35,931

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
Temple University	10.RD	2006-55215-05938	0	97,274
U.S. Endowment for Forestry and Commerce	10.RD	----	0	420,346
United Egg Producers	10.RD	NRCS 69-03A75-7-91	0	13,006
University of Arizona	10.RD	2010-48869-20693	0	30,405
University of Arkansas	10.RD	2009-35603-05063	0	48,456
University of Connecticut	10.RD	2006-51110-03725	0	65,959
University of Connecticut	10.RD	Z540501	0	2,411
University of Georgia	10.RD	2007-34103-18292	0	1,482
University of Georgia	10.RD	2008-55302-04471	0	4,547
University of Georgia	10.RD	2009-85118-05718	0	219,304
University of Illinois	10.RD	----	0	37,942
University of Maine	10.RD	2008-34141-19351	0	3,078
University of Maine	10.RD	2009-34141-20050	0	19,162
University of Maine	10.RD	2010-34141-21166	0	704
University of Maryland	10.RD	2008-51130-19500	0	18,491
University of Maryland	10.RD	2008-55204-18863	0	54,855
University of Maryland	10.RD	2010-38821-21609	0	4,967
University of Minnesota	10.RD	2011-67003-30343	0	12,323
University of Missouri	10.RD	2009-38411-18755	0	16,824
University of Nebraska	10.RD	2007-55112-17856	0	6,065
University of Pennsylvania	10.RD	2007-35812-18243	0	3,665
University of Vermont	10.RD	2009-38640-19631	21,200	224,544
University of Vermont	10.RD	2009-47001-05350	0	53,994
University of Vermont	10.RD	2010-38640-20820	0	17,278
University of Vermont	10.RD	2010-47001-20819	0	13,863
		CSREES 2006-		
University of Vermont	10.RD	38640-16700	0	15,222
University of Wisconsin	10.RD	59-5000-0-0013	0	27,612
West Virginia University	10.RD	2010-CR-11062759-030	0	197,224
West Virginia University	10.RD	NFS 06-CR-11062759-		
		439	0	77,342
Xerces Society, Inc.	10.RD	NRCS 69-03A75-9-131	0	23,214
Total – Agriculture			156,396	3,132,550

Commerce:

Industrial Economics Inc.	11.RD	----	0	220,660
Northwest Pennsylvania Industrial Res Center	11.RD	70NANB5H1121	0	(40)
Ohio State University	11.RD	NA08OAR4310271	0	2,391
Ohio State University	11.RD	RC00S08-04	0	8,540
University Corporation for Atmospheric Research	11.RD	NA08NWS4670046	0	201,805
University of Delaware	11.RD	NA08OAR4170750	0	3,693
University of Maryland	11.RD	NA10OAR4170072	0	4,604
University of Michigan	11.RD	NA060AR4170017	0	27,137
University of North Carolina	11.RD	NA10OAR4310111	0	22,480
University of North Carolina	11.RD	NA08OAR4300863	0	8,183
University of Wisconsin	11.RD	NA10OAR4170070	0	6,822
Total – Commerce			0	506,275

Defense:

AAI Corporation	12.RD	W58RGZ-09-C-0136	0	2,121
AAI Corporation	12.RD	----	0	17,176
Academy of Applied Science	12.RD	W911NF-04-1-0001	0	1,238
Academy of Applied Science	12.RD	W911NF-10-2-0076	0	56
Adaptive Methods Inc.	12.RD	N00024-10-C-4124	0	142,411
Adsys Controls Inc.	12.RD	FA9451-11-M-0044	0	20,152
		FA9300-06-D-0003 T.O.		
Advatech Pacific, Inc.	12.RD	-0008	0	21,179



	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
Advatech Pacific, Inc.	12.RD	FA9300-10-C-4002	0	3,681
Aero Gear Inc.	12.RD	W15QKN-09-2-0006	0	22,277
Aerojet	12.RD	----	0	45,000
Agarigen, Inc.	12.RD	----	0	107,370
Alion Science & Technology Corporation	12.RD	DAAD19-01-C-0065	0	156,785
Alion Science & Technology Corporation	12.RD	N00014-08-C-0295	0	(2,804)
Alion Science & Technology Corporation	12.RD	N00014-09-C-0526	0	125,393
Alphasense, Inc.	12.RD	N00014-10-C-0438	0	67,507
Altex Technologies	12.RD	HR0011-09-C-0092	0	2,195
Altex Technologies	12.RD	N68335-10-C-0365	0	23,999
Altex Technologies	12.RD	W56HZV-10-C-0348	0	50,375
Altex Technologies	12.RD	W909MY-10-C-001	0	567
Altex Technologies	12.RD	W911QX-10-C-0061	0	30,000
Altex Technologies	12.RD	W911QX-10-C-0093	0	39,721
Altex Technologies	12.RD	W911SR-09-C-0031	0	13,960
Altex Technologies	12.RD	----	0	18,791
Applied Aerospace Structure Corp	12.RD	N00024-05-C-5346	0	13,855
Applied Optimization Inc.	12.RD	N00014-10-M-0472	0	8,754
Applied Physical Sciences	12.RD	N00014-10-M-0353	0	21,309
Area-1 Inc.	12.RD	N00014-09-M-0307	0	3,232
Area-1 Inc.	12.RD	N00014-10-C-0407	0	61,289
Argonne National Laboratories	12.RD	DE-AC02-06CH11357	0	85,440
Argonne National Laboratories	12.RD	N00024-02-D-6604 DO-0643	0	13,910
BAE Systems	12.RD	N00178-04-D-4018	0	5,000
Barron Associates	12.RD	N68335-08-C-0411	0	13,254
Battelle Pacific NW National Lab	12.RD	W911NF-07-D-0001	20,067	40,561
BBN Technologies Corporation	12.RD	W911NF-09-0053	172,786	804,215
BBN Technologies Corporation	12.RD	W911NF-09-2-0053	381,312	686,847
Bell Helicopter Textron Inc.	12.RD	W911W6-07-2-0003	0	15,392
Blue Ridge Research & Consultants	12.RD	N66001-10-C-0128	0	63,548
Blue Ridge Research & Consultants	12.RD	N68335-10-C-0378	0	42,492
Bluefin Robotics	12.RD	N00024-11-C-6291	0	4,750
Boeing Company	12.RD	HR0011-10-C-0075	0	35,000
Boeing Company	12.RD	W911W6-08-2-0005	0	120,930
Boeing Company	12.RD	----	0	22,857
Bollinger Shipyards, Inc.	12.RD	----	0	19,123
Booz-Allen & Hamilton Inc.	12.RD	HM1582-06-C-0017	0	177,268
Briartek, Inc.	12.RD	----	0	84,358
Busek Co., Inc.	12.RD	W31P4Q-10-C-0254	0	11,706
CACI International Inc.	12.RD	W15P7T-06-D-E402	0	15,102
Camber Corporation	12.RD	GS-23F-0374K	0	599
Carlyle Consulting	12.RD	W9132T-06-C-0002	0	55,762
Center for Rotorcraft Innovation	12.RD	88475 2009-B-41-T2	0	1,528
Center for Rotorcraft Innovation	12.RD	W911W6-05-2-0003	0	27,596
Center for Rotorcraft Innovation	12.RD	W911W6-06-2-0002/ MOD P00011	0	12,149
Center for Rotorcraft Innovation	12.RD	W911W6-06-2-0002/ MOD P00012	0	96,291
Center for Rotorcraft Innovation	12.RD	W911W6-06-2-0002-1	0	76,444
Cernova Corp.	12.RD	----	0	(7,590)
CFD Research Corporation	12.RD	N68335-10-C-0373	0	20,853
CFD Research Corporation	12.RD	W911W6-09-C-0027	0	66,455
Charles River Analytics Inc.	12.RD	W31P4Q-09-C-0469	0	42,906
C-K Technologies	12.RD	DAAE07-03-L132	0	(38,121)
Combustion Research & Flow Technologies	12.RD	N68335-10-C-0422	0	22,837
Combustion Science & Engineering	12.RD	FA8650-10-C-2095	0	53,639
Concurrent Technologies Corp.	12.RD	C-DDX-1045-02	0	50,512
Connecticut Center for Advanced Technology	12.RD	FA9550-07-1-0259	0	48,346

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
Corbin Company	12.RD	W15P7T-06-D-E402/0083	0	216,621
Cortana	12.RD	N000421-09-C-0028	0	256,295
Crystal IS, Inc.	12.RD	W911NF-09-2-0068	0	160,000
Curtis Wright Electro Mechanical Co.	12.RD	----	0	56,217
DE Technologies, Inc.	12.RD	FA8651-10-M-0220	0	6,299
Discovery Machine Inc.	12.RD	W3192T-10-C-0027	0	42,633
Duke University	12.RD	FA8650-09-C-2944	0	25,287
Duke University	12.RD	HR0011-10-1-0059	0	80,996
Dynamic Eye Inc.	12.RD	----	0	2,425
		FA-8650-08-D-1303		
Dynetech	12.RD	TO0006	0	52,107
ELC Laboratories, Inc.	12.RD	FA9550-10-C-0148	0	39,955
Electrodynamics Applications Inc.	12.RD	FA9550-09-C-0109	0	58,658
Electrodynamics Applications Inc.	12.RD	FA9550-10-C-0023	0	127,651
EOIR Technologies	12.RD	W157PT-08-D-P417	306,363	321,681
ERC, Inc.	12.RD	FA9300-06-C-0023	0	5,816
Etrema Products, Inc.	12.RD	----	0	23,306
Feature Based Systems, Inc.	12.RD	FA9550-10-C-0020	0	93,798
Feature Based Systems, Inc.	12.RD	N00014-07-C-0278	0	101,512
Feature Based Systems, Inc.	12.RD	W911W6-08-C-0064	0	6,665
Federal Technology Group Inc.	12.RD	W911QX-09-C-0038	0	8,682
Gear Research Institute	12.RD	N00019-02-C-3002	0	19,012
Gear Research Institute	12.RD	W911-W6-09-D-0016	0	57,119
General Dynamics/Electric Boat	12.RD	N00024-03-C-2101	0	245,693
General Dynamics/Electric Boat	12.RD	N00024-11-C-2109	0	49,699
General Dynamics/Electric Boat	12.RD	N66604-05-C-3180	0	261,936
General Dynamics/Electric Boat	12.RD	----	0	122,709
George Mason University	12.RD	FA9550-07-1-0527	0	170,855
Georgia Institute of Technology	12.RD	HC1047-05-D-4000	0	34,624
Georgia Institute of Technology	12.RD	N00014-08-1-0481	75,000	79,991
Global Strategies Group	12.RD	W91CRB-06-D-0054/0071	0	100,226
Global Strategies Group	12.RD	W91CRB-06-D-0054/0076	0	59,574
Goodrich B.F. Aerospace	12.RD	N00024-09-C-2104	0	51,189
Goodrich B.F. Aerospace	12.RD	N00178-04-D-4012	0	49,271
Hardwire LLC	12.RD	----	0	66,231
Harvard University	12.RD	----	0	205,681
H C Materials Corporation	12.RD	N00014-08-C-0857	0	6,361
Herman Advanced Engineering	12.RD	N68335-10-C-0383	0	9,225
Hexcel	12.RD	N00421-08-C-0017	0	49,187
		W911W6-01-D-0006 TO-		
Hexcel		0001	0	86,662
HRL Laboratories, LLC	12.RD	BAA-09-58	0	161,311
HRL Laboratories, LLC	12.RD	----	0	115,224
Hydroid, Inc.	12.RD	N00174-07-D-0001	0	404,723
Hydroid, Inc.	12.RD	N62306-08-D-9003	0	4,601
Image Acoustics, Inc.	12.RD	N00014-08-C-0798	0	60,812
Image Acoustics, Inc.	12.RD	N00014-09-C-0491	0	10,875
Image Acoustics, Inc.	12.RD	N00014-11-M-0201	0	5,072
Impact Technologies LLC	12.RD	N00014-10-M-0356	0	29,946
Impact Technologies LLC	12.RD	W56HZV-10-C-0205	0	21,000
Impact Technologies LLC	12.RD	W911QX-08-C-0079	0	50,416
Industrial Measurements Inc.	12.RD	DO-A1	0	13,033
Infinia Corporation	12.RD	N00014-09-C-0106	0	7,422
Infoscitex Corporation	12.RD	FA9453-04-C-0040	0	12,839
Innalabs	12.RD	N61339-07-C-0052	0	3,436
Innovative Automation Tech LLC	12.RD	FA9550-10-C-0047	0	51,003
Innovative Productivity, Inc.	12.RD	N00167-07-C-0008	0	32,761
Innovative Science Solutions Inc.	12.RD	F33615-03-D-2329	0	197,130
Innovative Science Solutions Inc.	12.RD	FA8650-11-M-2172	0	7,099

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
Innovative Science Solutions Inc.	12.RD	FA9300-10-C-0008	0	110,747
Innovative Science Solutions Inc.	12.RD	N00014-08-C-0296	0	67,022
Innovative Science Solutions Inc.	12.RD	N00014-10-M-0178	0	23,000
Innovative Technology Applications Co., LLC	12.RD	N68335-09-C-0370	0	11,420
Innovative Technology Applications Co., LLC	12.RD	----	0	115,972
International Business Machines, Inc.	12.RD	W911NF-06-3-0001	0	206,629
Invertix Corporation	12.RD	H98230-10-C-0772	0	86,619
ITT Industries	12.RD	N00173-09-C-2023	0	4,323
Jacobs Technology Inc.	12.RD	----	0	20,170
Johns Hopkins University	12.RD	04-D-8601	0	13,386
Johns Hopkins University	12.RD	N00024-03-D-6606	0	65,787
KCF Technologies	12.RD	N00014-07-C-1010	0	5,990
KCF Technologies	12.RD	N68335-09-C-0176	0	15,281
Kennametal	12.RD	HC1047-05-D-4005	0	69,274
Kuchera Defense Systems Inc.	12.RD	N68665-07-C-0447	0	76,602
Kuchera Defense Systems Inc.	12.RD	W911QX-08-C-0048	0	36,684
L-3 Communications	12.RD	N00178-04-D-4143	0	35,000
L-3 Communications	12.RD	N00406-05-D-5116	0	106,487
Lightning Packs LLC	12.RD	N00014-08-0279	0	398
Lockheed Martin	12.RD	56-IC-63641	0	7,425
Lockheed Martin	12.RD	FA8650-07-C-7749	10,660	239,320
Lockheed Martin	12.RD	N00024-09-C-5215	0	8,392
Louisiana State University	12.RD	W81XWH-10-1-0671	0	9,933
Luna Innovations, Inc.	12.RD	N65538-10-C-0025	0	3,006
Luna Innovations, Inc.	12.RD	N68335-08-C-0119	0	23,241
Luna Innovations, Inc.	12.RD	NQ0147-09-C-7010	0	29,986
Luna Innovations, Inc.	12.RD	W15QKN-11-C-0026	0	14,780
Lynntech, Inc.	12.RD	N00014-09-M-0329	0	5,189
Lynntech, Inc.	12.RD	N00167-11-C-0004	0	586
Lynntech, Inc.	12.RD	N65538-10-M-0029	0	14,413
Makel Engineering, Inc.	12.RD	----	0	6,923
Marlow Industries	12.RD	W909MY-09-C-0061	0	34,658
		N65540-08-D-0011 DO-		
Material Sciences Corp.	12.RD	0010	0	56
		N66604-08-D-0034 DO-		
Material Sciences Corp.	12.RD	0002	0	13,050
McDonnell Douglas Corp.	12.RD	----	0	121,024
		N00178-07-D-4078		
McKean Defense Group LLC	12.RD	DO-EHP6	0	24,431
		N00178-07-D-4078		
McKean Defense Group LLC	12.RD	DO-EHP7	0	32,776
Medico Industries, Inc.	12.RD	DOTC-09-01-INIT369	0	10,496
Medico Industries, Inc.	12.RD	W15QKN-08-C-0052	0	102,863
Medico Industries, Inc.	12.RD	----	0	29,578
Mitre Corporation	12.RD	----	0	18,282
MTS Technologies, Inc.	12.RD	W56HZV-10-C-0137	0	4,035
Nanosonic, Inc.	12.RD	N00014-10-M-0179	0	27,545
National Center for Manufacturing Sciences	12.RD	DASW01-98-2-0002	0	248,976
National Nanotechnology Manufacturing Center	12.RD	W15QKN-09-0-0001	0	67,914
National Steel & Shipbuilding Co.	12.RD	----	0	113,832
New England Aquarium Corporation	12.RD	N00014-10-1-0614	0	17,516
Newport News Shipbuilding	12.RD	N00024-98-C-4064	0	40,537
Nextgen Aeronautics Inc.	12.RD	HR0011-10-C-0189	0	123,438
Nextgen Aeronautics Inc.	12.RD	W31P4Q-09-C-0101	0	13,554
Northrop Grumman	12.RD	HR0011-10-C-0167	0	107,580
Northrop Grumman	12.RD	HR011-09-C-0062	0	91,754
Northrop Grumman	12.RD	N00178-04-D-4091	0	180,146
Northrop Grumman	12.RD	----	0	421,003
Objectvideo, Inc.	12.RD	FA8750-11-C-0152	0	32,229
Ohio Aerospace Institute	12.RD	FA8650-09-D-2945	0	8,732

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
Ohio State University	12.RD	FA9550-09-1-0602	0	64,831
Optipro Systems	12.RD	----	0	95,847
Perot Systems Corporation	12.RD	N00024-01-D-7010	0	5,270
Phoenix Integration	12.RD	N00014-09-C-0271	0	10,055
Physical Optics Corporation	12.RD	N00014-10-M-0181	0	16,500
Physical Sciences Inc.	12.RD	N68335-08-C-0038	0	56,230
Physical Sciences Inc.	12.RD	W911NF-09-C-0102	0	121,772
PPG Industries	12.RD	----	0	36,629
Princeton University	12.RD	FA9550-07-1-0515	0	295,663
Purdue University	12.RD	HDTRA1-08-1-0006	0	90,227
Purdue University	12.RD	W911NF-06-1-0377	0	214,987
Qortek Inc.	12.RD	W31P4Q-08-C-0275	0	84,466
Raytheon Co.	12.RD	W900KK-07-D-0001	0	16,568
Raytheon Co.	12.RD	----	0	(7)
RDA, Inc.	12.RD	N68335-09-C-0193	0	16,000
RDA, Inc.	12.RD	N68335-10-C-0388	0	73,523
Resource Dynamics Corp.	12.RD	N00014-08-M-0266	0	2
Resource Dynamics Corp.	12.RD	N00178-09-C-1034	0	128,663
Rolls Royce PLC	12.RD	N00014-09-D-0680	0	7,543
Rutgers State University of NJ	12.RD	FA9550-05-1-0365	0	54,782
Rutgers State University of NJ	12.RD	W911NF-06-2-0007	0	95,400
S2 Corporation	12.RD	W9113M-10-C-0070	0	11,029
Sabre Systems, Inc.	12.RD	N00178-05-D-4546 4Y01	0	(40)
Sabre Systems, Inc.	12.RD	N00178-05-D-4546 4Y02	0	499,373
		N00178-05-D-4546 DO-		
Sabre Systems, Inc.	12.RD	4Y02	0	1,620
Savit Corporation	12.RD	----	0	188,603
SCI Applications International Corp.	12.RD	N00014-10-C-0073	0	36,069
SCI Applications International Corp.	12.RD	N00173-07-C-2023	0	14,487
SCI Applications International Corp.	12.RD	N00178-04-D-4119	0	218,186
Science Research Laboratory	12.RD	FA8651-09-1-0090	0	(137)
Science Research Laboratory	12.RD	W31P4Q-08-C-0328	0	93,580
Science Research Laboratory	12.RD	W31P4Q-09-C-0291	0	75,920
Science Research Laboratory	12.RD	W31P4Q-09-C-0306	0	59,099
Sinmat Inc.	12.RD	----	0	3,498
Skeyes Unlimited Corporation	12.RD	N00014-10-M-0358	0	21,000
South Carolina Research Authority	12.RD	N00014-06-D-0045	0	25,034
		N00014-06-D-0045		
South Carolina Research Authority	12.RD	DO 0004	0	200,102
		N00014-06-D-0045		
South Carolina Research Authority	12.RD	DO 0013	0	50,182
Spectral Energies, LLC	12.RD	FA8650-08-C-3828	0	39,897
Spectral Energies, LLC	12.RD	FA8650-10-M-2068	0	33,524
State University of New York	12.RD	W911NF-09-1-0392	0	569,977
Stimulus Engineering Services, Inc.	12.RD	N00178-04-D-4119	0	169,643
Strategic Polymer Sciences Inc.	12.RD	FA8650-11-M-5123	0	1,595
Strategic Polymer Sciences Inc.	12.RD	N00014-10-C-0093	0	53,695
Strategic Polymer Sciences Inc.	12.RD	W91CRB-10-C-0155	0	98,599
Stratonics Inc.	12.RD	N00014-10-M-0475	0	12,023
Systems Engineering Research Center	12.RD	H98230-08-D-0171	0	142,521
Taitech, Inc.	12.RD	FA9550-09-C-0069	0	163,026
Telecordia Technologies, Inc.	12.RD	FA8750-07-C-0030	0	6,935
Teledyne Science & Imaging LLC	12.RD	HR0011-10-C-0031	0	531,921
TRS Ceramics Inc.	12.RD	N00014-07-C-0761	0	62,450
TRS Ceramics Inc.	12.RD	N00014-07-C-0858	0	1,860
TRS Ceramics Inc.	12.RD	N00014-08-C-0856	0	22,864
TRS Ceramics Inc.	12.RD	N00014-09-C-0488	0	25,249
TRS Technologies, Inc.	12.RD	FA8650-10-M-2068	0	14,786

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
TRS Technologies, Inc.	12.RD	FA9550-10-C-0028	0	66,061
TRS Technologies, Inc.	12.RD	N00014-05-C-0371	44,000	344,876
TRS Technologies, Inc.	12.RD	N00014-07-C-0761	0	11,146
TRS Technologies, Inc.	12.RD	N00014-07-C-0858	0	1,866
TRS Technologies, Inc.	12.RD	N00014-10-M-0411	0	20,640
UES Inc.	12.RD	FA8650-09-C-2914	0	8,908
UES Inc.	12.RD	FA8650-09-D-5037	0	8,106
UES Inc.	12.RD	N00014-10-M-0265	0	26,694
United Launch Alliance, LLC	12.RD	FA8816-06-C-0002	0	14,676
United Technologies Research Center	12.RD	N41756-08-C-3040	30,618	118,761
United Technologies Research Center	12.RD	W9132T-10-C-0013	0	45,094
University of California	12.RD	N00014-08-1-1015	0	109,465
University of California	12.RD	N00014-06-1-0428	0	148,345
University of California Davis	12.RD	W911NF-07-1-0318	0	72,349
University of Connecticut	12.RD	N00014-10-1-0944	0	188,386
University of Dayton Research Institute	12.RD	FA8650-10-C-2934	0	30,797
University of Maryland	12.RD	FA9550-09-1-0632	0	73,942
University of Maryland	12.RD	N00014-06-1-0530	0	23,756
University of Michigan	12.RD	FA9550-09-1-0695	0	96,495
University of Michigan	12.RD	N65540-10-C-0003	0	141,800
University of Minnesota	12.RD	FA9550-10-1-0563	0	85,725
University of Mississippi	12.RD	W9113M-06-C-0029	0	182,720
University of New Mexico	12.RD	DTRA01-03-D-0009	0	8,437
University of Oklahoma	12.RD	W911NF-07-1-0587	0	86
University of Pittsburgh	12.RD	FA7014-08-2-0001	0	62,404
University of Pittsburgh	12.RD	FA7014-10-2-0005	0	168,291
University of Southern California	12.RD	HR0011-10-C-0034	0	302,698
University of Southern California	12.RD	W911NF-09-D-0006	0	6,054
University of Texas at Austin	12.RD	W911NF-07-1-0028	0	49,467
University of Utah	12.RD	FA9550-08-1-0400	0	398,015
		N00178-04-D-4042 TO		
URS Corporation	12.RD	FC16	0	375,685
Vertical Lift Consortium/Rotorcraft	12.RD	W911W6-05-2-0003	40,164	264,530
Vertical Lift Consortium/Rotorcraft	12.RD	W911W6-06-2-0002	0	235,134
Virginia Polytechnic Institute	12.RD	FA9550-07-1-0357	0	13,825
Virginia Polytechnic Institute	12.RD	W911NF-07-1-0452	0	275,328
Wagner Associates	12.RD	N65538-10-C-0051	0	38,777
Wasatch Molecular Incorporated	12.RD	FA85650-09-M-2036	0	32,990
Wyle Laboratories	12.RD	HC1047-05-D-4005	0	5,273
Total – Defense			1,080,970	20,720,813
<u>Interior:</u>				
American Chestnut Foundation	15.RD	S08AP12906	0	7,518
California University of Pennsylvania	15.RD	08HQGR0157	0	8,200
TDI Brooks International Inc.	15.RD	0105CT39187	0	3,689
TDI Brooks International Inc.	15.RD	---	0	66,688
University of Arizona	15.RD	----	0	24,719
University of Southern California	15.RD	07HQAG0008	0	12
University of Wyoming	15.RD	----	0	78,618
Total - Interior			0	189,444
<u>Justice:</u>				
American Statistical Associates	16.RD	----	0	2,229
University of Missouri	16.RD	2006-JV-FX-0011	0	17,220
Total - Justice			0	19,449

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
<u>Transportation:</u>				
Auburn University	20.RD	DTFH61-09-H-00013	0	57,921
Bridge Composites LLC	20.RD	DTFH61-10-G-00007	0	14,529
Cornell University	20.RD	DTOS59-07-G-00052	35,819	182,793
Figg Bridge Engineers, Inc.	20.RD	----	0	(4,242)
National Academy of Sciences	20.RD	DTFH61-06-H-00009	0	240,621
National Academy of Sciences	20.RD	----	0	(130,271)
SES Group & Associates LLC	20.RD	DTFH61-08-D-00001	0	24,058
Vanasse Hangen Brustlin Inc.	20.RD	DTFH61-05-D-00024	0	5,808
Virginia Polytech Institute	20.RD	DMC75-07-D-00006	0	36,726
Virginia Polytech Institute	20.RD	----	0	5,724
Total - Transportation			35,819	433,667
<u>Appalachian Regional Commission:</u>				
Southern Alleghenies P&D Commission	23.RD	----	0	61,790
West Virginia University	23.RD	----	0	25,000
Wilkes University	23.RD	PA-16500-09	0	4,539
Total - Appalachian Regional Commission			0	91,329
<u>National Aeronautics and Space Admin.:</u>				
Aerodyne Research Inc.	43.RD	NNX10CA32C	0	13,442
Busek Co., Inc.	43.RD	NNX10CC62P	0	(1,739)
Colorado State University	43.RD	NNX08AK08G	0	43,747
Howard University	43.RD	----	0	125,000
Hypertherm, Inc.	43.RD	NNX11CG62P	0	3,775
Jet Propulsion Lab	43.RD	----	0	19,305
Johns Hopkins University	43.RD	NAS5-97271	0	12,409
Makel Engineering, Inc.	43.RD	----	0	40,338
Midwest Research Institute	43.RD	22-21A	0	15,620
National Space Grant Foundation	43.RD	----	0	25,442
Saint Vincent College	43.RD	NNX09AC87G	0	62,854
Smithsonian Astrophysical Observatory	43.RD	NAS8-03060	555,394	1,511,015
Smithsonian Astrophysical Observatory	43.RD	NNX09AE87G	0	40,346
Smithsonian Astrophysical Observatory	43.RD	NNX09AQ05G	0	14,660
Smithsonian Astrophysical Observatory	43.RD	----	0	8,415
Space Telescope SCI Institute	43.RD	NAS5-26555	0	280,490
Space Telescope SCI Institute	43.RD	----	0	16,708
TRS Technologies, Inc.	43.RD	NNX10CA27C	0	48,061
University of Florida	43.RD	2NNG06GC49G	0	2,003
University of Florida	43.RD	NNX09AC84G	0	47,253
University of Illinois	43.RD	NNX10AL94G	0	9,879
University of Maryland	43.RD	NCC 3989	85,747	618,114
University of Texas at Austin	43.RD	NNX09AV10G	0	19,974
University of Washington	43.RD	NNA08CN87A	0	136,633
University of Wisconsin	43.RD	NNX10AP10G	0	82,052
Virginia Institute of Marine Sciences	43.RD	NNX08A025G	0	43,256
Virginia Institute of Marine Sciences	43.RD	NNX11AD47G	0	9,691
Wyle Laboratories	43.RD	NNL10AA08B	0	6,619
Total - National Aeronautics and Space Admin.			641,141	3,255,362
<u>National Science Foundation:</u>				
Advanced Power Products, Inc.	47.RD	0848712	0	40,258
American Education Research Association	47.RD	DRL-0941014	0	32,840
American Physical Society	47.RD	----	0	8,455
California Institute of Technology	47.RD	CHE-0802907	0	197,723
Carnegie Institute	47.RD	----	0	44,414
Carnegie Mellon University	47.RD	SES-0949710	0	20,584
Chicago Zoological Society	47.RD	ARC-1043284	0	1,503
Columbia University	47.RD	IOS-0719259	0	3,514

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
Columbia University	47.RD	SES-0951516	0	4,223
Consortium for Ocean Leadership	47.RD	----	0	60,875
Cornell University	47.RD	0335765	0	697,559
Cornell University	47.RD	----	0	2,774
Duke University	47.RD	----	0	206,469
Expansyn Technologies Inc.	47.RD	IIP0936151	0	54,985
Florida State University	47.RD	----	0	65,031
Georgia Institute of Technology	47.RD	EEC-0908895	0	15,718
Johns Hopkins University	47.RD	----	0	4,087
Lehigh University	47.RD	DMR-0602986	0	1,651
Lemelson Foundation	47.RD	EEC-0835992	0	31,847
Massachusetts Institute of Technology	47.RD	----	0	21,446
Micromechatronics, Inc.	47.RD	IIP-0945613	0	13,367
Montana State University	47.RD	ANT-0636770	0	1,969
National Academy of Sciences	47.RD	HRD-0533520	0	27,412
National Academy of Sciences	47.RD	----	0	2,500
North Carolina State University	47.RD	2006-0797	0	(979)
North Carolina State University	47.RD	DBI-0605017	0	(6,476)
Northwestern University	47.RD	OCI-0724599	0	46,762
Ocean Nanotech LLC	47.RD	IIP-1010491	0	69,551
Oregon State University	47.RD	OISE-0968391	0	636
Oregon State University	47.RD	----	0	16,610
Portland State University	47.RD	ANT-0423595	0	(582)
Proton Energy Systems	47.RD	IIP-1058328	0	22,007
Rand Corporation	47.RD	0345925	0	26,325
Semiconductor Research Corp.	47.RD	NSF CCF-0903432	0	6,172
Society of Women Engineers	47.RD	HRD-0937306	0	13,552
Stark State College of Technology	47.RD	DUE-0802536	0	11,136
State University of New York	47.RD	----	0	54,215
Texas A&M University	47.RD	----	0	(2,124)
Universal Corporation for Atmospheric Research	47.RD	ATM-0833450	0	8,879
Universal Corporation for Atmospheric Research	47.RD	ATM-0856145 P1085294	0	14,013
University of California	47.RD	OCE07-52970	0	2,892
University of California	47.RD	SES-0850056	0	13,666
University of California Berkley	47.RD	DRL-0822119	0	76,656
University of Colorado	47.RD	ANT 1041742	0	22,627
University of Florida	47.RD	IOS-0923975	0	43,764
University of Georgia	47.RD	SBE0830165	0	46,894
University of Houston	47.RD	CMMI-0708096	0	82,178
University of Kansas	47.RD	ANT0424589	0	388,144
University of Kansas	47.RD	----	0	73,135
University of Maryland	47.RD	ESI-0426253	0	534,055
University of Maryland	47.RD	IOS1025837	0	136,494
University of Maryland	47.RD	PHY-1002546	0	19,492
University of Michigan	47.RD	EFRI-0937323	0	127,453
University of Missouri	47.RD	IOS-1114484	0	31,983
University of Nebraska	47.RD	ANT-0342484	0	(2,512)
University of Nebraska	47.RD	CMMI-0709333	0	32,393
University of New Hampshire	47.RD	ANT-0944266	0	29,225
University of Oregon	47.RD	BCS-0643393	0	1,109
University of Richmond	47.RD	BCS-0642586	0	54,940
University of Texas at Austin	47.RD	BCS-0964596	0	57,812
University of Texas at Austin	47.RD	DEB-0733029	0	109,102
University of Washington	47.RD	DRL-0813874	0	15,213
University of Wisconsin	47.RD	0708759	0	85,341
University of Wisconsin	47.RD	ANT-0639286	0	8,513
University of Wisconsin	47.RD	ANT-0937462	0	33,718
University of Wisconsin	47.RD	PHY-0600953	0	276,916

	<b>CFDA No.</b>	<b>Pass-Through Entity Identifying No.</b>	<b>Subcontract Expenditures</b>	<b>Expenditures</b>
Virginia Polytech Institute	47.RD	DBI-04-01748	0	19,293
Virginia Polytech Institute	47.RD	DBI-0922747	0	41,909
Virginia Polytech Institute	47.RD	IOS-0965353	0	143,071
Woods Hole Oceanographic Institute	47.RD	SA-10-06	0	21,136
Total - National Science Foundation			0	4,367,513
<u>Department of Spanish Origin:</u>				
Altoona Blair County Development Corporation	59.RD	SBAHQ-08-1-0087	0	48,613
Altoona Blair County Development Corporation	59.RD	SBAHQ-10-1-0191	0	15,740
Total - Department of Spanish Origin			0	64,353
<u>Veterans Affairs:</u>				
New Mexico Veterans Health Care System	64.RD	----	0	20,287
Total - Veterans Affairs			0	20,287
<u>Environmental Protection Agency:</u>				
Alaska Department of Environment	66.RD	----	0	39,561
Aqua Terra Consultants	66.RD	EP-C-06-029	0	40,000
Chesapeake Research Consortium	66.RD	----	0	9,682
Mactec Inc.	66.RD	----	0	29,845
PARS Environmental	66.RD	EP-C-05-057/0062	0	6
Partner for Delaware Estuary	66.RD	----	0	14,215
Pittsburgh Water & Sewer Authority	66.RD	----	(40,096)	(54,446)
University of Alabama	66.RD	EP-C-07-014	0	9,914
Total - Environmental Protection Agency			(40,096)	88,777
<u>Nuclear Regulatory Commission:</u>				
Argonne National Lab	77.RD	DE-AC02-06CH11357	0	14,999
Argonne National Lab	77.RD	----	0	6,035
Numark Associates, Inc.	77.RD	----	0	48,761
Purdue University	77.RD	NRC-04-07-094	0	225,000
Purdue University	77.RD	----	0	88,079
Total Nuclear Regulatory Commission			0	382,874
<u>Energy:</u>				
Advanced Cooling Technologies	81.RD	DE-SC0000912	0	12,420
Advanced Cooling Technologies	81.RD	DE-SC0002299	0	48,717
Aerodyne Research, Inc.	81.RD	DE-FG02-05ER63995	0	46,498
Air Products & Chemical	81.RD	DE-FC26-98FT 40343	0	196,330
Alliance for Sustainable Energy	81.RD	----	99,817	175,239
Applied Research Associates, Inc.	81.RD	SAQMMA-08-D-0084	0	29,217
Argonne National Laboratory	81.RD	DE-AC02-06CH11357	0	214,011
Argonne National Laboratory	81.RD	DE-SV02-06-CH11357	0	127,303
Ballard Material Products Inc.	81.RD	DE-FG36-08G018051	0	106,010
Battelle Pacific NW National Lab	81.RD	4000092324	0	6,185
Battelle Pacific NW National Lab	81.RD	DE-AC05-000R22725	0	6,454
Battelle Pacific NW National Lab	81.RD	DE-AC05-76RL01830	0	873,199
Battelle Pacific NW National Lab	81.RD	DE-AC07-05ID14517	65,233	665,911
Battelle Pacific NW National Lab	81.RD	DE-AC52-07NA27344	0	46,408
Battelle Pacific NW National Lab	81.RD	----	0	231,672
Bechtel Bettis, Inc.	81.RD	----	0	159,298
Berkley Lawrence Laboratory	81.RD	DE-AC02-05CH11231	0	397,727
Bettis Atomic Power Laboratory	81.RD	----	0	201,050
California Institute of Technology	81.RD	DE-SC0004949	0	16,095
Carnegie Institute	81.RD	DE-SC0001057	0	98,165
CFD Research Corporation	81.RD	DE-SC0004351	0	33,000
CH2M-WG Idaho LLC	81.RD	DE-AC07-05ID14516	0	1,616
Clemson University	81.RD	DE-FC26-02NT41431	0	1
Consortium Prem. Carbon Prod. From Coal	81.RD	DE-FC26-03NT41874	(8,825)	(8,461)
Cornell University	81.RD	DE-SC0002334	0	79,208



	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
Dehlsen Associates LLC	81.RD	DE-EE00002648	0	652,283
General Electric Company	81.RD	DE-FC26-08NT06560	0	60,573
General Motors Corporation	81.RD	DE-EE0000470	0	169,303
Georgia Institute of Technology	81.RD	DE-FG26-07NT43069	0	(1)
Illuminex Corporation	81.RD	DE-FG02-07ER86313	0	62,275
KCF Technologies	81.RD	----	0	8,565
Livermore Lawrence National Laboratory	81.RD	DE-AC52-07NA27344	0	72,185
Los Alamos National Lab	81.RD	DE-AC52-06NA25396	0	24,252
Los Alamos National Lab	81.RD	----	0	30,000
Louisiana State University	81.RD	DE-SC0001058	0	76,238
Medical University of South Carolina	81.RD	DE-FG07-051D14692 IND	0	42,925
National Renewable Energy Lab	81.RD	DE-AC36-08GO28308	0	54,629
National Renewable Energy Lab	81.RD	DE-AC36-99GO10337	0	76,607
NICCR Consortium	81.RD	DE-FC02-06ER64157	(17,244)	44,466
		DE-AC07-051D14517/		
North Carolina State University	81.RD	00042959-29	0	101,286
Northwestern University	81.RD	DE-EE0003460	0	1,783
Nuvera Fuel Cells, Inc.	81.RD	DE-PS36-08GO98009	0	138,898
Oak Ridge National Lab	81.RD	DE-AC05-000R22725	0	17,220
Oak Ridge National Lab	81.RD	----	0	78
Ocean Renewable Power Company	81.RD	DE-EE0003647	0	45,264
Pratt & Whitney Aircraft	81.RD	----	0	26,156
Princeton University	81.RD	DE-AC02-09CH11466	0	85,638
Radiabeam Technologies LLC	81.RD	DE-SC0004461	0	30,791
Rutgers University	81.RD	DE-SC0001780	0	156,117
Sandia National Labs	81.RD	775396	0	45,405
Sandia National Labs	81.RD	----	0	860,148
Saxet Surface Science	81.RD	----	0	22,500
Solar Turbines	81.RD	----	0	55,161
South Dakota State University	81.RD	DE-FC36-05GO85041	0	23,628
Southern University and A&M College	81.RD	DE-FG26-08NT0001471	0	6,161
Southwest Research Institute	81.RD	DEFC2607NT43096	0	9,764
Stanford University	81.RD	DE-SC0005171	21,271	205,108
Strategic Polymer Sciences, Inc.	81.RD	DE-EE0004540	0	9,659
Strategic Polymer Sciences, Inc.	81.RD	DE-SC0003340	0	82,252
Stripperwell Consortium	81.RD	DE-FC26-04NT42098	(5,314)	(3,834)
Stripperwell Consortium	81.RD	DE-FE0003616	(8,738)	1,499
Tulane University	81.RD	DE-FC02-06ER64298	24,126	85,389
UES Inc.	81.RD	DE-SC0004356	0	49,059
University of Michigan	81.RD	DE-FG07-07ID14894	0	56,622
University of Missouri	81.RD	DE-FG07-071D14807	0	23,950
University of South Carolina	81.RD	IDNE014	0	48,989
University of Tennessee	81.RD	DE-FG07-071D14895	0	46,764
University of Tennessee	81.RD	----	0	66,260
University of Texas at Austin	81.RD	DE-FC21-92MC29061	0	81,710
University of Texas at Austin	81.RD	DE-FE0005540	0	24,257
University of Utah	81.RD	DE-AC02-05CH11231	0	40,000
University of Utah	81.RD	DE-SC0004769	0	29,015
URS Corporation	81.RD	DE-FE0004000	0	1,461,719
URS Corporation	81.RD	----	0	14,922
West Virginia University	81.RD	----	0	992
Total - Energy			170,326	9,087,903

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
<u>Education:</u>				
Duke University	84.RD	H133E080011	34,030	265,815
Johns Hopkins School of Public Health	84.RD	R305A080326	0	39,585
Purdue University	84.RD	P116J070040	0	10,800
University of Illinois	84.RD	R305A100344	0	164,927
University of Minnesota	84.RD	H327A080004A	0	(400)
University of North Carolina	84.RD	R305A040056	0	155,196
University of Oregon	84.RD	R324A070157	0	2,155
Total - Education			34,030	638,078
<u>Health and Human Services:</u>				
ABT Associates Inc.	93.RD	----	0	4,874
Adult Congenital Heart Association	93.RD	----	0	1,003
AFASCI, Inc.	93.RD	----	0	2,152
Arizona State University	93.RD	2 R01 HD039666-05A1	0	24,218
Arizona State University	93.RD	1R01GM080586-01A2	0	23,138
Arizona State University	93.RD	1R01GM092946	0	170,168
Arizona State University	93.RD	1R01HD061376-01A2	0	10,899
Arthrochip LLC	93.RD	R42 AI053984	0	100,259
Bassett Mary Imogene Hospital	93.RD	1R01OH009484-01	0	2,031
Bassett Mary Imogene Hospital	93.RD	1R01OH009484-02	0	222,649
Bassett Mary Imogene Hospital	93.RD	5 U50/OH007542-09	0	32,421
Bassett Mary Imogene Hospital	93.RD	5U50/OH007542-10	0	118,668
Baylor College of Medicine	93.RD	5 R01 AR44474-15	0	56,062
Baylor College of Medicine	93.RD	5-R01-AR-044474-14	0	2,755
Baystate Medical Center	93.RD	1R01DK084325	0	1,682
Baystate Medical Center	93.RD	R01DK084325-02	0	14,744
Bioreliance Corporation	93.RD	N02-CP-55502	0	41,790
Brigham & Women's Hospital	93.RD	1R34A1091439-01	0	7,900
Brigham & Women's Hospital	93.RD	5 R01 ES017017-02	0	36,834
Case Western Reserve University	93.RD	R01EY01-8612-03	0	20,006
Center for Addiction & Mental Health	93.RD	1R01AA017663-01A1	0	74,311
Child Care Consultants Inc.	93.RD	----	0	45,992
Children's Hospital of Boston	93.RD	HHSN268200536179C	0	2,400
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	(25)
Children's Hospital of Philadelphia	93.RD	5U01 DD000193-04	0	18,842
Children's Hospital of Philadelphia	93.RD	5 U01DD000193-05	0	47,032
Children's Hospital of Philadelphia	93.RD	HRSA 5 H30 MC9625-03	0	65,108
Children's Miracle Network	93.RD	R21 HD047463	5,000	29,871
Cincinnati Children's Hospital Medical Center	93.RD	----	0	1,125
Claremont Graduate University	93.RD	7R01CA12094	0	34,483
Colorado State University	93.RD	9R01HL092791	0	66,992
Columbia University	93.RD	1 R01 NS067443-01A1	0	47,281
Columbia University	93.RD	1 R21 AR059917-01	0	35,970
Columbia University	93.RD	1 R21 HL092478-01	0	22,484
Community Strategies	93.RD	----	0	47,617
Cornell University	93.RD	1 N01 CN43302-WA27	0	26,521
Cornell University	93.RD	5 U01NS50324-03	0	16,076
Dartmouth College	93.RD	7 R01 HD049762	0	107,726
Dartmouth College	93.RD	7R01HD049762-05	0	73,439
Dartmouth College	93.RD	7R01HD049782-02	0	(5,649)
East Carolina University	93.RD	7R03HD050239-03	0	7,399
Eastern Tennessee State University	93.RD	1R01CA134891-01A2	0	23,753
Eastern Tennessee State University	93.RD	5R01CA134891-02	0	22,658
Elizabethtown College	93.RD	1 R15 AI076933-01A1-08-1	0	15,682
Emmes Corporation	93.RD	1U01NS026835-01A1	0	5,806
Emmes Corporation	93.RD	HHS-N-260-2005-00007-C	0	1,356
Emory University	93.RD	1 R21 HG005133-01	0	70,641
Fox Chase Cancer Center	93.RD	1 U19 AI083008-02	0	448,926

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
Fox Chase Cancer Center	93.RD	5 U19 AI083008-03	0	36,299
Frontier Science & Technology Research Foundation	93.RD	U10 CA21115-36	0	169,893
Geisinger Health System	93.RD	R34-DK08473	0	8,051
George Mason University	93.RD	5 R01 MH079502-04	0	5,027
George Washington University	93.RD	1R01HD061017-01	67,575	190,410
Georgetown University	93.RD	1 R01 AA018863-01	0	89,297
Georgetown University	93.RD	1 R01 DK088016-01	0	71,245
Georgetown University	93.RD	----	0	43,624
Glycotek, LLC	93.RD	1 R43 HL091656-01A1	0	1
Hebrew Rehabilitation Center	93.RD	1 R01 AG032982-01A1	0	1,804
Hebrew Rehabilitation Center	93.RD	5 R01 AG032982-02	0	7,294
International Agency Research on Cancer	93.RD	----	0	24,713
Invo Tek, Inc.	93.RD	1R43HD059231-01A1	0	9,463
Iowa State University	93.RD	1R01DOP002279-01	0	22,792
Iowa State University	93.RD	5R18DP002279-02	0	39,506
Iowa State University	93.RD	R01DA013709	0	200,768
J. Craig Venter Institute	93.RD	HHSN272200900007C	0	19,230
JAEB Center for Health Research	93.RD	U10 EY 14231	0	23,427
John Wayne Cancer Institute	93.RD	5 R01 GM077391-02	0	54,925
John Wayne Cancer Institute	93.RD	CA029605	0	(451)
Johns Hopkins University	93.RD	1P30MH086043-01	0	(3,984)
Johns Hopkins University	93.RD	1U01NS062851-01A1	0	(6,526)
Johns Hopkins University	93.RD	3P01AG021190-05S1	0	69,138
Johns Hopkins University	93.RD	5 P01AG021190-05	0	(36)
Johns Hopkins University	93.RD	5 U01 DK074082-04	0	(96)
Johns Hopkins University	93.RD	5P30MH086043-02	0	99,143
Johns Hopkins University	93.RD	----	0	47,567
Keystone Nano, Inc.	93.RD	HHSN261201000045C	0	43,711
Kirksville College	93.RD	----	0	3,031
Lincoln University	93.RD	5 P20MD0033520-03	0	145,604
Lincoln University	93.RD	----	0	4,278
Louisiana State University	93.RD	1R01DK080441-01A2	0	35,621
Louisiana State University	93.RD	7R01NS058867-04	0	35,621
Luna Innovations Inc.	93.RD	HHSN268200900023C	0	58,132
Luna Innovations Inc.	93.RD	R44 GM074373	0	25,423
Lycoming Clinton Counties	93.RD	----	0	220,495
Massachusetts General Hospital	93.RD	5U01NS049640-05	0	16,721
Medical College of Georgia	93.RD	3 U24 DK076169-04S2	0	13,408
Medical College of Georgia	93.RD	5 U24 DK076169-04	0	6,631
Medical College of Georgia	93.RD	5U01AI083005-02	0	23,683
MeHarry Medical College	93.RD	5 U54 HD044315-05	0	10,275
Michigan State University	93.RD	R21DA025695	0	20,773
Midwest Research Institute	93.RD	----	0	49,138
Moffit, H L Cancer Center & Research Institute	93.RD	5 PO1 CA118210-05	0	85,265
Moffit, H L Cancer Center & Research Institute	93.RD	5 P01 CA118210-04	0	118,104
Mount Sinai Medical Center	93.RD	5 R01DD000350-03	0	44,073
National Childhood Cancer Foundation	93.RD	5 U10 CA098543-08	0	32,706
National Childhood Cancer Foundation	93.RD	U10HL69254-09	0	1,172
National Childhood Cancer Foundation	93.RD	U10 CA98543-08	0	16,173
National Jewish Medical & Research Center	93.RD	1 R01 HL090982-04	0	45,040
New York Medical College	93.RD	5 R01CA111842-04	0	15,437
New York University	93.RD	1 U19 AI089676-01	0	220,347
Oregon Social Learning Center	93.RD	5R01HD042608-08	0	78,406
Oregon State University	93.RD	1P42ES016465-01A1	0	42,619
Pacific Institute for Research and Evaluation	93.RD	R01AA017186-01A2	0	137,268
Piezo Resonance Innovations Inc.	93.RD	1R43AG037214-01A1	0	14,594
Piezo Resonance Innovations Inc.	93.RD	1R43AI080335-01A1	0	2
Piezo Resonance Innovations Inc.	93.RD	1R43CA139774-01A1	0	14,647
Piezo Resonance Innovations Inc.	93.RD	2R44GMO85844-02A1	0	22,017

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
Purdue University	93.RD	1 R01 AG027769-01A2	0	8,704
Purdue University	93.RD	1R01GM095923-01	0	38,701
Purdue University	93.RD	2 R01 AG018436-06	0	24,108
Purdue University	93.RD	7 R01 GM083983	0	99,533
Radiation Monitoring Devices	93.RD	9R44RR031472-03	0	2,809
Research Foundation State University of New York	93.RD	1 R01 DC009429-01	0	5,506
Rhode Island Hospital	93.RD	1 R01 HL093205-03	0	2,928
Rhode Island Hospital	93.RD	2 R01HL046005-18A1	0	35,031
Rhode Island Hospital	93.RD	R01HL093205-02	0	39,828
RTI International	93.RD	1R01DA025407-01A2	0	87,132
RTI International	93.RD	5R01DA025407-02	0	17,349
Rutgers University	93.RD	1 R01 A1091985-01A1	0	335
Rutgers University	93.RD	1R21DA027146-01A1	0	22,233
Sanford Health	93.RD	3 U01 HD045935-07W1	0	989
Sanford Health	93.RD	7U01HD045935-08	0	3,858
Scripps Institute	93.RD	5 R01 CA097209-08	0	32,574
Scripps Institute	93.RD	5R01CA097209-09	0	2,141
Skidmore College	93.RD	1 R21 DA023147-02	0	92,606
St. Joseph's Hospital and Medical Center	93.RD	1 U01 NS052478-03	0	(13,392)
St. Joseph's Hospital and Medical Center	93.RD	5 U01 NS052478-04	0	77,864
St. Luke's Hospital	93.RD	----	0	900
State University of New York	93.RD	1-R01-GM083224-A1	0	(1)
State University of New York	93.RD	5R01GM08322403	0	22,493
Syracuse University	93.RD	5P30AG033464-02	0	31,065
Syracuse University	93.RD	R01AT002477	0	79
Temple University	93.RD	3001299459-PIII	0	2,809
Tufts University	93.RD	5U01 HL077821-03	0	54,909
University of Alabama	93.RD	5-P01-ES011617-08	0	(20,178)
University of Arkansas Medical Science	93.RD	1 R01 GM089001-01	0	42,436
University of Arkansas Medical Science	93.RD	5 R01 GM089001-02	0	138,138
University of California	93.RD	1R01HG005117	0	98,859
University of California	93.RD	5 U54 GM069338-07	0	22,062
University of California	93.RD	5U54GM069338-08	0	114,610
University of California	93.RD	HHSN2612000622009C	0	15,935
University of California	93.RD	R01 EB008049	0	12,158
University of California	93.RD	R01 GM087405-01A1	0	7,180
University of California	93.RD	R01DE016886	0	54,069
University of California	93.RD	R01GM087405-01A1	0	11,013
University of Chicago	93.RD	R01-AI12575	0	156,224
University of Chicago	93.RD	----	0	1,564
University of Cincinnati	93.RD	1 U01 NS052220-02	0	8,682
University of Cincinnati	93.RD	5 R01 AI065256	0	2,270
University of Cincinnati	93.RD	5 R01 AI065256-05	0	56,321
University of Colorado	93.RD	90YF005305	0	4,671
University of Connecticut	93.RD	5R01-DC00499-09	0	8,209
University of Connecticut	93.RD	7R01-AR052536-04	0	2,996
University of Connecticut	93.RD	7R01-EB004051-04	0	(1)
University of Florida	93.RD	5R01 GM059969	0	27,268
University of Florida	93.RD	R01GM59969	0	121,723
University of Georgia	93.RD	7R01HS01132604	0	41,043
University of Iowa	93.RD	1 R01 HL083475-03	0	31,754
University of Iowa	93.RD	5 R01 HL083475-04	0	120,182
University of Kentucky	93.RD	1 U54CA153604-01	15,829	99,995
University of Kentucky	93.RD	3 U01 CA114622-05S2	0	5,119
University of Kentucky	93.RD	3 U01 CA114622-05S4	0	52,551
University of Kentucky	93.RD	----	0	1,389
University of Maryland	93.RD	2U54AI057168-06	0	230,657
University of Maryland	93.RD	----	0	90,592
University of Massachusetts	93.RD	5-P01-HD025995-20	0	119,676
University of Medicine and Dental of NJ	93.RD	1 R01 NS049176-01A2	0	8,569

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
University of Michigan	93.RD	5-K01-AA-016591-02	0	19,508
University of Michigan	93.RD	CA129102-01A2	0	155,987
University of Michigan	93.RD	DA001411-35	0	9,390
University of Michigan	93.RD	DA001411-36	0	44,946
University of Michigan	93.RD	HD039386-08	0	41,888
University of Michigan	93.RD	HD039386-09	0	252,700
University of Michigan	93.RD	R01 EY012021	0	89,099
University of Michigan	93.RD	U01 HL094345	0	2,538
University of North Carolina	93.RD	1 R01 ES0177094-01A1	0	35,091
University of North Carolina	93.RD	1R01A1089819-01	0	37,815
University of North Carolina	93.RD	5 U19 MH082441-04	0	209,647
University of North Carolina	93.RD	5 U19 MH082441-05	0	32,017
University of North Carolina	93.RD	5P01HD039667-08	0	824,432
University of North Carolina	93.RD	5P01HD039667-09	0	23,842
University of Oklahoma	93.RD	5R01 AG026607-05	0	79,967
University of Oklahoma	93.RD	5R01AG026607-06	0	53,775
University of Pennsylvania	93.RD	5D31HP08847-03-00	0	3,897
University of Pennsylvania	93.RD	5P20DA025995-03	0	254,468
University of Pennsylvania	93.RD	5P20DA25995-04	0	43,844
University of Pennsylvania	93.RD	5-R01-CA-131333-02	0	22
University of Pennsylvania	93.RD	5-R01-CA-131333-03	0	86,777
University of Pennsylvania	93.RD	SAP#4100038714	58,621	285,622
University of Pittsburgh	93.RD	1 RC1 HL102429-01	0	566
University of Pittsburgh	93.RD	1 U01 NS052478-01A2	0	(41,250)
University of Pittsburgh	93.RD	2 U01 HD049934-06	0	536
University of Pittsburgh	93.RD	5 U01 CA099168-08	0	36,152
University of Pittsburgh	93.RD	5P50GM076659-04	0	9,786
University of Pittsburgh	93.RD	5P50GM076659-05	0	28,071
University of Pittsburgh	93.RD	5R01AG026010-03	0	22,143
University of Pittsburgh	93.RD	5R01AG026010-04	0	70,117
University of Pittsburgh	93.RD	5R01OH007592-06	0	2,273
University of Pittsburgh	93.RD	5R01HL086918-03	0	(21,717)
University of Pittsburgh	93.RD	5R01HL086918-04	0	9,222
University of Pittsburgh	93.RD	6 UB4HP19199-01-01	0	106,790
University of Pittsburgh	93.RD	HHSN267200700029C	0	36,173
University of Rochester	93.RD	----	0	3,804
University of South Carolina	93.RD	1 R01GM081793-01	0	19,692
University of Southern California	93.RD	1R01AG037985	0	19,789
University of Southern California	93.RD	5 P41EB002182-11	0	12,944
University of Texas Southwestern	93.RD	5P50AR055503-04	0	59,750
University of Washington	93.RD	5 R01 EB005197-04	0	11,245
University of Washington	93.RD	5P50CA143188-12	0	168,447
University of Washington	93.RD	5-R01-GM075095-05	0	18,762
University of Wisconsin	93.RD	5U10HL074212-05	0	31,531
Urban Institute	93.RD	1R01HD057189-01A1	0	30,643
Utah State University	93.RD	N01A115435	0	50,249
Vanderbilt University	93.RD	P41RR031461	0	15,102
Virginia Commonwealth University	93.RD	3U54HD03449-14	0	224,194
Virginia Commonwealth University	93.RD	5U54 HD034449-14	0	161,115
Virginia Commonwealth University	93.RD	5U54HD034449-15	0	84,004
Virginia Polytech Institute	93.RD	1U600H009761-01	0	11,650
Wake Forest University	93.RD	1R21A1081022-01	0	43,557
Wake Forest University	93.RD	R01 HL090567	0	43,454
Wayne State University	93.RD	1R21GM082821-01A1	0	8,384
Westat Inc.	93.RD	200-2004-07072	0	5,601
Yale University	93.RD	1 R01 MH091453-01	0	16,946
Yale University	93.RD	2 U01-NS044876-06	0	2,074
Yale University	93.RD	5 U10 HD055925-03	0	85,107
Yale University	93.RD	5 U10 HD055925-04	0	87,894
Total - Health and Human Services			147,025	11,512,685

	<b>CFDA No.</b>	<b>Pass-Through Entity Identifying No.</b>	<b>Subcontract Expenditures</b>	<b>Expenditures</b>
<u>Homeland Security:</u>				
Purdue University	97.RD	2009-ST-061-CI0001	0	448,911
Purdue University	97.RD	----	0	100,899
University of Arizona	97.RD	2008-ST-061-BS0002	0	3,606
University of California	97.RD	2008-ST-061-BS0002	0	87,096
University of Connecticut	97.RD	5R01-DC004099-10	0	91,133
Total Homeland Security			0	731,645
<u>Agency for International Development:</u>				
University of California	98.RD	EPP-A-00-09-0004	22,440	42,081
Virginia Polytech Institute	98.RD	EPP-A-00-04-00013-00	0	58,728
Virginia Polytech Institute	98.RD	EPP-A-00-04-00016-00	0	60,520
Total - Agency for International Development			22,440	161,329
<u>Miscellaneous:</u>				
American Bird Conservancy	99.RD	W912DY-09-2-0002	0	32,405
Duke University	99.RD	----	0	8,873
Earth Resources Technology, Inc.	99.RD	----	0	87,494
Intelligent Automation, Inc.	99.RD	----	0	50,477
ITT Corp.	99.RD	----	0	438,006
L-3 Communications Titon Corporation	99.RD	DTRA01-03-D-0013	0	49,681
L-3 Communications Titon Corporation	99.RD	NRO000-08-C-0249	0	82,312
L-3 Communications Titon Corporation	99.RD	----	0	339,517
Michigan State University	99.RD	----	43,229	149,202
New Mexico Veterans Administrative Health	99.RD	----	0	21,391
SCI Applications International Corp.	99.RD	10-C-0263	0	125,123
University of Michigan	99.RD	P01 HD39386-03	0	11,139
Total - Miscellaneous			43,229	1,395,620
<b>Total Research and Development - Pass-Through Funds - Other Institutions</b>			<b>\$ 2,291,280</b>	<b>\$ 56,799,953</b>

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

<u>Commerce:</u>				
General Electric Co.	11.RD	60NANB10D019	\$ 0	\$ 68,101
Nature Conservancy	11.RD	NA09NMF4630332	0	5,455
Purdue University	11.RD	60NANB10D023	0	148,570
Total - Commerce			0	222,126
<u>Defense:</u>				
Purdue University	12.RD	FA9550-09-1-0523	0	260,366
United Technologies Research Center	12.RD	W9132T-10-C-0013	0	92,551
Total - Defense			0	352,917
<u>Labor:</u>				
North West Workforce Investment Bureau	17.RD	----	0	127,989
Total - Labor			0	127,989
<u>National Aeronautics and Space Admin.:</u>				
Makel Engineering, Inc.	43.RD	----	0	14,790
Wyle Laboratories	43.RD	NNL10AA08B	0	80,653
Total - National Aeronautics and Space Admin.			0	95,443
<u>National Science Foundation:</u>				
Cornell University	47.RD	ECCS-0335765	0	505,470
Illumenix Corporation	47.RD	IIP-0929448	0	(120)
Lehigh University	47.RD	DMR-0844014	0	92,481

	<b>CFDA No.</b>	<b>Pass-Through Entity Identifying No.</b>	<b>Subcontract Expenditures</b>	<b>Expenditures</b>
Proton Energy Systems	47.RD	NSF-0930447	0	1
University of Pennsylvania	47.RD	EAR-0722476	0	63,246
University of Vermont	47.RD	SES-0851153	0	3,334
Total - National Science Foundation			0	664,412
<u>Environmental Protection Agency:</u>				
Erie County Conservation District	66.RD	25012030905-CF	0	31,792
Total - Environmental Protection Agency			0	31,792
<u>Energy:</u>				
ADI-Analytics, LLC	81.RD	DE-EE0002739	0	1,752
Air Products & Chemical	81.RD	DE-EE0000580	0	8,655
Central Vermont Public Service	81.RD	DE-OE0000315	0	68,668
Northwestern University	81.RD	----	0	66,654
Proton Energy Systems	81.RD	DE-AR0000121	0	284,443
Proton Energy Systems	81.RD	DE-EE0000276	0	13,399
Recapping, Inc.	81.RD	DE-AR0000070	0	334,453
Strategic Polymer Sciences Inc.	81.RD	DE-SC0003340	0	(1,042)
University of Massachusetts	81.RD	DE-SC 0001087	0	192,851
University of Minnesota	81.RD	DE-OE0000427	0	6,286
Total - Energy			0	976,119
<u>Health and Human Services:</u>				
Boston Medical Center	93.RD	1 R01 AI077463-01A2	0	46,126
Bowling Green University	93.RD	1R21HD058142-01A1	0	99,844
Brigham & Women's Hospital	93.RD	1R24TW008821-01	0	29,489
Children's Hospital of Philadelphia	93.RD	1-RC2-HL101606-01	0	33,965
Children's Hospital of Philadelphia	93.RD	----	0	35,337
Cincinnati Children's Hospital	93.RD	RC1HL100474	0	600
Claremont Graduate University	93.RD	5R03HD058122-02	0	11,557
Donald Danforth Plant Science Center	93.RD	1R01DA25197-01	0	4,761
Donald Danforth Plant Science Center	93.RD	5R01DA025197-02	0	78,465
Emory University	93.RD	1 RC2 HG005542-01	0	20,497
Emory University	93.RD	----	0	204,256
Iowa State University	93.RD	1RC2DA02887901	0	73,947
Iowa State University	93.RD	5RC2DA028879-02	0	200,588
John Wayne Cancer Institute	93.RD	2P01CA029605	0	1,496
Massachusetts Institute of Technology	93.RD	1-R01-HL086521-01A2	0	109,997
Northwestern University	93.RD	1R01HD057223-01A1	0	45,435
Northwestern University	93.RD	R01 HD057223-02	0	67,762
Northwestern University	93.RD	R03 HD060659	0	13,639
Progenra, Inc.	93.RD	3R44AG025726-02S1	0	61,592
Purdue University	93.RD	3 R01HD057599-02S1	0	82,023
State University of New York at Albany	93.RD	1 RC1 HL099122-01	0	35,187
State University of New York at Albany	93.RD	1 RC1 HL099122-02	0	93,696
Temple University	93.RD	5U01 NS056975	0	50,519
University of Arkansas Medical Science	93.RD	3 R56 AI06056305A2S1	0	1,395
University of California	93.RD	3 R01 HD057164-02	0	7,268
University of California	93.RD	5R21AI077532-02	0	86,976
University of Florida	93.RD	3R01GM59969-1251	0	119,604
University of Florida	93.RD	R01 HL095508	0	88,611
University of Kentucky	93.RD	3 U01 CA114622-0553	0	115,551
University of Maryland	93.RD	3R01CA052881-19S1	0	116,208
University of North Carolina	93.RD	3P01HD039667-09S1	0	79,042
University of Pennsylvania	93.RD	1RC1AR058450-01	0	10,724
University of Pennsylvania	93.RD	5RC1AR058450-02	0	29,014
University of Pittsburgh	93.RD	3 U01 CA099168-07S1	0	92,449
University of Pittsburgh	93.RD	3 U01 CA099168-07S2	0	138,138
University of Pittsburgh	93.RD	3P50 GM076659-04S1	0	23,197

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
University of Texas at Austin	93.RD	----	0	147,629
University of Texas Southwestern Medical	93.RD	5 RC1 AR058817-02	0	15,027
Utah State University	93.RD	1R21AG033109	0	82,955
Utah State University	93.RD	1R21AG033109-01A1	0	48,379
Wake Forest University	93.RD	1RC2EB011406-01	0	5,090
Wake Forest University	93.RD	5RC2EB011406-02	0	19,882
Total - Health and Human Services			0	2,627,917

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

\$ 0 \$ 5,098,715

**Total Research and Development**

\$ 66,427,657 \$ 506,010,075

**8. OTHER DIRECT FUNDING:**

Agriculture:

Agricultural Research Service	10.001	\$ 0	\$ 3,000
National Institute of Food and Agriculture	10.200	0	14,777
Food and Agricultural Sciences National	10.210	0	123,580
Higher Education Challenge Grants	10.217	0	987
Integrated Programs	10.303	621,347	830,639
Specialty Crop Research Initiative	10.309	0	6,792
National Institute of Food and Agriculture	10.310	0	113,704
Beginning Farmer and Rancher Development Prog	10.311	65,585	237,030
Commodity Partnerships for Risk Management	10.459	0	12,891
Cooperative Forestry Assistance	10.664	0	49,352
Urban and Community Forestry Program	10.675	0	378,593
Forest Stewardship Program	10.678	0	146,630
Agriculture Forest Service	10.681	0	22,985
Rural Business Enterprise Grants	10.769	0	66,489
Natural Resources Conservation Service	10.902	0	11,621
Environmental Quality Incentives Program	10.912	0	43,150
Technical Agricultural Assistance	10.960	3,202	9,116
Cochran Fellowship Program-International Training-Foreign Participant	10.962	0	229,573
Non-Specified	10.xxx	0	13,489
Total - Agriculture		690,134	2,314,398

Commerce:

Economic Development Technical Assistance	11.303	0	148,099
Economic Adjustment Assistance	11.307	0	456,725
Total - Commerce		0	604,824

Defense:

Military Medical Research and Development	12.420	0	17,047
Basic, Applied, and Advanced Research in Science and Engineering	12.630		183,940
National Security Agency	12.900	0	5,113
National Security Agency	12.901	0	56,683
Non-Specified	12.xxx	0	3,801,218
Total - Defense		0	4,064,001

Justice:

National Institute of Justice Research	16.560	0	25,801
Total - Justice		0	25,801



	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
<u>Labor:</u>				
Brookwood-Sago Grant	17.603		49,056	141,697
Total - Labor			49,056	141,697
<u>National Aeronautics and Space Administration:</u>				
National Aeronautics and Space Administration	43.000		0	9,500
National Aeronautics and Space Administration	43.001		0	7,926
Space Grant	43.xxx		0	2,102
Total - Appalachian Regional Commission			0	19,528
<u>National Endowment for the Humanities:</u>				
National Endowment for the Arts	45.024		0	10,000
Promotion of the Humanities - Division of Preservation and Access	45.149		0	135,945
Promotion of the Humanities - Professional Develop	45.163		0	173,357
Promotion of the Humanities - Public Programs	45.164		0	234
Promotion of the Humanities - Office of Digital Humanities	45.169		0	26,519
Institute of Museum and Library Services	45.312		0	43,899
Total - National Endowment for the Humanities			0	389,954
<u>National Science Foundation:</u>				
Mathematical and Physical Sciences	47.049		0	425,817
Geosciences	47.050		18,241	180,604
Computer and Information Science and Engineering	47.070		0	247,682
Biological Sciences	47.074		0	108,059
Social, Behavioral, and Economic Sciences	47.075		0	12,006
Education and Human Resources	47.076		0	506,436
Total - National Science Foundation			18,241	1,480,604
<u>Environmental Protection Agency:</u>				
Congressionally Mandated Projects	66.202		0	122,307
Protection of Children from Environmental Health Risks	66.609		0	2,005
Surveys, Studies, Investigations, Training Demo and Educational Outreach	66.716		0	166,153
Total - Environmental Protection Agency			0	290,465
<u>Energy:</u>				
Renewable Energy Research and Development	81.087		4,500	64,368
Total - Labor			4,500	64,368
<u>Education:</u>				
Office of Post Secondary Education	84.022		0	35,719
TRIO - Student Support Services	84.042		0	307,796
TRIO - Talent Search	84.044		0	694,465
TRIO - Upward Bound	84.047		0	729,884
TRIO - Educational Opportunity Centers	84.066		0	674,789
Fund for the Improvement of Postsecondary Education	84.116		1,360	177,065
Rehabilitation Long-Term Training	84.129		0	114,427
Migrant Education-College Assistance Migrant Program	84.149		0	414,006
Office of Post Secondary Education - Javits Fellow	84.170		0	32,859

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
Bilingual Education - Professional Development	84.195		0	232,159
Fund for the Improvement of Education	84.215		0	49,133
TRIO - McNair Post-Baccalaureate				
Achievement	84.217		0	278,007
National Institute for Literacy	84.257		155,485	294,726
Indian Education Formula Grants to Local Education Agencies	84.299		0	348,419
Education Research, Development and Dissemination	84.305		0	680,159
Special Education-Personnel Preparation to Improve Services and Results for Children with Disabilities	84.325		0	888,315
Child Care Access Means Parents in School	84.335		0	443,493
Total - Education			156,845	6,395,421
<u>Health and Human Services:</u>				
Model State-Supported Area Health				
Education Centers	93.107		556,644	695,893
Environmental Health	93.113		0	10,511
Injury Prevention and Control Research and State and Community Based Programs	93.136		15,834	553,070
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243		0	166,378
Advanced Nursing Education Grant	93.247		0	118,152
Public Health Service	93.272		0	23,218
Drug Abuse and Addiction Research Programs	93.279		0	51,598
Mental Health National Research Service Awards for Research Training	93.282		0	11,338
Minority Health and Health Disparities Research	93.307		0	86
Nurse Education, Practice and Retention Grants	93.359		0	300,605
National Center for Research Resources	93.389		26,855	205,342
Cancer Research Manpower	93.398		0	294,276
Advanced Nursing Education Expansion Initiative	93.513		0	33,226
Cardiovascular Diseases Research	93.837		0	28,499
Arthritis, Musculoskeletal and Skin Diseases Research	93.846		0	31,337
Diabetes, Digestive and Kidney Diseases Extramural Research	93.847		0	26,928
Kidney Diseases, Urology and Hematology Research	93.849		0	357,476
Pharmacological Sciences	93.859		0	106,315
Grants to States for Operation of Offices of Rural Health	93.913		0	178,730
Scholarships for Health Professions Students from Disadvantaged Backgrounds	93.925		0	95,550
International Research and Research Training	93.989		0	22,954
Non-Specified	93.xxx		0	158,536
Total - Health and Human Services			599,333	3,470,018
<u>Homeland Security:</u>				
Non-Specified	97.xxx		0	238,248
Total - Homeland Security			0	238,248
<u>Miscellaneous:</u>				
Non-Specified	99.xxx		0	13,792
Total - Miscellaneous			0	13,792
<b>Total Other Direct Funding</b>			<b>\$ 1,518,109</b>	<b>\$ 19,513,119</b>

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
<b>9. OTHER DIRECT FUNDING - AMERICAN RECOVERY AND REINVESTMENT ACT:</b>				
<u>National Science Foundation:</u>				
Trans-NSF Recovery Act Research Support	47.082		\$ 43,298	\$ 169,917
Total - National Science Foundation			43,298	169,917
<u>Energy:</u>				
Conservation Research and Development	81.086		0	252,705
Renewable Energy Research and Development	81.087		0	566,592
Total - Energy			0	819,297
<u>Health and Human Services:</u>				
Training in Primary Care Medicine and Dentistry	93.403		0	195,299
Trans-NIH Recovery Act Research Support	93.701		0	77,142
National Center for Research Resources Recovery Act Construction Support	93.702		0	108,251
Total - Health and Human Services			0	380,692
<b>Total Other Direct Funding - American Recovery and Reinvestment Act</b>			<b>\$ 43,298</b>	<b>\$ 1,369,906</b>
<b>10. OTHER PASS-THROUGH FUNDS - COMMONWEALTH OF PENNSYLVANIA:</b>				
<u>Department of Welfare:</u>				
Specialty Crop Block Grant	10.169	ME 44102198	\$ 0	\$ 11,920
Specialty Crop Block Grant	10.169	ME 44102202	0	13,299
Specialty Crop Block Grant - Farm Bill	10.170	ME 44091404	0	5,984
Summer Food Service Program for Children	10.559	310-14-000-0	0	17,808
Cooperative Extension Service	10.561	4000008692	12,642,641	15,116,911
Total - Department of Welfare			12,642,641	15,165,922
<u>Labor:</u>				
Mine Health and Safety Education and Training	17.602	4300247695	0	255,208
Total - Labor			0	255,208
<u>Environmental Protection Agency</u>				
Pollution Prevention Grants	66.708	4100055392	0	118,082
Regional Agricultural IPM Grants	66.714	ME 44091829	0	11,230
Total - Education			0	129,312
<u>Education:</u>				
Vocational Education Basic Grants to States	84.048	119-10-0003	0	126,652
Tech-Prep Education	84.243	386-11-1010	0	73,310
		4300190326/		
Improving Teacher Quality State Grants	84.367	4400003640	0	(558)
		4300151083/		
Non-Specified	84.xxx	4400003640	0	115,805
Non-Specified	84.xxx	093-11-1003	0	153,937
Non-Specified	84.xxx	097-10-0002	0	15,000
Non-Specified	84.xxx	386-10-0005	0	2,376
Total - Education			0	486,522
<u>Health and Human Services:</u>				
Public Health Emergency Preparedness	93.069	4300198848	0	80
State Rural Hospital Flexibility Program	93.241	4100050114	0	339,870
Centers for Disease Control & Prevention Investigations	93.283	4100043203	0	221,474

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
Child Support Enforcement	93.563	4100049863	0	2,916,262
National Bioterrorism Hospital Preparedness Prog	93.889	4100049821	31,244	220,418
National Bioterrorism Hospital Preparedness Prog	93.889	4100051060	0	52,791
Total - Health and Human Services			31,244	3,750,895
<b>Total Other Pass-Through Funds - Commonwealth of Pennsylvania</b>			<b>\$ 12,673,885</b>	<b>\$ 19,787,859</b>

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

Labor:

WIA Adult Program	17.259	340103344	\$ 28,049	\$ 85,432
Total - Labor			28,049	85,432

Energy:

State Energy Program Special Projects	81.119	4100053748	0	195,450
Total - Energy			0	195,450

Health and Human Services:

Centers of Excellence	93.415	4300249569	187,597	468,288
Non-Specified	93.xxx	4100051970	0	87,272
Total - Health and Human Services			187,597	555,560

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

**\$ 215,646 \$ 836,442**

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

Agriculture:

University of Vermont-Sustainable Agricultural Research and Education	10.215	2008-38640-18866	\$ 0	\$ 9,462
University of Vermont-Sustainable Agricultural Research and Education	10.215	2009-38640-19631	0	32,319
University of Vermont-Sustainable Agricultural Research and Education	10.215	2010-38640-20820	0	3,627
University of Maryland-Integrated Programs	10.303	2008-51130-19500	0	28,410
Virginia Technology University-Integrated Programs	10.303	2008-51110-04334	0	58,380
Carnegie Mellon University-Specialty Crop Research	10.309	2008-51180-04876	0	217,460
Rutgers University-Specialty Crop Research	10.309	2009-51181-06035	0	18,422
University of Minnesota-Specialty Crop Research	10.309	2010-51181-21159	0	32,195
Virginia Polytechnic University-Specialty Crop Research	10.309	2010-51181-21140	0	11,725
University of Minnesota-Farm Business Management and Benchmarking Competitive Grants	10.319	2010-38504-21819	0	8,126
Auburn University-Cooperative Extension Service	10.500	2009-48510-06068	0	4,893
Cornell University-Cooperative Extension Service	10.500	ENE09-110	0	6,924
Kansas State University-Cooperative Extension Service	10.500	2007-48661-03868	0	65,326
Kansas State University-Cooperative Extension Service	10.500	----	0	69,303

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
Ohio State University-Cooperative Extension Service	10.500	2009-41521-05954	0	22,873
University of Delaware-Cooperative Extension Service	10.500	2007-49200-03888	0	23,109
University of Delaware-Cooperative Extension Service	10.500	2010-49200-06201	0	31,058
University of Maine-Cooperative Extension Service	10.500	2008-47001-04302	0	4,003
University of Nebraska-Cooperative Extension Service	10.500	2010-48712-21880	0	368,437
		GS-10F-0261K/		
Altarum Institute-Non-Specified	10.xxx	AG-3198-D-08-0098	0	24,952
American Forest Foundation-Non-Specified	10.xxx	----	0	23,432
National Association of State University Land Grant Colleges-Non-Specified	10.xxx	----	2,441	2,485
University of Vermont-Non-Specified	10.xxx	2009-47001-05350	0	38,989
Total - Agriculture			2,441	1,105,910
<u>Defense:</u>				
National Defense University-Non-Specified	12.xxx	----	0	147,985
University of Michigan-Non-Specified	12.xxx	N65540-10-C-0003	0	61,764
University of Michigan-Non-Specified	12.xxx	---	0	71,779
Total - Defense			0	281,528
<u>Interior:</u>				
TDI Brooks International Inc.-Non-Specified	15.xxx	----	0	35,114
Total - Interior			0	35,114
<u>Justice:</u>				
Borough of State College-Enforcing Underage Drinking Laws	16.727	2009-AH-FX-0051	0	11,722
Total - Interior			0	11,722
<u>Labor:</u>				
Private Industry Council Lehigh Valley - Job Training Partnership Act	17.250	----	0	147,233
Total - Labor			0	147,233
<u>State:</u>				
Institute for International Education- Humphrey Fellowship Program	19.010	S-ECAAS-09-CA-012	0	(815)
Institute for International Education- Humphrey Fellowship Program	19.010	S-ECAAS-10-CA-044	0	289,169
Total - State			0	288,354
<u>Transportation:</u>				
Cornell University-Biobased Transportation Research	20.761	DTOS59-07-G-00052	0	17,809
Total - Transportation			0	17,809
<u>National Aeronautics and Space Admin.:</u>				
American Astronomical Society-Non-Specified	43.xxx	----	0	3,650
Smithsonian Astrophysical Observatory- Non-Specified	43.xxx	NAS8-03060	0	15,000
Technology Commercialization Center- Non-Specified	43.xxx	NNL09AA03B	0	202,761
Total-National Aeronautics and Space Admin.			0	221,411

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
<u>National Endowment for the Arts:</u>				
Mid-Atlantic Arts Foundation-Promotion of the Arts Grants to Organizations and Individuals	45.025	----	0	16,694
New England Foundation for the Arts- Non-Specified	45.xxx	----		(2,055)
Total National Endowment for the Arts			0	14,639
<u>National Science Foundation:</u>				
University of New Hampshire-Geosciences	47.050	GEO-0631377	0	43,544
Woods Hole Oceanographic-Geosciences	47.050	OCE-0838923	0	22,940
Texas A&M University-Education and Human Resources	47.076	----	0	59,398
University of Massachusetts-Education and Human Resources	47.076	HRD 9978878	0	50,890
University of Pittsburgh-Education and Human Resources	47.076	DRL-0732798	0	89,125
WGBH Education Foundation-Education and Human Resources	47.076	----	0	12,443
Internet 2-Office of Cyberinfrastructure	47.080	----	0	18,000
Total National Science Foundation			0	296,340
<u>Small Business Administration:</u>				
University of Pennsylvania-Small Business Development Centers	59.037	0-603001-Z-0040-30	0	46,462
Total - Small Business Administration			0	46,462
<u>Veterans Affairs</u>				
Boston College-Vocational and Educational Counseling for Service members and Veterans	64.125	VA244-P-1554	0	10,992
Total - Veterans Affairs			0	10,992
<u>Environmental Protection Agency:</u>				
National Fish & Wildlife Foundation-Office of Water	66.439	----	0	51,792
National Fish & Wildlife Foundation-Office of Water	66.466	----	64,322	208,749
National Fish & Wildlife Foundation-Non-Specified	66.xxx	----	0	12,913
Total - Environmental Protection Agency			64,322	273,454
<u>Energy:</u>				
Ben Franklin Technology Center-Energy Efficiency and Renewable Energy Technology Deployment Demonstration and Commercialization	81.129	DE-EE0001967	0	92,933
Battelle Pacific NW National Lab-Non-Specified	81.xxx	DE-AC05-76RL01830	0	13,130
Total - Energy			0	106,063
<u>Education:</u>				
University of Turabo Puerto Rico- Bilingual Education Training Grants	84.195	T195N070410	0	80,224
State College Area School District-Fund for the Improvement of Education	84.215	Q215M100105	0	20,674
Kent State University-National Institute for Literacy	84.257	X257S060001	0	76,131
National Writing Project-State Grants for Innovative Programs	84.298	----	0	96,385
Child Care Consultants, Inc.-Special Education Parent Information Centers	84.328	----	0	40,000
Corporation for Public Broadcasting Service- Non-Specified	84.xxx	----	0	5,875
Public Broadcasting Service-Non-Specified	84.xxx	----	0	3,444
Total - Education			0	322,733

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
<u>Health and Human Services:</u>				
Boston College-Administration on Aging	93.048	90OP000203	0	29,068
Tufts University-Centers for Disease Control and Prevention	93.061	1R18DP002144	0	40,259
Temple University-Drug Abuse Addiction Research Programs	93.279	1 U01 DA025284-02	0	12,004
Gynecologic Oncology Group- Cancer Treatment Research	93.395	----	0	2,169
Community Service for Children-Child Care and Development Block Grant	93.575	----	0	27,805
Northwest Institute of Research-Child Care and Development Block Grant	93.575	----	0	35,163
YWCA of Greater Pittsburgh-Child Care and Development Block Grant	93.575	4100029172	0	2,973
Child Care Consultants, Inc.-Non-Specified	93.xxx	----	0	644,111
Council of Graduate Schools-Non-Specified	93.xxx	----	0	2,569
Kirksville College of Osteopathic Medicine- Non-Specified	93.xxx	R25AT003579	0	25,903
Northwest Institute of Research-Non-Specified	93.xxx	----	0	7,922
Tufts University-Non-Specified	93.xxx	1R18DP002144	0	92,591
University of Pennsylvania-Non-Specified	93.xxx	----	0	244,520
Westmoreland-Fay Workforce Investment- Non-Specified	93.xxx	----	0	9,214
Total - Health and Human Services			0	1,176,271
<u>Miscellaneous:</u>				
Federal Reserve Bank-Cleveland-Non-Specified	99.xxx	----	0	15,521
International Business Machines-Non-Specified	99.xxx	WJ00142011-01	0	29,537
North Carolina State University-Non-Specified	99.xxx	4-98-2-23	0	135,146
North Central Workforce Investment Bureau- Non-Specified	99.xxx	----	0	17,080
Total - Miscellaneous			0	197,284
<b>Total Other Pass-Through Funds - Other Institutions</b>			<b>\$ 66,763</b>	<b>\$ 4,553,319</b>
<b>13. OTHER PASS-THROUGH FUNDS</b>				
<b>OTHER INSTITUTIONS</b>				
<b>AMERICAN RECOVERY AND REINVESTMENT ACT:</b>				
<u>Labor:</u>				
County of Fayette & Penntap-Non Specified	17.xxx	----	\$ 0	\$ 63,845
Total - Labor			0	63,845
<u>National Institute of Health:</u>				
Westmoreland Community Action-Community Services Block Grant	93.710	----	0	8,395
Total - National Institute of Health			0	8,395
<u>Miscellaneous:</u>				
Franklin and Marshall College-Non-Specified	99.xxx	----	0	70,000
Total - Miscellaneous			0	70,000
<b>Total Other Pass-Through Funds Other Institutions American Recovery and Reinvestment Act</b>			<b>\$ 0</b>	<b>\$ 142,240</b>

#### 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, 2011</u>	<u>Loan Expenditures and Disburs.</u>	<u>Outstanding Balance at June 30, 2011</u>
Federal Perkins Loan Program	84.038	\$0	\$1,071,250	\$41,508,799
Health Professions Student Loan Program	93.342	0	0	377,323

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, 2011 totaled \$568,717,012.

#### 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, 2010</u>	<u>Endowment Expenditures</u>	<u>Endowment Income</u>	<u>Balance at June 30, 2011</u>
Fund for the Improvement of Postsecondary Education	<u>CFDA No.</u> 84.116	\$6,000,000	\$253,823	\$253,823	\$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, 2011, and have issued our report thereon dated October 18, 2011. 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**

Management of the University is responsible for establishing and maintaining effective 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.

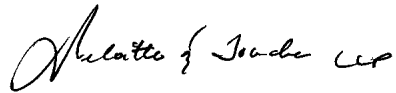
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. 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, 2011

## **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 Pennsylvania State University and subsidiaries (the "University") compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2011. 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, 2011.

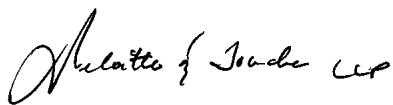
## Internal Control Over Compliance

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" followed by a flourish.

March 30, 2012

# THE PENNSYLVANIA STATE UNIVERSITY

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2011

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### 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? \_\_\_\_\_ yes       X       no

Identification of major programs

#### **Name of Federal Program or Cluster**

Research and Development Cluster

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

Airport Improvement Program (20.106)

Cooperative Extension Service (10.500)

Dollar threshold used to distinguish between

Type A and Type B programs \$ 3,908,844

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

### SECTION II - FINANCIAL STATEMENT FINDINGS

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

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

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

# THE PENNSYLVANIA STATE UNIVERSITY

## SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS IN ACCORDANCE WITH OMB CIRCULAR A-133 FOR FISCAL YEAR ENDED JUNE 30, 2011

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Below is the Summary of Prior Year Findings Related to Federal Awards.

### **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.
Status of Finding	The Office of Financial Reporting enhanced the review procedures that improved the compilation and reporting process.