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

**The Pennsylvania State University
Fiscal Year Ended June 30, 2012**

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, 2012

TABLE OF CONTENTS

Letter of Transmittal	3
Independent Auditors' Report together with Audited Financial Statements of the University	5
Schedule of Expenditures of Federal Awards	37
Notes to Schedule of Expenditures of Federal Awards	38
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 <i>Government Auditing Standards</i>	69
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	71
Schedule of Findings and Questioned Costs	73



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

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

March 22, 2013

Federal Audit Clearinghouse
1201 E. 10th 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, 2012 are presented on the accompanying pages. The reports have been issued in accordance with U.S. Office of Management and Budget (OMB) Circular A-133. Also enclosed are The Pennsylvania State University's schedule of findings and questioned costs.

Sincerely,

A handwritten signature in black ink that reads "Joseph J. Donsecz". The signature is written in a cursive style with a long, sweeping underline.

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

JJD:vad

Enclosures

Audited Financial Statements

The Pennsylvania State University
Fiscal Year Ended June 30, 2012



Deloitte & Touche LLP

INDEPENDENT AUDITORS' REPORT

1700 Market Street
Philadelphia, PA 19103-3984
USA

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

Tel: 215 246 2300
Fax: 215 569 2441
www.deloitte.com

We have audited the accompanying consolidated statements of financial position of The Pennsylvania State University and subsidiaries (the "University") as of June 30, 2012 and 2011, 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, 2012 and 2011, 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 2012 consolidated financial statements of the University, taken as a whole. The accompanying schedule of expenditures of federal awards for the year ended June 30, 2012 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 2012 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 26, 2012, 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 26, 2012

THE PENNSYLVANIA STATE UNIVERSITY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
ASSETS
JUNE 30, 2012 AND 2011
(in thousands)

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Current assets:		
Cash and cash equivalents	\$ 1,599,863	\$ 1,569,015
Short-term investments	256,882	219,483
Deposits held by bond trustees	-	54,905
Deposits held for others	26,016	24,453
Accounts receivable, net of allowances of \$62,217 and \$48,096	383,173	365,308
Contributions receivable, net	67,038	69,610
Loans to students, net of allowances of \$486 and \$369	10,317	7,364
Inventories	30,769	36,045
Prepaid expenses and other assets	94,562	89,565
Investments held under securities lending program	-	219,524
Total current assets	<u>2,468,620</u>	<u>2,655,272</u>
Noncurrent assets:		
Deposits held by bond trustees	2,551	4,746
Contributions receivable, net	117,375	157,459
Loans to students, net of allowances of \$2,247 and \$2,384	47,693	47,630
Deferred bond costs, net	6,241	6,748
Total investment in plant, net	3,547,803	3,372,005
Beneficial interest in perpetual trusts	12,891	12,843
Investments	3,794,668	3,443,905
Other assets	23,147	-
Total noncurrent assets	<u>7,552,369</u>	<u>7,045,336</u>
Total assets	<u>\$ 10,020,989</u>	<u>\$ 9,700,608</u>

See notes to consolidated financial statements.

THE PENNSYLVANIA STATE UNIVERSITY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
LIABILITIES AND NET ASSETS
JUNE 30, 2012 AND 2011
(in thousands)

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Current liabilities:		
Accounts payable and other accrued expenses	\$ 524,705	\$ 508,426
Deferred revenue	244,104	233,132
Long-term debt	44,671	43,016
Present value of annuities payable	5,536	5,397
Accrued postretirement benefits	42,470	37,601
Liability under securities lending program	-	219,524
Total current liabilities	<u>861,486</u>	<u>1,047,096</u>
Noncurrent liabilities:		
Deposits held in custody for others	47,556	52,618
Deferred revenue	9,487	12,004
Long-term debt	1,108,035	1,146,642
Present value of annuities payable	37,631	39,028
Accrued postretirement benefits	1,822,429	1,441,442
Refundable United States Government student loans	44,478	43,764
Other liabilities	222,889	141,908
Total noncurrent liabilities	<u>3,292,505</u>	<u>2,877,406</u>
Total liabilities	<u>4,153,991</u>	<u>3,924,502</u>
Net assets:		
Unrestricted -		
Undesignated	1,617	1,591
Designated for specific purposes	2,193,627	2,195,213
Net investment in plant	2,044,408	1,913,962
Total unrestricted - The Pennsylvania State University	<u>4,239,652</u>	<u>4,110,766</u>
Noncontrolling interest	774	694
Total unrestricted	4,240,426	4,111,460
Temporarily restricted	482,208	555,375
Permanently restricted	1,144,364	1,109,271
Total net assets	<u>5,866,998</u>	<u>5,776,106</u>
Total liabilities and net assets	<u>\$ 10,020,989</u>	<u>\$ 9,700,608</u>

See notes to consolidated financial statements.

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

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Operating revenues and other support:				
Tuition and fees, net of discounts of \$121,979	\$ 1,508,843	\$ -	\$ -	\$ 1,508,843
Commonwealth of Pennsylvania -				
Appropriations	261,046	-	-	261,046
Special contracts	67,949	-	-	67,949
Department of General Services projects	28,142	-	-	28,142
United States Government grants and contracts	476,987	-	-	476,987
Private grants and contracts	173,401	-	-	173,401
Gifts and pledges	80,765	9,927	-	90,692
Endowment spending	70,843	-	-	70,843
Other investment income	59,303	553	-	59,856
Sales and services of educational activities	60,297	-	-	60,297
Recovery of indirect costs	151,452	-	-	151,452
Auxiliary enterprises	377,375	-	-	377,375
Medical Center revenue	1,261,690	-	-	1,261,690
Other sources	28,438	-	-	28,438
Net assets released from restrictions	<u>55,669</u>	<u>(55,669)</u>	<u>-</u>	<u>-</u>
Total operating revenues and other support	<u>4,662,200</u>	<u>(45,189)</u>	<u>-</u>	<u>4,617,011</u>
Operating expenses:				
Educational and general -				
Instruction	1,234,581	-	-	1,234,581
Research	777,752	-	-	777,752
Public service	101,683	-	-	101,683
Academic support	355,795	-	-	355,795
Student services	176,398	-	-	176,398
Institutional support	<u>314,307</u>	<u>-</u>	<u>-</u>	<u>314,307</u>
Total educational and general	2,960,516	-	-	2,960,516
Auxiliary enterprises	387,120	-	-	387,120
Medical Center expense	<u>1,195,695</u>	<u>-</u>	<u>-</u>	<u>1,195,695</u>
Total operating expenses	<u>4,543,331</u>	<u>-</u>	<u>-</u>	<u>4,543,331</u>
Increase/(decrease) in net assets from operating activities	118,869	(45,189)	-	73,680
Nonoperating activities:				
Gifts and pledges	-	-	33,653	33,653
Current year investment returns	49,555	(27,795)	5,125	26,885
Endowment appreciation utilized	(33,131)	-	-	(33,131)
Changes in funds held by others in perpetuity	-	375	51	426
Write-offs and disposals of assets	(6,407)	-	-	(6,407)
Actuarial adjustment on annuities payable	<u>-</u>	<u>(558)</u>	<u>(3,736)</u>	<u>(4,294)</u>
Increase/(decrease) in net assets from nonoperating activities	<u>10,017</u>	<u>(27,978)</u>	<u>35,093</u>	<u>17,132</u>
Increase/(decrease) in net assets - The Pennsylvania State University	128,886	(73,167)	35,093	90,812
Noncontrolling interest:				
Excess of revenues over expenses	<u>80</u>	<u>-</u>	<u>-</u>	<u>80</u>
Increase in net assets noncontrolling interest	<u>80</u>	<u>-</u>	<u>-</u>	<u>80</u>
Increase/(decrease) in total net assets	128,966	(73,167)	35,093	90,892
Net assets at the beginning of the year	<u>4,111,460</u>	<u>555,375</u>	<u>1,109,271</u>	<u>5,776,106</u>
Net assets at the end of the year	<u>\$ 4,240,426</u>	<u>\$ 482,208</u>	<u>\$ 1,144,364</u>	<u>\$ 5,866,998</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)	-	-
Total operating revenues and other support	<u>4,513,822</u>	<u>42,055</u>	<u>-</u>	<u>4,555,877</u>
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
Total operating expenses	<u>4,140,612</u>	<u>-</u>	<u>-</u>	<u>4,140,612</u>
Increase in net assets from operating activities	373,210	42,055	-	415,265
Nonoperating 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)
Increase in net assets from nonoperating activities	<u>128,851</u>	<u>175,750</u>	<u>74,550</u>	<u>379,151</u>
Increase in net assets - The Pennsylvania State University	502,061	217,805	74,550	794,416
Noncontrolling interest:				
Excess of revenues over expenses	37	-	-	37
Increase in net assets noncontrolling interest	<u>37</u>	<u>-</u>	<u>-</u>	<u>37</u>
Increase in total net assets	502,098	217,805	74,550	794,453
Net assets at the beginning of the year	<u>3,609,362</u>	<u>337,570</u>	<u>1,034,721</u>	<u>4,981,653</u>
Net assets at the end of the year	<u>\$ 4,111,460</u>	<u>\$ 555,375</u>	<u>\$ 1,109,271</u>	<u>\$ 5,776,106</u>

See notes to consolidated financial statements.

THE PENNSYLVANIA STATE UNIVERSITY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011
(in thousands)

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Cash flows from operating activities:		
Increase in net assets	\$ 90,892	\$ 794,453
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Actuarial adjustment on annuities payable	4,294	13,428
Contributions restricted for long-term investment	(97,224)	(156,224)
Interest and dividends restricted for long-term investment	(23,206)	(32,233)
Net realized and unrealized gains on long-term investments	(37,231)	(352,737)
Depreciation expense	242,531	223,642
Amortization expense	505	563
Loss on early extinguishment of debt	567	803
Write-offs and disposals of assets	6,407	4,961
Contributions of land, buildings and equipment	(2,755)	(2,787)
Buildings and equipment provided by Pennsylvania Department of General Services	-	(16)
Contribution to government student loan funds	154	154
Provision for bad debts	57,555	56,920
(Increase)/decrease in deposits held for others	(1,563)	1,520
Increase in receivables	(44,410)	(44,620)
(Increase)/decrease in inventories	4,821	(4,171)
Increase in prepaid expenses and other assets	(4,164)	(10,815)
Increase/(decrease) in accounts payable and other accrued expenses	125,353	(1,328)
Increase in deferred revenue	8,424	7,961
Increase in accrued postretirement benefits	385,855	188,256
Net cash provided by operating activities	<u>716,805</u>	<u>687,730</u>
Cash flows from investing activities:		
Purchase of land, buildings and equipment	(402,654)	(424,404)
Decrease in deposits held by bond trustees	57,100	138,366
Advances on student loans	(10,482)	(7,809)
Collections on student loans	7,025	7,881
Decrease in investments held under securities lending program	219,524	30,435
Decrease in liability under securities lending program	(219,524)	(30,435)
Purchase of investments	(34,460,283)	(40,211,674)
Proceeds from sale of investments	34,056,053	40,047,416
Net cash used in investing activities	<u>(753,241)</u>	<u>(450,224)</u>
Cash flows from financing activities:		
Contributions restricted for long-term investment	95,934	156,224
Interest and dividends restricted for long-term investment	23,206	32,233
Payments of annuity obligations	(5,558)	(5,419)
Proceeds from issuance of bonds	26,256	39,276
Bond issuance costs	(301)	(399)
Principal payments on notes, bonds and capital leases	(72,864)	(94,516)
Proceeds related to government student loan funds, net of collection costs	611	624
Net cash provided by financing activities	<u>67,284</u>	<u>128,023</u>
Net increase in cash and cash equivalents	30,848	365,529
Cash and cash equivalents at the beginning of the year	<u>1,569,015</u>	<u>1,203,486</u>
Cash and cash equivalents at the end of the year	<u>\$ 1,599,863</u>	<u>\$ 1,569,015</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, 2012 AND 2011

1. THE UNIVERSITY AND RELATED ENTITIES

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

Basis of Presentation

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

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

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

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

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

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

Use of Estimates

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

Revenue Recognition

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

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

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

TMSHMC provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than established rates. The Medical Center does not pursue collection of amounts determined to qualify as charity care, they are not reported as net patient service revenue. The amounts of direct and indirect costs for services and supplies furnished under the Medical Center's charity care policy totaled approximately \$17.6 million and \$12.5 million for the years ended June 30, 2012 and 2011, respectively and is based on a ratio of the Medical Center's operational costs to its gross charges. The amount of charges forgone for services and supplies furnished under the Medical Center's charity policy during 2012 and 2011 totaled approximately \$51.7 million and \$35.4 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, 2012 and 2011. 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, 2012 and 2011 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>2012</u>	<u>2011</u>
Interest paid	\$ 48,569	\$ 50,862
Taxes paid	1,500	102
Non-cash acquisitions of land, buildings and equipment	11,638	10,371

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>2012</u>	<u>2011</u>
Grants and contracts, net of allowance of \$1,241 and \$1,260	\$ 149,397	\$ 141,503
Patient accounts receivable, net of allowance of \$51,544 and \$39,142	146,034	133,145
Student receivables, net of allowance of \$5,418 and \$4,258	42,805	34,053
Investment and interest receivable	16,967	30,558
Other, net of allowance of \$4,014 and \$3,436	<u>27,970</u>	<u>26,049</u>
Total accounts receivable, net	<u>\$ 383,173</u>	<u>\$ 365,308</u>

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

Related to patient accounts receivable associated with services provided to patients who have third-party coverage, management analyzes contractually due amounts and provides an allowance for doubtful accounts (for example, for expected uncollectible deductibles and copayments or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely). For receivables from self-pay patients the Medical Center and Health System records a provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. In estimating the allowance for doubtful accounts, account age is taken into consideration. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts. The increase in the allowance for doubtful accounts for patient accounts receivable for 2012 reflects a higher volume of services to self-pay patients, as well as a deterioration in the collection rate of self-pay accounts. For the years ended June 30, 2012 and 2011, revenues from third-party payors and self-pay patients represents approximately 98% and 2%, respectively, of patient service revenues net of contractual allowances.

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, 2012 and 2011, 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 \$44.5 million and \$43.8 million at June 30, 2012 and 2011, 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, 2012 and 2011, loans to students consisted of the following:

<i>(in thousands of dollars)</i>	<u>2012</u>	<u>2011</u>
Loans to students:		
Federal government loan programs:		
Perkins loan program	\$ 42,294	\$ 41,508
Health Professions Student Loans and Loans for Disadvantaged Students	<u>285</u>	<u>377</u>
Federal government loan programs	42,579	41,885
Institutional loan programs	<u>18,164</u>	<u>15,862</u>
	60,743	57,747
Less allowance for doubtful accounts:		
Balance, beginning of year	(2,753)	(3,043)
Provision for doubtful accounts	<u>20</u>	<u>290</u>
Balance, end of year	<u>(2,733)</u>	<u>(2,753)</u>
Loans to students, net	<u>\$ 58,010</u>	<u>\$ 54,994</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, 2012 and 2011 are as follows:

(in thousands of dollars)

	<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>2012</u>					
Loans to students:					
Federal government loan programs	\$ 41,069	\$ 506	\$ 111	\$ 893	\$ 42,579
Institutional loan programs	<u>17,781</u>	<u>173</u>	<u>28</u>	<u>182</u>	<u>18,164</u>
Total loans to students	<u>58,850</u>	<u>679</u>	<u>139</u>	<u>1,075</u>	<u>60,743</u>
Allowance for doubtful accounts:					
Federal government loan programs					(1,562)
Institutional loan programs					<u>(1,171)</u>
Total allowance for doubtful accounts					<u>(2,733)</u>
Total loans to students, net					<u>\$ 58,010</u>

(in thousands of dollars)

	<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>

Inventories

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

Investments

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

The estimated fair value amounts for marketable debt, equity and fixed income securities held by the University have been reviewed by the University and determined using available market information as supplied by the various financial institutions that act as trustees or custodians for the University. For non-liquid holdings, generally limited partnership investments in private real estate, venture capital, private equity, natural resources, and private debt, estimated fair value is determined based upon financial information provided by the general partner. This financial information includes assumptions and methods that were reviewed by University management. The University believes that the estimated fair value is a reasonable estimate of market value as of June 30, 2012 and 2011. 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>2012</u>	<u>2011</u>
Land	\$ 115,127	\$ 110,409
Buildings	4,740,770	4,449,942
Improvements other than buildings	534,029	502,542
Equipment	<u>1,032,923</u>	<u>979,857</u>
Total plant	6,422,849	6,042,750
Less accumulated depreciation	<u>(2,875,046)</u>	<u>(2,670,745)</u>
Total investment in plant, net	<u>\$ 3,547,803</u>	<u>\$ 3,372,005</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. Depreciation expense was \$242.5 million and \$223.6 million for the fiscal years ended June 30, 2012 and 2011, respectively. The University has certain building and equipment lease agreements in effect which are considered capital leases that are included as long-term debt in the statements of financial position. These leases have been capitalized at the 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, 2012 and 2011 was \$108.3 million and \$33.4 million, and \$101.8 million and \$27.6 million, respectively.

Accounts Payable and Other Accrued Expenses

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

<i>(in thousands of dollars)</i>	<u>2012</u>	<u>2011</u>
Accounts payable (non-Medical Center)	\$ 246,127	\$ 252,661
Medical Center accounts payable and other accrued expenses	177,063	151,293
Accrued payroll and other related liabilities	82,211	86,310
Accrued bond interest	14,398	13,294
Student deposits	<u>4,906</u>	<u>4,868</u>
Total accounts payable and other accrued expenses	<u>\$ 524,705</u>	<u>\$ 508,426</u>

Asset Retirement Obligations

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

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

	<i>(in thousands of dollars)</i>
Balance as of June 30, 2010	\$ 57,463
Accretion expense	4,780
Liabilities settled	<u>(1,973)</u>
Balance as of June 30, 2011	60,270
Accretion expense	5,430
Liabilities settled	<u>(3,766)</u>
Balance as of June 30, 2012	<u>\$ 61,934</u>

Annuities Payable

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

Income Taxes

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

Recent Accounting Pronouncements

In August 2010, the FASB issued ASU 2010-24, *Health Care Entities (Topic 954): Presentation of Insurance Claims and Related Insurance Recoveries*, which clarifies that a health care entity should not net insurance recoveries against a related claim. The adoption, effective July 1, 2011, had no impact on financial condition, results of operations or cash flows. An insurance recovery receivable was recorded as of June 30, 2012 in the amount of \$23.0 million with \$2.8 million included in prepaid expense and other assets and \$20.2 million in other noncurrent assets with a corresponding increase to accrued malpractice loss reserves included in other liabilities.

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 prescribes specific measurement basis of charity care for disclosure. The adoption, effective July 1, 2011, had no impact on financial condition, results of operations or cash flows.

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*, which requires health care entities to present the provision for doubtful accounts related to patient service revenue as a deduction from patient service revenue in the statement of operations and changes in net assets rather than as an operating expense. Additional disclosures relating to sources of patient revenue and the allowance for doubtful accounts related to patient accounts receivable are also required. Such disclosures are shown within the accounts receivable section of this footnote. The University has adopted these provisions of ASU 2011-07 effective June 30, 2012. The adoption of this ASU had no impact on financial condition, results of operations or cash flows.

In September 2011, the FASB issued ASU 2011-08, *Intangibles – Goodwill and Other (Topic 350): Testing Goodwill for Impairment*, which permits an entity to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two step goodwill impairment test described in Topic 350. The guidance provided in this ASU is effective for annual tests performed for fiscal years beginning after December 15, 2011. The adoption of this standard on July 1, 2012 is not expected to have any impact on financial condition, results of operations or cash flows.

3. INVESTMENTS

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

<i>(in thousands of dollars)</i>	<u>2012</u>	<u>2011</u>
Money markets	\$ 251,782	\$ 172,027
Fixed income:		
U.S. government/agency	1,230,097	892,659
U.S. corporate	639,456	524,413
Foreign	219,852	188,741
Other	108,140	306,152
Equities	887,826	918,265
Private capital	714,397	661,131
Investments held under securities lending program	-	219,524
Total	<u>\$ 4,051,550</u>	<u>\$ 3,882,912</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, 2012 and 2011, 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 4.3% and 2.8% of total investments at June 30, 2012 and 2011.

Through an agreement with its primary investment custodian, the University participated in lending securities to brokers. Collateral was generally limited to cash, government securities, and irrevocable letters of credit. Both the investment custodian and the security borrowers had the right to terminate a specific loan of securities at any time. The University received lending fees and continued to earn interest and dividends on the loaned securities. At June 30 2011, the University held \$219.5 million 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 at June 30, 2011. 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>		Temporarily Restricted	Permanently Restricted	Total
<u>2012</u>	<u>Unrestricted</u>			
Dividends and interest	\$ 97,015	\$ 553	\$ 5,125	\$ 102,693
Net realized gains/(losses)	44,212	(12,172)	-	32,040
Net unrealized gains/(losses)	5,343	(15,623)	-	(10,280)
Total returns	<u>\$ 146,570</u>	<u>\$ (27,242)</u>	<u>\$ 5,125</u>	<u>\$ 124,453</u>

<i>(in thousands of dollars)</i>		Temporarily Restricted	Permanently Restricted	Total
<u>2011</u>	<u>Unrestricted</u>			
Dividends and interest	\$ 88,383	\$ 284	\$ 6,190	\$ 94,857
Net realized gains	75,676	14,060	-	89,736
Net unrealized gains	86,567	163,481	-	250,048
Total returns	<u>\$ 250,626</u>	<u>\$ 177,825</u>	<u>\$ 6,190</u>	<u>\$ 434,641</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, 2012 and 2011 was \$4.9 million and \$3.3 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>Temporarily</u>	<u>Permanently</u>	
<u>2012</u>	<u>Unrestricted</u>	<u>Restricted</u>	<u>Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ (4,935)	\$ 284,539	\$ 1,001,580	\$ 1,281,184
Funds functioning as endowments	<u>491,737</u>	<u>-</u>	<u>-</u>	<u>491,737</u>
Total net assets	<u>\$ 486,802</u>	<u>\$ 284,539</u>	<u>\$ 1,001,580</u>	<u>\$ 1,772,921</u>

<i>(in thousands of dollars)</i>		<u>Temporarily</u>	<u>Permanently</u>	
<u>2011</u>	<u>Unrestricted</u>	<u>Restricted</u>	<u>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>

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

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

<i>(in thousands of dollars)</i>		Temporarily Restricted	Permanently Restricted	Total
2011	<u>Unrestricted</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>

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 2012 and 2011) 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, 2012 about the University's financial assets and liabilities that are measured at fair value on a recurring basis:

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

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 <u>Fair Value</u>
Assets:				
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
Liabilities:				
Present value of annuities payable	\$ -	\$ -	\$ 44,425	\$ 44,425
Liability under securities lending program	\$ -	\$ -	\$ 219,524	\$ 219,524

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, 2012 and 2011, fair value of endowment funds and funds functioning as endowments within the LTIP totaled \$1,780.6 million and \$1,737.8 million, respectively. At June 30, 2012 and 2011, fair value of operating funds included in the LTIP totaled \$242.0 million and \$144.8 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, 2012:

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

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>	<u>Long-term Investment Pool</u>	<u>Operating Investments</u>	<u>Investments Held Under Securities Lending</u>	<u>Beneficial Interest in Perpetual Trusts</u>
Assets:				
Beginning balance	\$ 413,870	\$ 8,667	\$ 249,959	\$ 11,400
Total realized and unrealized gains/(losses)	97,994	(196)	-	1,443
Purchases	45,106	1,802	-	-
Sales	(36,365)	(250)	(30,435)	-
Transfers out of Level 3	-	(778)	-	-
Ending balance	<u>\$ 520,605</u>	<u>\$ 9,245</u>	<u>\$ 219,524</u>	<u>\$ 12,843</u>
Liabilities:				
	<u>Present Value of Annuities Payable</u>	<u>Liability Under Securities Lending</u>		
Beginning balance	\$ 36,423	\$ 249,959		
Actuarial adjustment of liability	2,680	-		
Gifts	5,322	-		
Sales	-	(30,435)		
Ending balance	<u>\$ 44,425</u>	<u>\$ 219,524</u>		

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

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

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>		

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 15 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 annually with advance notification for redemption ranging from 30 to 90 days. Three newly funded partnerships have initial one-year lock ups with quarterly redemptions thereafter. 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. Four major investment strategies are included within this category. Absolute Return refers to relative value strategies in long/short credit. Directional refers to equity long/short strategies in both U.S. and non-U.S. markets. Opportunistic refers to global multi-strategy. Private Debt/Distressed refers to securities rated below investment grade, along with non-rated debt.

Nonmarketable Investment Partnerships include limited partnership interests in a variety of illiquid investments. The fair values of the investments for each fund in this category have been estimated using the net asset value of the 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, 2012 and 2011, respectively. Five major investment strategies are included within this category. Private Real Estate includes properties primarily located in the U.S. Venture Capital includes non-public startups and enterprises in early stages of growth located globally. Private Equity includes buyouts of previously public companies as well as enterprises that are planning to go public in the near future, including funds focusing on opportunities outside the U.S. Natural Resources largely include companies primarily involved in oil and natural gas in addition to a variety of other natural resources. Private Debt includes global private credit securities rated below investment grade as well as non-rated debt.

6. CONTRIBUTIONS RECEIVABLE

Contributions receivable are summarized as follows as of June 30:

<i>(in thousands of dollars)</i>	<u>2012</u>	<u>2011</u>
In one year or less	\$ 75,753	\$ 76,640
Between one year and five years	53,998	92,869
More than five years	<u>118,130</u>	<u>125,732</u>
	247,881	295,241
Less allowance	(7,739)	(6,107)
Less discount	<u>(55,729)</u>	<u>(62,065)</u>
Contributions receivable, net	<u>\$ 184,413</u>	<u>\$ 227,069</u>

Contributions receivable are discounted at rates ranging from 0.21% to 2.06% and 0.19% to 3.57% at June 30, 2012 and 2011, respectively. The discount rates for prior periods ranged from 0.19% to 6.28%.

At June 30, 2012 and 2011, the University has received bequest intentions and certain other conditional promises to give of \$69.0 million and \$58.1 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, 2012:

	<i>(in thousands of dollars)</i>
Balance beginning of year	\$ 227,069
New pledges	22,501
Collections on pledges	(69,861)
Increase in allowance	(1,632)
Decrease in unamortized discounts	<u>6,336</u>
Balance at the end of year	<u>\$ 184,413</u>

7. LONG-TERM DEBT

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

<i>(in thousands of dollars)</i>	<u>2012</u>	<u>2011</u>
<u>The Pennsylvania State University Bonds</u>		
Series 2010	\$ 135,035	\$ 135,035
Series 2009A	120,075	125,850
Series 2009B	74,235	74,235
Series 2008A	77,670	77,670
Series 2008B	4,890	5,775
Series 2007A	88,645	89,150
Series 2007B	66,255	68,880
Series 2005	87,665	89,560
Series 2004A	54,135	55,385
Refunding Series 2003	15,890	18,140
Series of 2002	100,000	100,000
Refunding Series 2002	56,540	70,670
 <u>Pennsylvania Higher Educational Facilities Authority University Revenue Bonds (issued for The Pennsylvania State University)</u>		
Series 2006	3,745	3,940
Series 2004	4,145	4,375
Series 2002	4,375	4,720
 <u>Lycoming County Authority College Revenue Bonds (issued for Penn College)</u>		
Series 2012	24,685	-
Series 2011	39,050	39,050
Series 2008	55,000	55,000
Series 2005	12,020	12,875
Series 2002	-	28,550
Series 1993	7,000	8,750
	<hr/>	<hr/>
Total bonds payable	1,031,055	1,067,610
Unamortized bond premiums	41,317	42,203
Capital lease obligations	<u>80,334</u>	<u>79,845</u>
Total long-term debt	<u>\$ 1,152,706</u>	<u>\$ 1,189,658</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>
The Pennsylvania State University Bonds			
Series 2010	Fixed	3.375% - 5.00%	\$3,655 to \$6,595 through March 2030 with \$21,805 and \$44,245 due March 2035 and 2040
Series 2009A	Fixed	4.00% - 5.00%	\$6,000 to \$9,320 through March 2029
Series 2009B	Variable	0.22%	June 2031
Series 2008A	Fixed	5.00%	\$1,840 to \$7,695 through August 2029
Series 2008B	Fixed	3.25% - 3.75%	\$910 to \$1,050 through August 2016
Series 2007A	Fixed	3.65% - 4.50%	\$520 to \$700 through August 2022, with \$11,115 and \$70,905 due August 2028 and 2036
Series 2007B	Fixed	5.00% - 5.25%	\$2,740 to \$5,955 through August 2027
Series 2005	Fixed	3.30% - 5.00%	\$1,965 to \$2,745 through September 2019 with \$15,990, \$20,550, and \$32,485 due September 2024, 2029, and 2035
Series 2004A	Fixed	4.50% - 5.00%	\$1,300 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%	\$2,360 to \$2,970 through March 2018
Series of 2002	Variable	0.15%	March 2032
Refunding Series 2002	Fixed	5.25%	\$4,585 to \$16,540 through August 2016
Pennsylvania Higher Education Facilities Authority ("PHEFA") University Revenue Bonds			
Series 2006	Fixed	3.90% - 5.125%*	\$200 to \$280 through 2020, with \$1,610 due September 2025
Series 2004	Fixed	4.00% - 5.00%*	\$240 to \$325 through 2019, with \$1,905 due September 2024
Series 2002	Fixed	4.20% - 5.00%*	\$355 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.			
Lycoming County Authority College Revenue Bonds			
Series 2012	Fixed	2.00% - 5.00%	\$410 to \$2,635 through May 2032
Series 2011	Fixed	3.00% - 5.50%	\$70 to \$5,230 through July 2030
Series 2008	Fixed	3.50% - 5.50%	\$1,455 to \$4,140 through October 2037
Series 2005	Fixed	4.00% - 5.00%	\$505 to \$1,855 through January 2025
Series 2002	Fixed	4.40% - 5.25%	Paid in full during 2012
Series 1993	Fixed	6.10% - 6.15%	\$450 to \$544 through November 2015

The Series 2012 bonds are Lycoming County Authority (the "Authority") College Revenue Bonds issued by Penn College in May 2012 for the purpose of refinancing \$28.1 million of the Authority's College Revenue Bonds Series 2002. The Series 2002 bonds were paid in full during 2012.

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 2009B Bonds are currently paying interest on a variable rate basis at a long term rate for the period June 1, 2012 through May 31, 2013. The University has the option to convert to another variable rate (daily, weekly, monthly or flexible) or to a fixed rate basis (such rates are generally determined on a market basis) at respective conversion dates. The bonds currently pay interest at 0.22% with adjustment on the respective date to the rate the remarketing agent believes will cause the bonds to have a market value equal to the principal. The 2009B bondholders have the right to tender bonds on the purchase dates while such bonds bear interest at the daily, weekly or monthly rate. The 2009B Bonds were issued subject to the self-liquidity program established by the University on the date of issuance pursuant to which the University will provide liquidity for the 2009B Bonds from its general funds in the event of insufficient remarketing proceeds.

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 0.15% 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> <i>(in thousands of dollars)</i>
2013	\$ 34,160
2014	35,785
2015	37,910
2016	27,000
2017	31,600
Thereafter	<u>864,600</u>
	<u>\$1,031,055</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, 2012, the carrying value and estimated fair value of the University's bonds payable, including issuance premiums, are \$1,072.4 million and \$1,118.5 million, respectively. At June 30, 2011, the carrying value and estimated fair value of the University's bonds payable, including issuance premiums, were \$1,109.8 million and \$1,121.5 million, respectively. Certain bond issues have associated issuance premiums, these issuance premiums total \$41.3 million and \$42.2 million at June 30, 2012 and 2011, 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, 2012 are as follows:

<u>Year</u>	<i>(in thousands of dollars)</i>
2013	\$ 13,116
2014	11,220
2015	10,035
2016	9,166
2017	8,379
Thereafter	<u>140,994</u>
Total minimum lease payments	192,910
Less imputed interest	<u>(112,576)</u>
Capital lease obligation	80,334
Current portion	<u>7,820</u>
Long-term portion	<u>\$ 72,514</u>

8. OPERATING LEASES

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

Future minimum lease payments under operating leases as of June 30, 2012 are as follows:

<u>Year</u>	<i>(in thousands of dollars)</i>
2013	\$ 17,416
2014	14,409
2015	12,138
2016	9,888
2017	9,000
Thereafter	<u>47,126</u>
Total minimum lease payments	<u>\$ 109,977</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 (\$25.1 million and \$14.8 million for the years ended June 30, 2012 and 2011, respectively). The University's total cost for retirement benefits, included in expenses, is \$130.9 million and \$118.7 million for the years ended June 30, 2012 and 2011, respectively.

10. POSTRETIREMENT BENEFITS

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

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

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

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

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

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

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

Included in unrestricted net assets at June 30, 2012 and 2011 are the following amounts that have not yet been recognized in net periodic postretirement cost: unrecognized prior service cost (benefit) of (\$108.0) million and (\$129.7) million and unrecognized actuarial loss of \$852.7 million and \$579.1 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>2012</u>	<u>2011</u>
Benefit obligation at beginning of year	\$ 1,479,043	\$ 1,290,787
Service cost	45,124	57,030
Interest cost	80,779	76,285
Actuarial gain	(15,784)	(58,555)
Benefits paid	(42,813)	(37,849)
Plan assumptions	<u>318,550</u>	<u>151,345</u>
Benefit obligation at end of year	<u>\$ 1,864,899</u>	<u>\$ 1,479,043</u>

Change in plan assets:

(in thousands of dollars)

	<u>2012</u>	<u>2011</u>
Fair value of plan assets at beginning of year	\$ -	\$ -
Employer contributions	42,813	37,849
Benefits paid	<u>(42,813)</u>	<u>(37,849)</u>
Fair value of plan assets at end of year	<u>\$ -</u>	<u>\$ -</u>
Funded status	\$ (1,864,899)	\$ (1,479,043)
Unrecognized prior service cost (benefit)	-	-
Unrecognized net actuarial loss	-	-
Accrued postretirement benefit expense	<u>\$ (1,864,899)</u>	<u>\$ (1,479,043)</u>

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

(in thousands of dollars)

	<u>2012</u>	<u>2011</u>
Service cost	\$ 45,124	\$ 57,030
Interest cost	80,779	76,285
Amortization of prior service cost	(21,699)	(21,673)
Amortization of unrecognized net loss	<u>29,178</u>	<u>35,497</u>
Net periodic postretirement cost	<u>\$ 133,382</u>	<u>\$ 147,139</u>

The assumed healthcare cost trend rate used in measuring the accumulated postretirement benefit obligation was 8.50% and 9.00% for the years ended June 30, 2012 and 2011, respectively, reduced by 0.50% per year to a fixed level of 5.00%. The weighted average postretirement benefit obligation discount rate was 4.50% and 5.75% for the years ended June 30, 2012 and 2011, respectively.

If the healthcare cost trend rate assumptions were increased by 1% in each year, the accumulated postretirement benefit obligation would be increased by \$595.2 million and \$448.6 million as of June 30, 2012 and 2011, 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 \$42.2 million and \$46.1 million as of June 30, 2012 and 2011, respectively. If the healthcare cost trend rate assumptions were decreased by 1% in each year, the accumulated postretirement benefit obligation would be decreased by \$327.0 million and \$242.6 million as of June 30, 2012 and 2011, 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 \$23.1 million and \$25.3 million as of June 30, 2012 and 2011, 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>
2013	\$ 48,813
2014	52,678
2015	56,915
2016	61,217
2017	65,535
2018-22	386,329

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

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

The Health System is a corporate investor in healthcare joint ventures, which are supportive of the missions of the Medical Center. The Health System was organized in 1995 as a wholly-owned subsidiary of the Corporation for the purpose of organizing components of an integrated health care delivery system. The Health System recorded non-controlling interest related to the acquisition of additional ownership interest in a joint venture. This noncontrolling interest is recorded in the net assets within the consolidated statements of financial position with a value at June 30, 2012 and 2011 of \$774,000 and \$694,000, respectively.

12. CONTINGENCIES AND COMMITMENTS

Contractual Obligations

The University has contractual obligations for the construction of new buildings and for additions to existing buildings in the amount of \$759.7 million of which \$552.7 million has been paid or accrued as of June 30, 2012. 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 \$18.2 million and \$16.0 million as of June 30, 2012 and 2011, 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, 2012.

Self-Insurance

The University has a coordinated program of commercial and self-insurance for medical malpractice claims at TMSHMC through the use of a qualified trust and a domestic captive insurance company in combination with a self-insured retention layer and is supplementing this program through participation in the Pennsylvania Medical Care Availability and Reduction of Error Fund ("Mcare Fund"), in accordance with Pennsylvania law. An estimate of the present value, discounted at 2% and 3% at June 30, 2012 and 2011, respectively, of the medical malpractice claims liability in the amount of \$101.1 million and \$66.6 million is recorded as of June 30, 2012 and 2011, 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 \$21.3 million and \$21.0 million at June 30, 2012 and 2011, 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 \$12.4 million and \$13.1 million, discounted at 1.25%, is recorded as of June 30, 2012 and 2011, respectively. The University has established a trust fund, in the amount of \$12.7 million and \$12.4 million at June 30, 2012 and 2011, respectively, as required by PA-DLI, to provide for the payment of claims under this self-insurance program. TMSHMC is self-insured for workers' compensation claims and has purchased an excess policy through a commercial insurer which covers individual claims in excess of \$500,000 per incident for workers' compensation claims.

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

Litigation and Contingencies

In November 2011, the University was made aware of certain allegations in a Commonwealth of Pennsylvania Grand Jury presentment. Various legal proceedings and investigations have arisen as a result of such allegations, including criminal proceedings against a former officer, an administrator and a former employee of the University. Certain civil litigation has been filed against the University with anticipation that other complaints will be filed. The outcome of such litigation and potential for future litigation is unknown at June 30, 2012 and, therefore, no accruals for future costs have been recorded in the 2012 financial statements. Through June 30, 2012, the University has incurred costs, net of insurance reimbursements totaling \$16.1 million for internal investigation, legal, communications and other related costs. These costs are included in institutional support within the 2012 consolidated statement of activities. Insurance reimbursements through June 30, 2012 totaled \$779,000.

The University has included \$2.0 million in accruals for costs that were incurred but not paid at the balance sheet date. Such accruals are part of the costs, net of insurance reimbursements, noted above and are included in current liabilities. Potential for future insurance reimbursement is unknown as of June 30, 2012 and as a result no revenue accruals have been recorded in the 2012 financial statements.

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.

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

13. SUBSEQUENT EVENTS

The University has evaluated subsequent events through October 26, 2012, the date when the financial statements were available to be issued. It did not identify any subsequent events to be disclosed other than those below or previously noted.

On July 23, 2012, the National Collegiate Athletic Association (NCAA) imposed via an agreed upon binding consent decree certain sanctions against the University. Such sanctions were disclosed in two components: a punitive component and a corrective component. As part of the punitive component, the NCAA imposed a \$60 million fine that is to be paid over a five-year period beginning in 2012. The University has accrued this amount within the 2012 financial statements, with \$12 million included in accounts payable and other accrued expenses within current liabilities and \$48 million in other liabilities within noncurrent liabilities within the consolidated statement of financial position. The total amount is included in auxiliary enterprise expenses within the 2012 consolidated statement of activities.

The University is currently under various reviews and investigations by certain external parties, including the United States Department of Education and the Middle States Commission on Higher Education. The outcome of such third party actions is unknown as of the date the financial statements were available to be issued.

THE PENNSYLVANIA STATE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012

<u>Program</u>	<u>CFDA No.</u>	<u>Subcontract Expenditures</u>	<u>Expenditures</u>
<u>Research and development programs -</u>			
Direct funding	Note 2	\$ 67,566,416	\$ 438,744,914
Direct funding - American Recovery and Reinvestment Act	Note 3	1,676,915	28,790,102
Pass-through funds - Commonwealth of Pennsylvania	Note 4	13,785	3,613,908
Pass-through funds - Commonwealth of Pennsylvania - American Recovery and Reinvestment Act	Note 5	0	624,003
Pass-through funds - Other Institutions	Note 6	2,861,804	65,528,457
Pass-through funds - Other Institutions - American Recovery and Reinvestment Act	Note 7	0	3,255,639
Total research and development programs		<u>72,118,920</u>	<u>540,557,023</u>
<u>Student financial assistance programs (Direct funding) -</u>			
Department of Education:			
Federal Supplemental Educational Opportunity Grant	84.007	0	4,240,771
Federal Work Study Program	84.033	0	4,612,138
Federal Perkins Loan Program - Note 14	84.038	0	42,294,453
Federal Pell Grant Program	84.063	0	86,191,710
Federal Direct Loan Program - Note 15	84.268	0	566,983,142
Federal Endowment - Note 16	84.116	0	6,000,000
Health Professions Student Loan Program - Note 14	93.342	0	284,931
Department Scholarships for Health Professions Students from Disadvantaged Backgrounds	93.925	<u>0</u>	<u>109,676</u>
Total student financial assistance programs		<u>0</u>	<u>710,716,821</u>
<u>Other programs -</u>			
Other Direct funding	Note 8	1,904,805	33,240,697
Other Direct funding - American Recovery and Reinvestment Act	Note 9	34,957	434,113
Other Pass-through funds - Commonwealth of Pennsylvania	Note 10	17,446,376	26,599,412
Other Pass-through funds - Commonwealth of Pennsylvania American Recovery and Reinvestment Act	Note 11	379,743	939,389
Other Pass-through funds - Other Institutions	Note 12	336,086	5,304,495
Other Pass-through funds - Other Institutions - American Recovery and Reinvestment Act	Note 13	<u>0</u>	<u>(1,697)</u>
Total other programs		<u>20,101,967</u>	<u>66,516,409</u>
		<u>\$ 92,220,887</u>	<u>\$ 1,317,790,253</u>

Total Programs

See notes to schedule of expenditures of federal awards.

THE PENNSYLVANIA STATE UNIVERSITY

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012**

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, 2012 which have been financed by the United States Government.

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

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

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

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

The Schedule is prepared on the accrual basis of accounting.

CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
2. RESEARCH AND DEVELOPMENT -			
DIRECT FUNDING:			
<u>Agriculture:</u>			
Agricultural Marketing Service	10.RD	\$ 0	\$ 15,306
Agricultural Research Service	10.RD	0	793,653
Animal and Plant Health Inspection Service	10.RD	182,528	782,961
Cooperative State Research, Education and Extension Service	10.RD	0	9,916,899
Department of Agriculture	10.RD	0	452,651
Economic Research Service	10.RD	0	137,569
Foreign Agricultural Service	10.RD	0	42,366
Forest Service	10.RD	0	385,386
National Institute of Food and Agriculture	10.RD	2,195,941	9,337,597
Natural Resources Conservation Service	10.RD	0	31,237
The Office of the Chief Economist	10.RD	0	73,577
Total – Agriculture		<u>2,378,469</u>	<u>21,969,202</u>
<u>Commerce:</u>			
Economic Development Administration	11.RD	177,060	1,114,459
National Institute of Standards and Technology	11.RD	297,021	1,065,196
Department of Commerce	11.RD	0	145,286
National Oceanic and Atmospheric Administration	11.RD	0	1,385,536
Total – Commerce		<u>474,081</u>	<u>3,710,477</u>

CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
<u>Defense:</u>			
	12.RD	1,116,933	6,644,015
	12.RD	7,293,136	19,633,747
	12.RD	0	942,553
	12.RD	2,884,619	12,127,826
	12.RD	10,285	1,321,635
	12.RD	14,310	354,889
	12.RD	16,006,336	142,647,224
		<u>27,325,619</u>	<u>183,671,889</u>
<u>Interior:</u>			
	15.RD	0	115,478
	15.RD	0	63,648
	15.RD	0	90,765
	15.RD	0	8,813
	15.RD	27,940	580,035
	15.RD	0	361,766
	15.RD	54,426	172,015
		<u>82,366</u>	<u>1,392,520</u>
<u>Justice:</u>			
	16.RD	0	17,782
	16.RD	1,278,619	2,234,884
		<u>1,278,619</u>	<u>2,252,666</u>
<u>State:</u>			
	19.RD	98,247	1,034,060
<u>Transportation:</u>			
	20.RD	2,070,535	6,285,291
	20.RD	0	385,797
	20.RD	259,398	259,398
	20.RD	0	35,676
	20.RD	0	2,903
		<u>2,329,933</u>	<u>6,969,065</u>
<u>General Services Administration:</u>			
	39.RD	0	89,549
<u>National Aeronautics and Space Administration:</u>			
	43.RD	1,692,290	13,902,911
<u>National Endowment for the Humanities:</u>			
	45.RD	0	101,942
<u>National Science Foundation:</u>			
	47.RD	3,318,126	50,154,764
<u>Department of Veterans Affairs:</u>			
	64.RD	0	63,371
<u>Environmental Protection Agency:</u>			
	66.RD	59,052	219,266
	66.RD	18,897	199,982
	66.RD	143,793	520,233
		<u>221,742</u>	<u>939,481</u>

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
<u>Nuclear Regulatory Commission:</u>	77.RD		22,500	578,287
<u>Energy:</u>	81.RD		12,118,465	30,088,564
<u>Education:</u>				
Bilingual Education - Professional Development	84.RD		25,000	509,613
Department of Education	84.RD		1,708,892	2,901,314
Institute of Education Sciences	84.RD		277,944	2,297,239
Office of Elementary and Secondary Education	84.RD		0	63,489
Office of Postsecondary Education	84.RD		0	307,932
Rehabilitation Long-term Training Office of Special Education and Rehabilitative Services	84.RD		64,494	197,588
TRIO - Student Support Services	84.RD		0	360,543
Total – Education			2,076,330	6,637,718
<u>Health and Human Services:</u>				
Agency for Healthcare Research and Quality	93.RD		3,088	555,298
Centers for Disease Control and Prevention	93.RD		29,606	1,103,092
Food and Drug Administration	93.RD		0	18,046
Health Resources and Services Administration	93.RD		202,278	3,030,632
National Institutes of Health	93.RD		10,938,994	101,004,456
Total – Health and Human Services			11,173,966	105,711,524
<u>Department of Homeland Security:</u>	97.RD		0	10,782
<u>Agency for International Development:</u>	98.RD		37,028	118,243
<u>Miscellaneous:</u>	99.RD		2,938,635	9,347,899
Total Research and Development - Direct Funding			\$ 67,566,416	\$ 438,744,914
3. RESEARCH AND DEVELOPMENT - DIRECT FUNDING - AMERICAN RECOVERY AND REINVESTMENT ACT:				
<u>Interior</u>	11.RD		\$ 0	62,026
<u>National Science Foundation:</u>	47.RD		270,134	8,080,853
<u>Department of Energy:</u>	81.RD		919,774	6,321,997
<u>Health and Human Services</u>				
National Institutes of Health	93.RD		487,007	14,325,226
Total – Health and Human Services			487,007	14,325,226
Total Research and Development - Direct Funding - American Recovery and Reinvestment Act			\$ 1,676,915	\$ 28,790,102

CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
4. RESEARCH AND DEVELOPMENT - PASS-THROUGH FUNDS - COMMONWEALTH OF PENNSYLVANIA:			
<u>Agriculture:</u>			
Commonwealth of Pennsylvania	10.RD 4300302249/4400008014	\$ 0	\$ 7,986
Commonwealth of Pennsylvania	10.RD 44113182	0	33,103
Commonwealth of Pennsylvania	10.RD ME 4408578	0	639
Commonwealth of Pennsylvania	10.RD ME 44102197	0	89,946
Commonwealth of Pennsylvania	10.RD ME 44102200	0	32,724
Commonwealth of Pennsylvania	10.RD ME 44102489	0	1,000
Commonwealth of Pennsylvania	10.RD ME 44102571	0	25,373
Commonwealth of Pennsylvania	10.RD ME 44112431	0	2,217,803
Commonwealth of Pennsylvania	10.RD ME 44113148	0	34,905
Commonwealth of Pennsylvania	10.RD ME 446002	0	35,515
Total – Agriculture		0	2,478,994
<u>Commerce:</u>			
Commonwealth of Pennsylvania	11.RD 4100051222 AMEND 1	0	26,665
Commonwealth of Pennsylvania	11.RD 4100055617	0	39,729
Commonwealth of Pennsylvania	11.RD 4100059478	0	14,009
Commonwealth of Pennsylvania	11.RD 4100059565	0	7,322
Total - Commerce		0	87,725
<u>Interior:</u>			
Commonwealth of Pennsylvania	15.RD 1434-03HQRU1548	0	347,913
Commonwealth of Pennsylvania	15.RD 4100053520	0	30,498
Total – Interior		0	378,411
<u>Justice:</u>			
Commonwealth of Pennsylvania	16.RD 2007-2010-JG-03-21186	0	106,051
Commonwealth of Pennsylvania	16.RD 4300258168	0	64,712
Total – Justice		0	170,763
<u>Transportation:</u>			
Commonwealth of Pennsylvania	20.RD 359704	0	2,105
Total – Transportation		0	2,105
<u>Environmental Protection:</u>			
Commonwealth of Pennsylvania	66.RD 4100036695	0	13,740
Commonwealth of Pennsylvania	66.RD 4100055830	0	10,172
Commonwealth of Pennsylvania	66.RD 4100056696	0	90,536
Commonwealth of Pennsylvania	66.RD 4300226638	0	2,786
Commonwealth of Pennsylvania	66.RD 4300248240	0	(1,839)
Commonwealth of Pennsylvania	66.RD 4300257150	13,785	22,467
Commonwealth of Pennsylvania	66.RD 4300269905	0	10,512
Commonwealth of Pennsylvania	66.RD 4300283071	0	25,848
Commonwealth of Pennsylvania	66.RD 4300290123	0	98,914
Commonwealth of Pennsylvania	66.RD 4300290429	0	30,175
Commonwealth of Pennsylvania	66.RD CZ1:2007-EG.02/ 4100042274	0	5,804
Total - Environmental Protection		13,785	309,115

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
<u>Education:</u>				
Commonwealth of Pennsylvania	84.RD	041-11-1001	0	1,015
Commonwealth of Pennsylvania	84.RD	062-11-0042	0	8,125
Commonwealth of Pennsylvania	84.RD	062-12-0-042	0	43,997
Commonwealth of Pennsylvania	84.RD	21746	0	5,117
Commonwealth of Pennsylvania	84.RD	4300296999	0	69,850
Commonwealth of Pennsylvania	84.RD	4300311375	0	46,522
Commonwealth of Pennsylvania	84.RD	430655	0	11,324
Total – Education			0	185,950
<u>Health and Human Services:</u>				
Commonwealth of Pennsylvania	93.RD	4100055375	0	845
Total - Health and Human Services			0	845
Total Research and Development Pass-Through Funds Commonwealth of Pennsylvania			\$ 13,785	\$ 3,613,908

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

<u>Commerce:</u>				
Commonwealth of Pennsylvania	11.RD	C000051994	\$ 0	\$ 104,844
Total - Commerce			0	104,844
<u>Interior:</u>				
Commonwealth of Pennsylvania	15.RD	4300181250	0	(37)
Total - Interior			0	(37)
<u>Justice:</u>				
Commonwealth of Pennsylvania	16.RD	4300325871	0	16,171
Total - Justice			0	16,171
<u>Energy:</u>				
Commonwealth of Pennsylvania	81.RD	4300195336	0	172,226
Total - Energy			0	172,226
<u>Health and Human Services:</u>				
Commonwealth of Pennsylvania	93.RD	4100051970	0	330,799
Total - Health and Human Services			0	330,799
Total Research and Development - Pass- Through Funds - Commonwealth of Pennsylvania - American Recovery And Reinvestment Act			\$ 0	\$ 624,003

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
6. RESEARCH AND DEVELOPMENT -				
PASS-THROUGH FUNDS - OTHER				
INSTITUTIONS:				
<u>Agriculture:</u>				
American Chestnut Foundation	10.RD	11-DG-11083150-007	\$ 0	\$ 55,108
Cornell University	10.RD	2007-37620-18204	0	81,522
Cornell University	10.RD	2009-34103-19863	0	491
Cornell University	10.RD	2010-34103-21307	0	6,134
Cornell University	10.RD	2010-34360-21351	0	19,820
Geisinger Clinic	10.RD	59-1950-9-963	0	33,057
Geisinger Clinic	10.RD	59-1950-9-964	0	66,439
International Crops Resinst Semi-Arid	10.RD	MCKNIGHT FOUNDATION	0	26,275
Iowa State University	10.RD	20083560418805	0	28,020
Iowa State University	10.RD	2009-34381-20157	0	8,133
Iowa State University	10.RD	2009-51300-05581	0	92,461
Mississippi State University	10.RD	20094869906089	10,747	15,055
North Carolina State University	10.RD	2007-39552-18643	142,193	171,031
North Carolina State University	10.RD	2010-39557-21910	0	16,655
Northern Arizona University	10.RD	MPC34KC-01	0	9,082
Ohio State University	10.RD	2007-35401-18861	0	37,084
Pennsylvania Environmental Council	10.RD	NRCS 69-3A75-7-113	0	14,701
Purdue University	10.RD	2010-48869-20781	0	362,186
Rutgers University	10.RD	2008-38640-18866	0	3,758
Temple University	10.RD	2006-55215-05938	0	11,966
U.S. Endowment for Forestry and Commerce	10.RD	137RFP#2008-011	0	250,793
University of Arizona	10.RD	2010-48869-20693	0	(178)
University of California	10.RD	2010-51181-21069	0	60,280
University of California	10.RD	2011-68004-30154	0	2,066
University of Connecticut	10.RD	2006-51110-03725	0	5,060
University of Connecticut	10.RD	2011-67005-20098	0	80,227
University of Connecticut	10.RD	Z540501	0	2,489
University of Georgia	10.RD	2008-55302-04471	0	(28)
University of Georgia	10.RD	2009-85118-05718	0	158,415
University of Maine	10.RD	2008-34141-19351	0	1,458
University of Maine	10.RD	2009-34141-20050	0	(1,624)
University of Maine	10.RD	2010-34141-21166	0	21,628
University of Maine	10.RD	2011-34141-30731	0	3,263
University of Maryland	10.RD	2008-51130-19500	0	741
University of Maryland	10.RD	2008-55204-18863	0	16,179
University of Maryland	10.RD	W911NF1120086	0	101,635
University of Maryland	10.RD	2010-38821-21609	0	18,893
University of Maryland Eastern Shore	10.RD	2010-38821-21587	0	27,391
University of Minnesota	10.RD	2011-67003-30343	0	100,734
University of Missouri	10.RD	2009-38411-18755	0	19,482
University of Nebraska	10.RD	2007-55112-17856	0	18,651
University of Vermont	10.RD	2009-38640-19631	6,800	165,353
University of Vermont	10.RD	2009-47001-05350	0	22,067
University of Vermont	10.RD	2010-38640-20820	14,762	129,606
University of Vermont	10.RD	2010-47001-20819	0	3,633
University of Vermont	10.RD	2011-38640-30418	0	48,022
University of Vermont	10.RD	2011-67023-30106	0	18,538
University of Wisconsin	10.RD	59-5000-0-0013	0	6,190
Virginia Polytechnic Institute	10.RD	2010-51181-21599	0	8,974
Washington State University	10.RD	2011-68005-30416	0	105,290
West Virginia University	10.RD	2010-CR-11062759-030	0	112,359
West Virginia University	10.RD	NFS 06-CR-11062759-439	0	(10,474)
World Cocoa Foundation	10.RD	153788	0	6,024
Xerces Society, Inc.	10.RD	NRCS 69-03A75-9-131	0	16,657
Total – Agriculture			174,502	2,578,772

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
<u>Commerce:</u>				
Industrial Economics Inc.	11.RD	1050-PSU	0	146,277
Ohio State University	11.RD	RC00S08-04	0	3,581
Universal Corporation for Atmospheric Research	11.RD	NA08NWS4670046	0	31,778
University of Delaware	11.RD	NA08OAR4170750	0	5,924
University of Maryland	11.RD	NA10OAR4170072	0	5,727
University of Michigan	11.RD	NA060AR4170017	0	20,618
University of Michigan	11.RD	NA09OAR4170200	0	18,202
University of Nebraska	11.RD	NA10OAR4310111	0	44,431
University of Wisconsin	11.RD	NA10OAR4170070	0	2,309
Total – Commerce			0	278,847
<u>Defense:</u>				
AAI Corporation	12.RD	1074039	0	28
AAI Corporation	12.RD	W58RGZ-09-C-0136	0	5,086
Academy of Applied Science	12.RD	W911NF-10-2-0076	0	40,406
Adaptive Methods Inc.	12.RD	N00014-11-M-0291	0	40,259
Adaptive Methods Inc.	12.RD	N00024-10-C-4124	0	113,995
Adsys Controls Inc.	12.RD	FA9451-11-M-0044	0	29,339
Advanced Rotorcraft Technology Inc.	12.RD	NAVAIRN68335-11-C-0421	0	24,000
Advanced Technology & Research Corporation	12.RD	N00014-12-M-0071	0	12,758
Advanced Technology International	12.RD	N00014-11-D-0504	0	39,799
Advatech Pacific, Inc.	12.RD	FA9300-10-C-4002	0	31,809
Aero Gear Inc.	12.RD	W15QKN-09-2-0006	0	95,110
Aerospace Testing Alliance	12.RD	ATA-12-10	0	4,818
Alion Science & Technology Corporation	12.RD	DAAD19-01-C-0065	0	(6,785)
Alion Science & Technology Corporation	12.RD	N00014-09-C-0526	0	(82,844)
Alphasense, Inc.	12.RD	N00014-10-C-0438	0	60,138
Alphasense, Inc.	12.RD	N11PC20160	0	55,813
Altex Technologies	12.RD	NOOO14-12-M-0028	0	24,000
Altex Technologies	12.RD	W56HZV-10-C-0348	0	74,768
Altex Technologies	12.RD	W911QX-10-C-0093	0	72,894
American Competitiveness Institute	12.RD	N00014-08-D-0758	0	777
Applied Aerospace Structure Corp	12.RD	N00024-05-C-5346	0	(26)
Applied Optimization Inc.	12.RD	2012-0330	0	2,164
Applied Optimization Inc.	12.RD	N00014-10-M-0472	0	59
Applied Optimization Inc.	12.RD	N00014-11-M-0189	0	11,949
Applied Physical Sciences	12.RD	N66001-11-C-4115	0	3,868
Area-1 Inc.	12.RD	N00014-10-C-0407	0	92,281
Arete Associates	12.RD	N00014-11-M-0299	0	31,916
Argonst Incorporated	12.RD	N00024-02-D-6604 DO-0643	0	10,729
Barber Nichols	12.RD	N00014-11-M-0246	0	26,000
BBN Technologies Corporation	12.RD	W911NF-09-0053	466,962	738,301
BBN Technologies Corporation	12.RD	W911NF-09-2-0053	191,440	675,114
Blue Ridge Research & Consultants	12.RD	N66001-10-C-0128	0	89,301
Blue Ridge Research & Consultants	12.RD	N68335-10-C-0378	0	125,410
Bluefin Robotics	12.RD	N00024-11-C-6291	0	25,533
Boeing Company	12.RD	467490	0	77,009
Boeing Company	12.RD	W58RGZ-04-G-0023	0	15,272
Boeing Company	12.RD	W911W6-08-2-0005	0	(1,564)
Boeing Company	12.RD	W911W6-11-2-0006	0	35,572
Busek Co., Inc.	12.RD	W31P4Q-10-C-0254	0	102,044
CACI International Inc.	12.RD	W15P7T-06-D-E402	0	507,937
Calspan University of Buffalo	12.RD	W911NF-09-2-058	0	19,704
Carlyle Consulting	12.RD	W9132T-06-C-0002	0	60,057
Charles River Analytics, Inc.	12.RD	N00014-10-C-0044	0	76,380
Charles River Analytics, Inc.	12.RD	N00014-10-C-0405	0	75,360
Charles River Analytics, Inc.	12.RD	N00014-11-M-0342	0	16,401
Charles River Analytics, Inc.	12.RD	W31P4Q-09-C-0469	0	152,776

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
Columbia University	12.RD	HDTRA-11-0027	0	73,223
Combustion Science & Engineering	12.RD	FA8650-10-C-2095	0	96,253
Concurrent Technologies Corp.	12.RD	C-DDX-1045-02	0	7,218
Connecticut Center for Advanced Technology	12.RD	FA9550-07-1-0259	0	23,083
Corbin Company	12.RD	W15P7T-06-D-E402/0083	0	110,133
Cornell University	12.RD	W912HZ-11-2-0030	0	30,820
Cortana	12.RD	HR0011-12-C-0020	0	85,106
Cortana	12.RD	N000421-09-C-0028	0	282,480
Cortana	12.RD	N68335-11-C-0019	0	191,589
Crystal IS, Inc.	12.RD	W911NF-09-2-0068	0	126
Curtis Wright Electro Mechanical Co.	12.RD	453611	0	35,208
DE Technologies, Inc.	12.RD	FA8651-11-C-0132	0	36,603
Defense Photonics	12.RD	100251	0	20,591
Delaware State University	12.RD	11-005JNA	0	46,146
Discovery Machine Inc.	12.RD	W9132T-10-C-0027	0	58,384
Duke University	12.RD	FA8650-09-C-2944	0	83,695
Duke University	12.RD	HR0011-10-1-0059	0	78,646
Dynamic Eye Inc.	12.RD	150636	0	768
		FA-8650-08-D-1303		
Dynetlcs, Inc.	12.RD	TO0006	0	51,121
Dynetlcs, Inc.	12.RD	W911W6-08-D-0011/0009		159,087
Electrodynamics Applications Inc.	12.RD	FA9550-10-C-0023	0	31,240
Ensco Inc.	12.RD	DTRA01-03-D-0013	0	268,351
EOIR Technologies	12.RD	W157PT-08-D-P417	57,344	62,279
ERC, Inc.	12.RD	RS120041	0	8,816
Feature Based Systems, Inc.	12.RD	100418	0	10,752
Feature Based Systems, Inc.	12.RD	FA9550-10-C-0020	0	83,496
Feature Based Systems, Inc.	12.RD	N00014-07-C-0278	0	540
Gannett Fleming Inc.	12.RD	053462	0	49,764
Gear Research Institute	12.RD	N00019-02-C-3002	0	(12)
Gear Research Institute	12.RD	W911W6-09-D-0014	0	25,159
Gear Research Institute	12.RD	W911-W6-09-D-0016	0	5
Gear Research Institute	12.RD	W911W6-11-C-0053	0	849
General Dynamics/Electric Boat	12.RD	N00024-03-C-2101	0	92,035
General Dynamics/Electric Boat	12.RD	N00024-10-C-2118	0	228,797
General Dynamics/Electric Boat	12.RD	N00024-11-C-2109	0	50,268
General Dynamics/Electric Boat	12.RD	N00178-04-D-4012/EQH1	0	9,006
General Dynamics/Electric Boat	12.RD	N61331-11-C-0017	0	271,677
General Dynamics/Electric Boat	12.RD	N66604-05-C-3180	0	58,736
General Dynamics/Electric Boat	12.RD	SNX081-076	0	69,977
General Dynamics/Electric Boat	12.RD	SNX152-017	0	43,175
General Dynamics/Electric Boat	12.RD	SNX157-066	0	314,514
General Dynamics/Electric Boat	12.RD	SNX221-042	0	70,946
General Dynamics/Electric Boat	12.RD	SNY113-042	0	11,217
General Dynamics/Electric Boat	12.RD	----	0	101,513
General Lasertronic Corp	12.RD	FA8650-11-M-5607	0	40,191
George Mason University	12.RD	FA9550-07-1-0527	0	319,076
Georgia Institute of Technology	12.RD	HC1047-05-D-4000	0	182,961
Georgia Institute of Technology	12.RD	N00014-08-1-0481	0	(1)
Georgia Institute of Technology	12.RD	----	0	6,939
Global Strategies Group	12.RD	W91CRB-06-D-0054/0071	0	(226)
Global Strategies Group	12.RD	W91CRB-06-D-0054/0076	0	92,426
Goodrich B.F. Aerospace	12.RD	N00024-09-C-2104	0	67,756
Goodrich B.F. Aerospace	12.RD	N00178-04-D-4012	0	174
Hardwire LLC	12.RD	2010-7	0	62,271
Harvard University	12.RD	130143-02	0	106,219
Herman Advanced Engineering	12.RD	FA8650-09-D-2945	0	16,286
Herman Advanced Engineering	12.RD	N68335-10-C-0383	0	65,922
	12.RD	W911W6-01-D-0006 TO-		
Hexcel		0001	0	77,033

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
HRL Laboratories, LLC	12.RD	801362-BS 20199	0	95,487
HRL Laboratories, LLC	12.RD	BAA-09-58	0	86,172
Hydroid, Inc.	12.RD	N00174-07-D-0001	0	1,629,894
Hydroid, Inc.	12.RD	N62306-08-D-9003	0	21,005
Hypercomp Inc.	12.RD	PHC2PSU-2011-1	0	138,918
Image Acoustics, Inc.	12.RD	N00014-08-C-0798	0	13,716
Image Acoustics, Inc.	12.RD	N00014-09-C-0491	0	24,485
Image Acoustics, Inc.	12.RD	N00014-11-M-0201	0	14,801
Industrial Measurements Inc.	12.RD	DO-A1	0	20,717
Infoscitex Corporation	12.RD	N00024-12-P-4000	0	5,003
Innovative Automation Tech LLC	12.RD	FA9550-10-C-0047	0	19,167
Innovative Science Solutions Inc.	12.RD	F33615-03-D-2329	0	1
Innovative Science Solutions Inc.	12.RD	FA8650-11-M-2172	0	25,901
Innovative Science Solutions Inc.	12.RD	FA9300-10-C-0008	0	233,930
Innovative Science Solutions Inc.	12.RD	N00014-08-C-0296	0	36,392
Innovative Science Solutions Inc.	12.RD	N00014-11-C-0468	0	2,049
Innovative Science Solutions Inc.	12.RD	SB05110	0	20,000
Innovative Technology Applications Co., LLC	12.RD	125935	0	110,613
Intelligent Automation, Inc.	12.RD	907-1	0	61,087
International Business Machines, Inc.	12.RD	5003967289 CN2	0	41,697
International Business Machines, Inc.	12.RD	W911NF-06-3-0001	0	239,622
Invertix Corporation	12.RD	H98230-10-C-0772	0	(5,012)
ITT Industries	12.RD	N00173-09-C-2023	0	1,031
ITT Industries	12.RD	W5J9CQ-11-D-0009	0	77,665
Johns Hopkins University	12.RD	04-D-8601	0	33,362
Johns Hopkins University	12.RD	N00024-03-D-6606	0	11,910
Johns Hopkins University	12.RD	W81XWH1020090	0	96,722
KCF Technologies	12.RD	N68936-11-C-0017	0	6,271
Kennametal	12.RD	HC1047-05-D-4005	0	30,831
Kuchera Defense Systems Inc.	12.RD	N68665-07-C-0447	0	48,844
Kuchera Defense Systems Inc.	12.RD	W911QX-08-C-0048	0	184
L-3 Communications	12.RD	N00178-04-D-4143	0	68
L-3 Communications	12.RD	N00406-05-D-5116	0	7,021
L-3 Communications	12.RD	N65236-09-D-6814	0	36,719
Lockheed Martin	12.RD	FA8650-07-C-7749	4,491	100,699
Lockheed Martin	12.RD	FA8650-11C-5014	0	336,771
Lockheed Martin	12.RD	N00024-09-C-5215	0	(16)
Louisiana State University	12.RD	W81XWH-10-1-0671	0	52,826
Luna Innovations, Inc.	12.RD	N00014-11-M-0219	0	10,998
Luna Innovations, Inc.	12.RD	N65538-10-C-0025	0	(6)
Luna Innovations, Inc.	12.RD	NQ0147-09-C-7010	0	80,437
Luna Innovations, Inc.	12.RD	W15QKN-11-C-0026	0	3,220
Lynntech, Inc.	12.RD	N00024-11-C-4162	0	75,006
Lynntech, Inc.	12.RD	N00167-11-C-0004	0	699
Lynntech, Inc.	12.RD	N65538-10-M-0029	0	(23)
M Cubed Technologies Inc.	12.RD	20210 (PO 57059)	0	1,181
Marlow Industries	12.RD	W909MY-09-C-0061	0	(12)
Massachusetts Institute of Technology	12.RD	7000131695	0	32,161
Massachusetts Institute of Technology	12.RD	7000177068	0	22,896
McDonnell Douglas Corp.	12.RD	961910J	0	74,574
McKean Defense Group LLC	12.RD	N00178-04-D-4078	0	379
McKean Defense Group LLC	12.RD	N00178-07-D-4078	0	303,900
McKean Defense Group LLC	12.RD	DO-EHP6	0	303,900
McKean Defense Group LLC	12.RD	N00178-07-D-4078	0	303,900
McKean Defense Group LLC	12.RD	DO-EHP7	0	118,879
Medico Industries, Inc.	12.RD	DOTC-09-01-INIT369	0	14,007
MTS Technologies, Inc.	12.RD	W56HZV-10-C-0137	0	28,223
Nammo Talley Inc.	12.RD	M67854-08-C-1123	0	95,448
National Center for Manufacturing Sciences	12.RD	DASW01-98-2-0002	0	277,673
National Steel & Shipbuilding Co.	12.RD	MUT541040-C	0	37,257

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
Navmar Applied Science Corporation	12.RD	N00014-11-M-0294	0	23,967
Navmar Applied Science Corporation	12.RD	N68335-11-C-0038	0	186,283
Navmar Applied Science Corporation	12.RD	W911QXO-12-C-0021	0	466
New England Aquarium Corporation	12.RD	N00014-10-1-0614	0	(26)
Nextgen Aeronautics Inc.	12.RD	HR0011-10-C-0189	0	255,640
Nextgen Aeronautics Inc.	12.RD	W31P4Q-09-C-0101	0	1,922
Northrop Grumman	12.RD	4500351696	0	49,285
Northrop Grumman	12.RD	7600006224	0	80,603
Northrop Grumman	12.RD	HR0011-10-C-0167	0	(209)
Northrop Grumman	12.RD	HR011-09-C-0062	0	58,716
Northrop Grumman	12.RD	N00178-04-D-4091	0	333,751
Objectvideo, Inc.	12.RD	FA8750-11-C-0152	0	771
Ohio Aerospace Institute	12.RD	FA8650-09-D-2945	0	11,515
Ohio State University	12.RD	FA9550-09-1-0602	0	237,528
Optipro Systems	12.RD	SRA 20302	0	29,752
Perot Systems Corporation	12.RD	N00024-01-D-7010	0	(10)
Physical Sciences Inc.	12.RD	N68335-08-C-0038	0	22,449
Physical Sciences Inc.	12.RD	W911NF-09-C-0102	0	32,787
PPG Industries	12.RD	PPG-PSU-002	0	1,273
Princeton University	12.RD	FA9550-07-1-0515	0	368,881
Princeton University	12.RD	N66001-11-1-4110	0	282,192
Purdue University	12.RD	HDTRA1-08-1-0006	0	54,576
Purdue University	12.RD	W911NF-06-1-0377	0	64,060
Questek Innovations LLC	12.RD	20243 (PO 000844)	0	4,147
RDA, Inc.	12.RD	N68335-10-C-0388	0	80,090
Resource Dynamics Corp.	12.RD	N00178-09-C-1034	0	21,337
Rice University	12.RD	FA9550-12-1-0035	0	106,600
Rice University	12.RD	W911NF-11-1-0632	0	444,835
Rolls Royce PLC	12.RD	N00014-09-D-0680	0	207,342
Rutgers State University of NJ	12.RD	W911NF-06-2-0007	0	41,312
S2 Corporation	12.RD	W9113M-10-C-0070	0	29,905
Sabre Systems, Inc.	12.RD	N00178-05-D-4546 4Y02	0	17,606
		N00178-05-D-4546 DO-		
		4Y02	0	819,972
Sabre Systems, Inc.	12.RD	124552 PO 9F79-4-9145	0	66,404
Savit Corporation	12.RD	H98230-06-C-1219	0	94,738
SCI Applications International Corp.	12.RD	N00014-11-C-0010	0	603,596
SCI Applications International Corp.	12.RD	N00173-07-C-2023	0	16,015
SCI Applications International Corp.	12.RD	N00178-04-D-4119	0	131,065
SCI Applications International Corp.	12.RD	N00178-04-D-4119/FC28	0	6,297
Science Research Laboratory	12.RD	W31P4Q-09-C-0291	0	18,124
Science Research Laboratory	12.RD	W31P4Q-09-C-0306	0	21,379
Sikorsky Aircraft Co.	12.RD	W911W6-11-2-0008	0	75,623
Sotera Defense Solutions Inc.	12.RD	W91CRB-06-D-0054/0076	0	48,222
		N00014-06-D-0045		
South Carolina Research Authority	12.RD	DO 0004	0	130,648
		N00014-06-D-0045		
South Carolina Research Authority	12.RD	DO 0013	0	206,497
Spectral Energies, LLC	12.RD	FA8650-11-C-2185	0	195,580
State University of New York	12.RD	W911NF-09-1-0392	0	324,609
Strategic Polymer Sciences Inc.	12.RD	FA8650-11-M-5123	0	28,405
Strategic Polymer Sciences Inc.	12.RD	W91CRB-10-C-0155	0	98,095
Stratonics Inc.	12.RD	N00014-10-M-0475	0	4,295
Stratonics Inc.	12.RD	N00014-12-C-0221	0	11,691
Survive Engineering Company	12.RD	W91CRB-09-D-0027	0	321,547
Systems Engineering Research Center	12.RD	H98230-08-D-0171	0	26,738
Tech Applications Group Inc.	12.RD	N00167-11-P-0397	0	24,724
Technical Data Analysis Inc.	12.RD	N68335-11-C-0509	0	22,375
Techno-Sciences Inc.	12.RD	N00014-M-12-0055	0	18,142
Teledyne Science & Imaging LLC	12.RD	HR0011-10-C-0031	0	169,025

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
Texas Biochemicals Inc.	12.RD	N68936-12-C-0100	0	25,027
Toyon Research Corp.	12.RD	AIR FORCE	0	35,000
TRS Ceramics Inc.	12.RD	N00014-07-C-0858	0	58,332
TRS Ceramics Inc.	12.RD	N00014-08-C-0856	0	101,488
TRS Ceramics Inc.	12.RD	N00014-09-C-0488	0	74,580
TRS Technologies, Inc.	12.RD	FA9550-10-C-0028	0	69,117
TRS Technologies, Inc.	12.RD	N00014-10-M-0411	0	(40)
TRS Technologies, Inc.	12.RD	N00014-11-M-0197	0	24,000
UES Inc.	12.RD	FA8650-09-C-2914	0	1,082
UES Inc.	12.RD	FA8650-09-D-5037	0	11,893
UES Inc.	12.RD	FA8650-10-D-5226 DO0001	0	5,887
UES Inc.	12.RD	FA8650-12-M-5127	0	8,829
UES Inc.	12.RD	HQ0006-08-C-7663	0	45,284
UES Inc.	12.RD	N00014-10-M-0265	0	607
United Launch Alliance, LLC	12.RD	FA8816-06-C-0002	0	29
United Technologies Research Center	12.RD	W9132T-10-C-0013	0	651
University of California	12.RD	N00014-06-1-0428	0	377
University of California	12.RD	N00014-08-1-1015	0	151,615
University of California Davis	12.RD	W911NF-07-1-0318	0	132,717
University of California Los Angeles	12.RD	N660011-11-1-4197	0	314,462
University of Connecticut	12.RD	N00014-10-1-0944	0	152,044
University of Dayton Research Institute	12.RD	FA8650-10-C-2934	0	122,242
University of Illinois	12.RD	FA9550-11-1-0129	0	59,874
University of Maryland	12.RD	FA9550-09-1-0632	0	84,305
University of Maryland	12.RD	W911NF1120086	0	97,350
University of Michigan	12.RD	FA9550-09-1-0695	0	149,332
University of Michigan	12.RD	N65540-10-C-0003	0	231,158
University of Minnesota	12.RD	FA9550-10-1-0563	0	202,949
University of Mississippi	12.RD	W9113M-06-C-0029	0	252,514
University of New Mexico	12.RD	DTRA01-03-D-0009	0	3,109
University of Pittsburgh	12.RD	FA7014-10-2-0005	0	481,477
University of Southern California	12.RD	HR0011-10-C-0034	0	159,296
University of Southern California	12.RD	W911NF-09-D-0006	0	43,946
University of Texas at Austin	12.RD	W911NF-07-1-0028	0	39,324
University of Utah	12.RD	FA9550-08-1-0400	0	321,195
		N00178-04-D-4042 TO		
URS Corporation	12.RD	FC16	0	9,275
Vertical Lift Consortium/Rotorcraft	12.RD	W911W6-05-2-0003	40,164	954,261
Vertical Lift Consortium/Rotorcraft	12.RD	W911W6-06-2-0002	0	121,887
Virginia Polytechnic Institute	12.RD	W911NF-07-1-0452	0	285,987
Wagner Associates	12.RD	N00024-11-C-4188	0	59,931
Wagner Associates	12.RD	N65538-10-C-0051	0	6,223
Wasatch Molecular Incorporated	12.RD	FA9300-11-C-3012	0	108,195
WR Systems LTD	12.RD	N65236-10-D-2839	0	46,971
Wyle Laboratories	12.RD	HC1047-05-D-4005	0	124,189
Total – Defense			760,401	24,539,695
 <u>Interior:</u>				
California University of Pennsylvania	15.RD	08HQGR0157	0	5,158
Ducks Unlimited	15.RD	----	0	5,933
Regional Science Consortium	15.RD	CZM2010-PE.04	0	8,145
TDI Brooks International Inc.	15.RD	---	0	101,291
University of Minnesota	15.RD	30181AG095	0	70,982
University of Southern California	15.RD	07HQAG0008	0	700
University of Southern California	15.RD	G07AC00026	0	20,751
Total - Interior			0	212,960

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
<u>Justice:</u>				
RTI International	16.RD	2011-RY-BX-0003	0	54,195
University of Missouri	16.RD	2006-JV-FX-0011	0	21,407
Total - Justice			0	75,602
<u>Labor:</u>				
County of Chester	17.RD	131447	0	43,000
School District of City of Erie PA	17.RD	11-12-TANF-1212	0	1,000
Total - Labor			0	44,000
<u>State:</u>				
Applied Research Associates Inc.	19.RD	SAQMMA-08-D-0084 T/O -F-6499	0	363
Total - State			0	363
<u>Transportation:</u>				
Applied Pavement Technology	20.RD	DTFH61-10-D-00025	0	19,202
Auburn University	20.RD	DTFH61-09-H-00013	0	10,969
Bridge Composites LLC	20.RD	DTFH61-10-G-00007	0	18,946
Cornell University	20.RD	DTOS59-07-G-00052	0	75,306
Intelligent Automation, Inc.	20.RD	788-1	0	73,545
National Academy of Sciences	20.RD	DTFH61-06-H-00009	0	445,119
National Academy of Sciences	20.RD	HR 15-34	0	(2,267)
Systems Research & Applications Corp.	20.RD	DTFAC-10-D-00008	0	9,998
University of Hawaii	20.RD	TA2007-1R	0	82,846
Vanasse Hangen Brustlin Inc.	20.RD	DTFH61-10-D-00022	0	5,658
Washington Department of Transportation	20.RD	GCA6865	0	28,148
Total - Transportation			0	767,470
<u>Appalachian Regional Commission:</u>				
Southern Alleghenies P&D Commission	23.RD	127232/154031 PO 11000246-00	0	73,781
Total - Appalachian Regional Commission			0	73,781
<u>National Aeronautics and Space Admin.:</u>				
Advanced Cooling Technologies	43.RD	NNX11CA05C	0	11,418
Aerodyne Research Inc.	43.RD	NNX10CA32C	0	36,558
American GNC Corp.	43.RD	AGNC120224	0	8,952
Brimrose Technology Corp.	43.RD	NNX11C134P	0	30,000
Busek Co., Inc.	43.RD	NNX11CA37C	0	150,800
Busek Co., Inc.	43.RD	NNX11CI10P	0	30,000
Colorado State University	43.RD	NNX08AK08G	0	23,220
Howard University	43.RD	NNX10AQ11A	0	50,000
Hypertherm, Inc.	43.RD	NNX11CG62P	0	23,225
Jet Propulsion Lab	43.RD	1352021	0	15,547
Jet Propulsion Lab	43.RD	1352044	0	17,586
Jet Propulsion Lab	43.RD	1398566	0	3,485
Jet Propulsion Lab	43.RD	1425528	0	386
Jet Propulsion Lab	43.RD	1439199	0	5,182
Jet Propulsion Lab	43.RD	NM0710860	0	3,687
Johns Hopkins University	43.RD	NAS5-97271	0	891
Johns Hopkins University	43.RD	NNN06AA01C	0	85,957
Pratt & Whitney Aircraft	43.RD	NNC10A12B	0	175,242
Smithsonian Astrophysical Observatory	43.RD	GO1-12102X	0	7,433
Smithsonian Astrophysical Observatory	43.RD	NAS8-03060	858,697	1,818,579
Smithsonian Astrophysical Observatory	43.RD	NNX09AE87G	0	81,073
Space Science Institute	43.RD	NNX10AP20G	0	11,822
Space Telescope SCl Institute	43.RD	NAS5-26555	0	215,933

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
Space Telescope SCl Institute	43.RD	NAS5-26556	0	32,522
St. Vincent College	43.RD	NNX09AC87G	0	27,235
TRS Technologies, Inc.	43.RD	NNX10CA27C	0	98,311
University of Florida	43.RD	NNX09AC84G	0	35,778
University of Illinois	43.RD	NNX10AL94G	0	10,795
University of Maryland	43.RD	NCC 3989	26,105	283,136
University of Montana	43.RD	NNX11A047G	0	67,445
University of Texas	43.RD	NNX09AV10G	0	80,541
University of Texas at Arlington	43.RD	NNX11AC03G	0	43,316
University of Washington	43.RD	NNA08CN87A	0	172,395
University of Wisconsin	43.RD	NNX10AP10G	0	62,272
Virginia Institute of Marine Sciences	43.RD	NNX08A025G	0	20,785
Virginia Institute of Marine Sciences	43.RD	NNX11AD47G	0	34,509
Wyle Laboratories	43.RD	NNL10AA08B	0	86,202
		NNL10AA08B/		
Wyle Laboratories	43.RD	NNL10AB335	0	2,999
Total - National Aeronautics and Space Admin.			884,802	3,865,217
<u>National Endowment for the Humanities:</u>				
Washington University	45.RD	NEH RQ-50401-09	0	8,320
Total - National Endowment for the Humanities			0	8,320
<u>National Science Foundation:</u>				
Advanced Power Products, Inc.	47.RD	0848712	0	41,938
American Education Research Association	47.RD	DRL-0941014	0	30,652
Brigham Young University	47.RD	11-0316	0	25,000
California Institute of Technology	47.RD	CHE-0802907	0	239,001
Carnegie Institute	47.RD	----	0	5,609
Carnegie Mellon University	47.RD	SES-0949710	0	7,701
Chicago Zoological Society	47.RD	ARC-1043284	0	35,553
Civilian Research & Development Foundation	47.RD	RUB-7029MO-11	0	3,664
Cleveland State University	47.RD	DUE-0919487	0	420
Columbia University	47.RD	OCE-1202632	0	40,759
Columbia University	47.RD	SES-0951516	0	95,878
Consortium for Ocean Leadership	47.RD	BA-40 TO T319A40	0	19,682
Consortium for Ocean Leadership	47.RD	BA-40 TO T322A40	0	266
Consortium for Ocean Leadership	47.RD	BA-40 TO T331A40	0	2,545
Consortium for Ocean Leadership	47.RD	BA-40 TO T331B40	0	2,969
Consortium for Ocean Leadership	47.RD	BA-40 TO T332A40	0	21,343
Consortium for Ocean Leadership	47.RD	BA-40 TO T3332B40	0	17,435
Consortium for Ocean Leadership	47.RD	BA-40 TO T334A40	0	5,302
Consortium for Ocean Leadership	47.RD	JSA-40.410 TO T321A40	0	12,920
Cornell University	47.RD	0335765	0	528,252
Duke University	47.RD	09-NSF-1034	0	221,037
Electrodynamic Applications Inc.	47.RD	133027	0	55,159
Florida State University	47.RD	----	0	47,718
Georgia Institute of Technology	47.RD	EEC-0908895	0	7,500
Howard University	47.RD	3000026964	0	25,000
Institute for Learning Innovation	47.RD	----	0	18,770
Iowa State University	47.RD	420-72-25	0	31,822
Johns Hopkins University	47.RD	----	0	31,233
Lemelson Foundation	47.RD	EEC-0835992	0	19,950
Makel Engineering, Inc.	47.RD	10SUB-MCM02PSU	0	81,434
Massachusetts Institute of Technology	47.RD	57100002619	0	10,938
New Mexico Institute of Mining & Technology	47.RD	ANT-1043580	0	8,757
North Carolina State University	47.RD	CMM1-1139792	0	19,002
Ocean Nanotech LLC	47.RD	IIP-1010491	0	449
Oregon State University	47.RD	S1315A-E	0	31,496
Proton Energy Systems	47.RD	IIP-1058328	0	127,434
Rand Corporation	47.RD	1049208	0	20,000

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
Semiconductor Research Corp.	47.RD	NSF CCF-0903432	0	14,771
Society of Women Engineers	47.RD	HRD-0937306	0	19,358
Stark State College of Technology	47.RD	DUE-0802536	0	11,072
		SUB 10-25 50738		
State University of New York	47.RD	PROJ 1080356	0	69,994
Strategic Polymer Sciences Inc.	47.RD	IIP-1113625	0	40,003
Texas A&M University	47.RD	DMR-0844082	0	35,440
Texas A&M University	47.RD	DUE-080715	0	13,000
Texas A&M University	47.RD	DUE-0942715	0	20,077
Universal Corporation for Atmospheric Research	47.RD	ATM-0833450	0	7,693
Universal Corporation for Atmospheric Research	47.RD	ATM-0856145 P1085294	0	134
University of California	47.RD	CHE-0802913	0	4,621
University of California	47.RD	DRL-0822119	0	74,603
University of California	47.RD	OCE07-52970	0	(101)
University of California	47.RD	OCI-1140394	0	162
University of Colorado	47.RD	AGS1135446	0	17,119
University of Colorado	47.RD	ANT 1041742	0	1,373
University of Colorado	47.RD	ANT 1115245	0	43,452
University of Florida	47.RD	IOS-0923975	0	114,106
University of Georgia	47.RD	SBE0830165	0	4,392
University of Houston	47.RD	CMMI-0708096	0	94,621
University of Kansas	47.RD	ANT0424589	0	379,194
University of Maryland	47.RD	ESI-0426253	0	606,326
University of Maryland	47.RD	IOS1025837	0	199,029
University of Maryland	47.RD	SES-1059758	0	719
University of Michigan	47.RD	EFRI-0835995	0	52,054
University of Michigan	47.RD	EFRI-0937323	0	200,799
University of Missouri	47.RD	IOS-1114484	0	54,230
University of Nebraska	47.RD	AGS-1103316	0	2,651
University of Nebraska	47.RD	CMMI-0709333	0	2,944
University of Nebraska	47.RD	ANT-0342484	0	68,508
University of New Hampshire	47.RD	ANT-0944266	0	57,187
University of Oregon	47.RD	BCS-0940744	0	34,505
University of Southern California	47.RD	OCE-0939564	0	3,234
University of Texas at Austin	47.RD	BCS-0964596	0	74,657
University of Texas at Austin	47.RD	DEB-0733029	0	4,738
University of Texas at Austin	47.RD	OCE-1135427	0	1,671
University of Wisconsin	47.RD	0708759	0	39,205
University of Wisconsin	47.RD	ANT-0937462	0	29,054
Virginia Polytech Institute	47.RD	DBI-04-01748	0	15,056
Virginia Polytech Institute	47.RD	DBI-0922747	0	(50)
Virginia Polytech Institute	47.RD	IOS-0965353	0	194,695
Woods Hole Oceanographic Institute	47.RD	SA-10-06	0	19,241
Yale University	47.RD	AST-1109727	0	4,377
Total - National Science Foundation			0	4,524,502
<u>Department of Spanish Origin:</u>				
Altoona Blair County Development Corporation	59.RD	SBAHQ-10-1-0191	0	30,221
Total - Department of Spanish Origin			0	30,221
<u>Veterans Affairs:</u>				
New Mexico Veterans Health Care System	64.RD	----	0	21,271
Total - Veterans Affairs			0	21,271
<u>Environmental Protection Agency:</u>				
Alaska Department of Environment	66.RD	127617	0	88,196
		SUB GL 00E00845		
Erie-Western PA Port Authority	66.RD	0 150975	0	14,772

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
Mactec Inc.	66.RD	68-D-03-052	0	18,301
National Fish and Wildlife Foundation	66.RD	FR.2413	0	50,786
Partner for Delaware Estuary	66.RD	PDE 140-05	0	322
Pittsburgh Water & Sewer Authority	66.RD	94616	0	57
RTI International	66.RD	EP-W-07-069	0	43,538
Tetra Tech EM Inc.	66.RD	100-BLT-T27033-02	0	72,858
University of Alabama	66.RD	EP-C-07-014	0	173
		716171-712685		
Virginia Institute of Marine Science	66.RD	PO U00P1401285	0	134,735
Total - Environmental Protection Agency			0	423,738
<u>Nuclear Regulatory Commission:</u>				
Argonne National Lab	77.RD	DE-AC02-06CH11357	0	31,349
Numark Associates, Inc.	77.RD	42-07-481-07_TO 20	0	18,705
Purdue University	77.RD	4112-26222	0	(135)
Purdue University	77.RD	NRC-04-07-094	0	110,241
University of Michigan	77.RD	NRC-04-10-149	0	48,569
Total - Nuclear Regulatory Commission			0	208,729
<u>Energy:</u>				
Advanced Cooling Technologies	81.RD	DE-SC0000912	0	24,459
Advanced Cooling Technologies	81.RD	DE-SC0002299	0	194,134
Aerodyne Research, Inc.	81.RD	DE-FG02-05ER63995	0	3,811
Air Products & Chemical	81.RD	DE-FC26-98FT 40343	0	155,318
		KNDJ-0-40344-00		
Alliance for Sustainable Energy	81.RD	TO 1 TO 2	427,975	677,965
Altex Technologies	81.RD	DE-SC0006466	0	40,000
Argonne National Laboratory	81.RD	2F-30521	0	10,466
Argonne National Laboratory	81.RD	DE-AC02-06CH11357	0	218,507
Argonne National Laboratory	81.RD	DE-SV02-06-CH11357	0	135,312
Ballard Material Products Inc.	81.RD	DE-FG36-08G018051	0	24,011
Bandgap Engineering Inc.	81.RD	DE-EE0005323	0	50,223
Battelle Pacific NW National Lab	81.RD	00068923	0	(4,351)
Battelle Pacific NW National Lab	81.RD	125494	0	102
Battelle Pacific NW National Lab	81.RD	4000092324	0	89,403
Battelle Pacific NW National Lab	81.RD	4000100345_MOD6	0	32,755
Battelle Pacific NW National Lab	81.RD	DE-AC05-76RL01830	0	693,090
Battelle Pacific NW National Lab	81.RD	DE-AC07-05ID14517	294,843	1,366,409
Battelle Pacific NW National Lab	81.RD	DE-AC52-07NA27344	0	28,587
Battelle Pacific NW National Lab	81.RD	160446	0	213,094
Battelle Energy Alliance Idaho	81.RD	DE-AC07-05ID14517	29,000	72,233
Bechtel Bettis, Inc.	81.RD	3018702	0	994
Bechtel Bettis, Inc.	81.RD	3019444	0	127,248
Bechtel Bettis, Inc.	81.RD	3021246	0	3,450
Bechtel Bettis, Inc.	81.RD	3021246 AMEND 7	0	53,317
Berkley Lawrence Laboratory	81.RD	DE-AC02-05CH11231	0	341,839
California Institute of Technology	81.RD	DE-SC0004949	0	38,765
Carnegie Institute	81.RD	DE-SC0001057	0	59,289
CFD Research Corporation	81.RD	1474 9021	0	158,721
Compact Contractors of America	81.RD	P1102197	0	395
Cornell University	81.RD	DE-SC0002334	0	157,021
Dehlsen Associates LLC	81.RD	DE-EE00002648	0	551,190
General Motors Corporation	81.RD	DE-EE0000470	0	234,703
Hewlett Packard Company	81.RD	128598	0	90,718
Livermore Lawrence National Laboratory	81.RD	B595949	0	21,865
Livermore Lawrence National Laboratory	81.RD	B596235	0	50,000
Los Alamos National Lab	81.RD	DE-AC52-06NA25396	0	41,728
Louisiana State University	81.RD	DE-SC0001058	0	64,781
Marlow Industries	81.RD	277998	0	10,000
Massachusetts Institute of Technology	81.RD	5710002934	0	42,066

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
		DE-FG07-051D14692		
Medical University of South Carolina	81.RD	INDE-006	0	1
National Renewable Energy Lab	81.RD	DE-AC36-08GO28308	0	119,126
NICCR Consortium	81.RD	DE-FC02-06ER64157	(9,459)	34,313
Nokomois Inc.	81.RD	DE-SC0004701	0	23,020
		DE-AC07-051D14517/		
North Carolina State University	81.RD	00042959-29	0	61,365
North Carolina State University	81.RD	XGB-1-11444-01	0	47,000
Northwestern University	81.RD	DE-EE0003460	0	27,125
Nuvera Fuel Cells, Inc.	81.RD	DE-PS36-08GO98009	79,274	193,695
Oak Ridge National Lab	81.RD	4000081782	0	(595)
Oak Ridge National Lab	81.RD	DE-AC05-000R22725	0	74,164
Ocean Renewable Power Company	81.RD	DE-EE0003647	0	60,112
Pratt & Whitney Aircraft	81.RD	4410005316	0	8,950
Princeton University	81.RD	DE-AC02-09CH11466	0	34,597
Princeton University	81.RD	DE-SC0006838	0	141,139
Research Partnership to Secure Energy	81.RD	DE-AC26-07NT42677	0	55,731
RTI International	81.RD	DE-FE0007707	0	17,169
Rutgers University	81.RD	DE-SC0001780	0	155,845
Sandia National Labs	81.RD	775396	0	533,162
Sandia National Labs	81.RD	PO 992687 143642	0	217,036
Saxet Surface Science	81.RD	124669 AMEND 1	0	84,621
South Dakota State University	81.RD	DE-FC36-05GO85041	0	54,790
Stanford University	81.RD	DE-SC0005171	57,839	601,938
Strategic Polymer Sciences, Inc.	81.RD	DE-EE0004540	0	77,850
Strategic Polymer Sciences, Inc.	81.RD	DE-SC0003340	0	243,852
Strategic Polymer Sciences, Inc.	81.RD	DE-SC0006448	0	39,970
Stripperwell Consortium	81.RD	DE-FE0003616	(6,074)	(1,499)
Tulane University	81.RD	DE-FC02-06ER64298	13,124	54,787
UES Inc.	81.RD	DE-SC0004356	0	32,635
University of California Los Angeles	81.RD	DE-SC0006698	0	82,047
University of Delaware	81.RD	DE-SC0007092	0	39,464
University of Michigan	81.RD	DE-FG07-07ID14894	0	(3,278)
University of South Carolina	81.RD	IDNE014	0	51,011
University of Tennessee	81.RD	A11-0125-S002	0	90,738
University of Texas at Austin	81.RD	DE-FE0005540	0	82,786
University of Utah	81.RD	DE-SC0004769	0	93,614
University of Washington	81.RD	DE-SC0006870	0	39,160
		4000.2.651.232.		
URS Corporation	81.RD	001.111.000.007	0	1,354
		4000.4.600.220.		
URS Corporation	81.RD	001.503.000.005	0	3,446
URS Corporation	81.RD	DE-FE0004000	0	1,209,611
URS Corporation	81.RD	RES1000026	0	711,845
Volvo Powertrain North America	81.RD	DE-EE0004232	0	195,882
West Virginia University	81.RD	127176	0	7
Total - Energy			886,522	11,663,204
Education:				
Duke University	84.RD	H133E080011	31,256	307,074
Florida State University	84.RD	R01451	0	71,366
Johns Hopkins School of Public Health	84.RD	R305A080326	0	(170)
Project Grad USA	84.RD	133714	0	30,752
University of Illinois	84.RD	2009-07279-01	0	65,486
University of Illinois	84.RD	R305A100344	0	222,038
University of North Carolina	84.RD	R305A040056	0	34,198
University of Oregon	84.RD	R324A070157	0	11,230
Total - Education			31,256	741,974

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
<u>Health and Human Services:</u>				
ABT Associates Inc.	93.RD	GS-10F-0086K	0	15,922
Actuated Medical Inc.	93.RD	2 R44 GM085844-02A1	0	18,245
Albert Einstein College of Medicine	93.RD	2P01-AG003949-26A2	0	42,382
Albert Einstein College of Medicine	93.RD	5P01-AG003949-27	0	13,239
American College of Radiology	93.RD	5 U01 CA080098-13	0	15,966
American Institute for Research	93.RD	5R01DA030452-02	0	9,716
Apeliotus Technologies, Inc.	93.RD	1 R43 RY019593-01	0	19,358
Arizona State University	93.RD	1R01GM080586-01A2	0	66,199
Arizona State University	93.RD	1R01GM092946	0	152,561
Arizona State University	93.RD	R01HD039666-09	0	35,472
Arthrochip LLC	93.RD	R42 AI053984	0	13,538
Bassett Mary Imogene Hospital	93.RD	1R01OH009484-02	0	(3,303)
Bassett Mary Imogene Hospital	93.RD	1R01OH009484-03	0	206,092
Bassett Mary Imogene Hospital	93.RD	2U54OH007542-11	0	82,308
Bassett Mary Imogene Hospital	93.RD	5U50/OH007542-10	0	54,021
Baylor College of Medicine	93.RD	5 R01 AR44474-15	0	807
Baylor College of Medicine	93.RD	5 R01 AR44474-16	0	55,851
Baystate Medical Center	93.RD	1R01DK084325-03	0	10,066
Baystate Medical Center	93.RD	R01DK084325-02	0	2,966
Bioreliance Corporation	93.RD	N02-CP-55502	0	12,942
Boston Medical Center	93.RD	0311701	0	21,598
Brigham & Women's Hospital	93.RD	5 R01 ES017017-03	0	37,594
Broad Institute of Cambridge Massachusetts	93.RD	P01HG005062-03	0	56,282
Case Western Reserve University	93.RD	R01EY01-8612-03	0	7,489
Center for Addiction & Mental Health	93.RD	122920	0	36,889
Center for Addiction & Mental Health	93.RD	1R01AA017663-01A1	0	18,961
Centre County Mental Health and Retardation	93.RD	562-127-2	0	48,000
Child Care Consultants Inc.	93.RD	127042	0	(2)
Child Care Consultants Inc.	93.RD	127043	0	(1)
Child Care Consultants Inc.	93.RD	136564	0	19,439
Child Care Consultants Inc.	93.RD	136565	0	67,992
Children's Hospital of Boston	93.RD	1R56AI084011-01	0	3,000
Children's Hospital of Philadelphia	93.RD	5 H30 MC09625-03-00	0	62,316
Children's Hospital of Philadelphia	93.RD	5 U01 DD000193-05	0	20,314
Children's Hospital of Philadelphia	93.RD	ATHN2001-LLL-1	0	11,862
Children's Hospital of Philadelphia	93.RD	HRSA 5 H30 MC09625-03	0	(1)
Children's Hospital of Philadelphia	93.RD	U10 CA98543-08	0	31,222
Cincinnati Children's Hospital Medical Center	93.RD	R01 DA16402	0	(3,880)
Clinical & Translational Science Institute	93.RD	----	0	(51,686)
Colorado State University	93.RD	9R01HL092791	0	319,210
Columbia University	93.RD	1 R01 NS067443-01A1	0	9,678
Columbia University	93.RD	1 R21 AR059917-01	0	53,240
Columbia University	93.RD	5 R01 N5067443-02	0	91,430
Community Strategies	93.RD	113297	0	53,288
Cornell University	93.RD	1 NO1 CN43302-WA27	0	85,688
Cornell University	93.RD	1R01AL092571-01	0	109,045
Cornell University	93.RD	1R01AL092571-02	0	65,758
Cornell University	93.RD	2010-34360-21351	0	2,701
Cornell University	93.RD	5 U01NS50324-03	0	15,954
Dartmouth College	93.RD	1R01AG035028	0	70,850
Dartmouth College	93.RD	5R01HD049762-07	0	48,185
Dartmouth College	93.RD	7R01HD049762-05	0	41,444
Duke University	93.RD	HHSN-275201000003I	0	28,196
Eastern Tennessee State University	93.RD	5R01CA134891-02	0	129,272
Eastern Tennessee State University	93.RD	5R01CA134891-03	0	121,859
Elizabethtown College	93.RD	1 R15 AI076933-01A1-08-1	0	4,090
Emmes Corporation	93.RD	1U01NS026835-01A1	0	11,646
Emmes Corporation	93.RD	HHS-N-260-2005-00007-C	0	4,962
Essential Institute of Rural Health	93.RD	136219	0	194,624

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
Fox Chase Cancer Center	93.RD	1 U19 AI083008-04	0	104,144
Fox Chase Cancer Center	93.RD	5 U19 AI083008-03	0	660,875
Frontier Science & Technology Research Foundation	93.RD	U10 CA21115-36	0	59,838
Frontier Science & Technology Research Foundation	93.RD	U10 CA021115-37	0	70,271
George Mason University	93.RD	1R01AG034682-01A2 12-S01-32863/ 1/1CCLS20680F	0	3,110
George Washington University	93.RD	1/1CCLS20680F	0	82,544
George Washington University	93.RD	1RO1HD061017-01	0	3,207
Georgetown University	93.RD	1 R01 DK088016-01	0	196,697
Georgetown University	93.RD	4255-031	0	(6,327)
Hebrew Rehabilitation Center	93.RD	5 R01 AG032982-02	0	1,743
Hebrew Rehabilitation Center	93.RD	5 R01 AG032982-03	0	15,454
Invo Tek, Inc.	93.RD	2R44HD059231-02	0	14,163
Iowa State University	93.RD	430-17-09	0	108,176
Iowa State University	93.RD	430-17-19	0	6,819
Iowa State University	93.RD	430-28-02A	0	31,631
Iowa State University	93.RD	5R18DP002279-02	0	38,234
Iowa State University	93.RD	R01DA013709	0	609,780
J. Craig Venter Institute	93.RD	HHSN272200900007C	0	18,522
JAEB Center for Health Research	93.RD	U10 EY 14231	0	45
Johns Hopkins University	93.RD	1U01NS062851-01A1	0	7,809
Johns Hopkins University	93.RD	3P01AG021190-05S1	0	293
Johns Hopkins University	93.RD	5P30MH086043-03	0	211,966
Johns Hopkins University	93.RD	R34DA02937	0	21,286
Keystone Nano, Inc.	93.RD	HHSN261201000045C	0	16,450
Lincoln University	93.RD	5 P20MD0033520-04	0	55,612
Louisiana State University	93.RD	1R01DK080441-01A2	0	2,064
Louisiana State University	93.RD	7R01NS058867-04	0	2,570
Lycoming Clinton Counties	93.RD	120215	0	68,714
Lycoming Clinton Counties	93.RD	130868	0	1
Lycoming Clinton Counties	93.RD	136839	0	62,471
Massachusetts General Hospital	93.RD	5U01NS049640-05	0	5,150
Medical College of Georgia	93.RD	3 U24 DK076169-04S2	0	10,896
Medical College of Georgia	93.RD	5U01AI083005-02	0	39,512
Midwest Research Institute	93.RD	----	0	167,356
Minnetronix Inc.	93.RD	1R43HL108434	0	4,811
Minnetronix Inc.	93.RD	1R43HL108434-01	0	45,673
Minnetronix Inc.	93.RD	1R44HL106942-01	0	48,138
Moffit, H L Cancer Center & Research Institute	93.RD	5 PO1 CA118210-05	0	90,143
Moffit, H L Cancer Center & Research Institute	93.RD	5 P01 CA118210-04	0	(1)
Mohawk Innovative Technologies	93.RD	2 R44 HL090339-02A1	0	42,969
Mount Sinai Medical Center	93.RD	5 R01DD000350-03	0	95,375
National Childhood Cancer Foundation	93.RD	U10HL69254-09	0	1,840
National Childhood Cancer Foundation	93.RD	U10 CA98543-08	0	72,738
National Institute of Aerospace	93.RD	PO-0340	0	5,440
National Jewish Medical & Research Center	93.RD	1 R01 HL090982-04	0	34,153
New York University	93.RD	7U19AI089676-02	0	352,022
Northwestern University	93.RD	1R01CA154908-01	0	83,949
Northwestern University	93.RD	5R01CA154908-02	0	31,911
Oregon Social Learning Center	93.RD	5R01HD042608-08	0	128,975
Oregon State University	93.RD	1P42ES016465-01A1	0	32,391
Pacific Institute for Research and Evaluation	93.RD	1R01AA017186-03	0	265,380
Pacific Institute for Research and Evaluation	93.RD	R01AA017186-01A2	0	3,461
Piezo Resonance Innovations Inc.	93.RD	1R43AG037214-01A1	0	1,231
Piezo Resonance Innovations Inc.	93.RD	2R44GMO85844-02A1	0	285
Princeton University	93.RD	7 R01 GM083983	0	124,116
Princeton University	93.RD	R01AG016790	0	74,062
Princeton University	93.RD	R5R01HD036916 (NCE)	0	99,407
Purdue University	93.RD	1 R01 AG027769-01A2	0	6,332
Purdue University	93.RD	1R01GM095923-01	0	86,774

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
Radiation Monitoring Devices	93.RD	9R44RR031472-03	0	135,998
Research Foundation State University of New York	93.RD	1 R01 DC009429-01	0	16,460
Rhode Island Hospital	93.RD	1 R01 HL093205-03	0	35,426
Rhode Island Hospital	93.RD	1 R01 HL093205-04	0	5,269
Rhode Island Hospital	93.RD	1 R01HL046005-20	0	1,781
Rhode Island Hospital	93.RD	2 R01HL046005-18A1	0	35,031
RTI International	93.RD	1R01DA025407-01A2	0	80,696
RTI International	93.RD	5R01DA025407-03	0	12,656
Rutgers University	93.RD	1 R01 A1091985-01A1	0	28,557
Sanford Health	93.RD	7U01HD045935-08	0	10,788
Scripps Institute	93.RD	5R01CA097209-09	0	22,616
Skidmore College	93.RD	1 R21 DA023147-02	0	3,242
St. Joseph's Hospital and Medical Center	93.RD	5 U01 NS052478-04	0	220
State University of New York	93.RD	5R01GM08322403	0	22,500
Syracuse University	93.RD	5P30AG033464-02	0	44,202
Temple University	93.RD	3000770451-ALIAS	0	14,597
Temple University	93.RD	3001299459-PIII	0	3,109
Tufts University	93.RD	5U01 HL077821-03	0	292
University of Arkansas	93.RD	10S-1156122	0	74,932
University of Arkansas Medical Science	93.RD	3 R01 GM089001-0251	0	188,520
University of California	93.RD	1R01HG005117	0	16,231
University of California	93.RD	5U54GM069338-08	0	23,507
University of California	93.RD	7R01GM087410-03	0	30,975
University of California	93.RD	R01 GM087405-01A1	0	19,827
University of California	93.RD	R01HG005117	0	120,725
University of California	93.RD	U54GM069338-09	0	99,171
University of Chicago	93.RD	41220	0	157,438
University of Chicago	93.RD	R01-AI12575	0	(226)
University of Cincinnati	93.RD	1 U01 NS052220-02	0	29,841
University of Cincinnati	93.RD	5 R01 AI065256	0	2,730
University of Cincinnati	93.RD	5 R01 AI065256-05	0	1,846
University of Delaware	93.RD	RRC1AR058450-02	0	19,936
University of Florida	93.RD	R01GM59969	0	185,931
University of Georgia	93.RD	7 R01 HL097090-03	0	8,529
University of Georgia	93.RD	7R01HS01132604	0	5,007
University of Iowa	93.RD	5 R01 HL083475-04	0	21,761
University of Iowa	93.RD	R01HL083475	0	113,343
University of Kentucky	93.RD	1 U54CA153604-01	9,421	70,472
University of Kentucky	93.RD	1 U54CA153604-02	16,712	138,886
University of Kentucky	93.RD	3 U01 CA114622-05S4	0	24,736
University of Maryland	93.RD	5U54AI057168-09	0	18,447
University of Maryland	93.RD	R01ES019168	0	22,218
University of Maryland	93.RD	SUB 113308 SR00000720	0	144,609
University of Massachusetts	93.RD	5-P01-HD025995-20	0	83,934
University of Michigan	93.RD	5 R01 EY012021-15	0	9,469
University of Michigan	93.RD	5-R01-DA-001411-37	0	46,313
University of Michigan	93.RD	CA129102-01A2	0	11,859
University of Michigan	93.RD	DA001411-36	0	13,497
University of Michigan	93.RD	HD039386	0	128,183
University of Michigan	93.RD	HD039386-09	0	52,350
University of Michigan	93.RD	HD039386-10	0	79,280
University of Michigan	93.RD	U01 HL094345	0	28,126
University of Minnesota	93.RD	1U01NS062091-01A2	0	6,443
University of Minnesota	93.RD	R01HG004041-03	0	37,223
University of North Carolina	93.RD	1 R01 HD067721-01A1	0	10,553
University of North Carolina	93.RD	5-30763	0	60,331
University of North Carolina	93.RD	5 U19 MH082441-05	0	227,343
University of North Carolina	93.RD	5P01HD039667-08	9,685	25,041
University of North Carolina	93.RD	5P01HD039667-09	0	111,232
University of North Carolina	93.RD	5P01HD039667-10	0	575,584

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
University of North Carolina	93.RD	5R01AI089819-02	0	86,258
University of Oklahoma	93.RD	5R01AG026607-06	0	71,281
University of Pennsylvania	93.RD	1 R01-HD069321-01	0	12,190
University of Pennsylvania	93.RD	5P20DA25995-04	0	205,953
University of Pennsylvania	93.RD	5-R01-CA-131333-04	0	91,770
University of Pennsylvania	93.RD	5R01CA131333-05	0	22,885
University of Pittsburgh	93.RD	1 RC1 HL102429-01	0	1,068
University of Pittsburgh	93.RD	5 R01 HL086918-05	0	10,060
University of Pittsburgh	93.RD	5 U01 CA099168-09	0	33,788
University of Pittsburgh	93.RD	5P50GM076659-05	0	39,014
University of Pittsburgh	93.RD	5R01AG026010-04	0	35,984
University of Pittsburgh	93.RD	5R01AG026010-05	0	118,330
University of Pittsburgh	93.RD	5R01HL086918-04	0	838
University of Pittsburgh	93.RD	6 UB4HP19199-01-01	0	7,128
University of Pittsburgh	93.RD	HHSN267200700029C	0	31,439
University of Pittsburgh	93.RD	UB4HP19199	0	128,003
University of Rochester	93.RD	4 U01 NS050095-06	0	4,941
University of South Carolina	93.RD	1R01AG037985	0	1,538
University of Texas at Austin	93.RD	2R01AG027769-05A1	0	4,341
University of Texas MD Anderson	93.RD	5 R01 HG003844-03	0	16,183
University of Texas Southwestern Medical Center	93.RD	5P50AR055503-04	0	20,997
University of Virginia	93.RD	U01 NS069498-01A1	0	850
University of Washington	93.RD	1 R01 HD068395-01	0	59,962
University of Wisconsin	93.RD	5P50CA143188-12	0	70,149
University of Wisconsin	93.RD	5P50CA143188-13	0	123,539
University of Wisconsin	93.RD	5U10HL074212-05	0	24,253
University of Wisconsin	93.RD	P01AG020166-07A2	0	89,666
Urban Institute	93.RD	1R01HD057189-01A1	0	71,480
Vanderbilt University	93.RD	1 R01HL109977-01	0	28,731
Vanderbilt University	93.RD	1 U01 HG006385-01	0	105,991
Vanderbilt University	93.RD	1R01MH095621-01	0	71,432
Vanderbilt University	93.RD	1R18HS020415-01	0	14,096
Vanderbilt University	93.RD	5U01HG004798-04	0	113,518
Vanderbilt University	93.RD	P41RR031461	0	75,791
Vanderbilt University	93.RD	R01MH095621	0	11,788
Vanderbilt University	93.RD	U19HL065962	0	268,154
Virginia Commonwealth University	93.RD	5 U54 HD03449	0	49,176
Virginia Commonwealth University	93.RD	5U54HD03449-15	4,543	317,634
Virginia Commonwealth University	93.RD	5U54 HD034449-16	0	36,185
Virginia Polytech Institute	93.RD	1U600H009761-01	0	37,081
Wake Forest University	93.RD	R01 HL090567	0	10,411
Wake Forest University	93.RD	R01AI083253-01A2	0	30,649
Wayne State University	93.RD	1R21GM082821-01A1	0	2,239
Westat Inc.	93.RD	200-2004-07072	0	10,489
Yale University	93.RD	1 R01 MH091453-01	0	(6,895)
Yale University	93.RD	2 U01-NS044876-06	0	6,439
Yale University	93.RD	5 K01 DA 024759-04	0	3,720
Yale University	93.RD	5 U10 HD055925-04	0	424,332
Yale University	93.RD	5U10HD05592505	0	6,028
Total - Health and Human Services			40,361	13,615,977
Homeland Security:				
Purdue University	97.RD	2009-DN-077-ARI036-04	0	62,429
Purdue University	97.RD	2009-ST-061-CI0001	0	365,914
Purdue University	97.RD	4112-38634	0	4,306
University of Connecticut	97.RD	5R01-DC004099-10	0	63
Total - Homeland Security			0	432,712

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
<u>Agency for International Development:</u>				
University of California	98.RD	EPP-A-00-09-0004	7,488	9,656
Virginia Polytech Institute	98.RD	EPP-A-00-04-00013-00	0	73,214
Virginia Polytech Institute	98.RD	EPP-A-00-04-00016-00	0	133,269
Total - Agency for International Development			7,488	216,139
<u>Miscellaneous:</u>				
American Bird Conservancy	99.RD	W912DY-09-2-0002	0	10,771
American Mushroom Institute	99.RD	140021	0	9,208
Earth Resources Technology, Inc.	99.RD	GS-10F-0196R	0	62,235
ITT Corp.	99.RD	320265J	0	430,217
Johns Hopkins University	99.RD	11-G-2402	0	8,008
Kyma Technologies, Inc.	99.RD	HQ0147-11-C-7760	0	50,797
L-3 Communications Titon Corporation	99.RD	NRO000-08-C-0249	0	304,000
Michigan State University	99.RD	EDH-A-00-07-00005	76,472	237,734
North Carolina State University	99.RD	H94003-11-2-1104	0	65,942
Siemens Ag	99.RD	122410 TO 001	0	21,161
Sungkyunkwan University	99.RD	138623	0	4,890
Total - Miscellaneous			76,472	1,204,963
Total Research and Development - Pass-Through Funds - Other Institutions			\$ 2,861,804	\$ 65,528,457
7. RESEARCH AND DEVELOPMENT - PASS-THROUGH FUNDS - OTHER INSTITUTIONS - AMERICAN RECOVERY AND REINVESTMENT ACT:				
<u>Commerce:</u>				
General Electric Co.	11.RD	60NANB10D019	\$ 0	\$ 89,603
Nature Conservancy	11.RD	NA09NMF4630332	0	17,099
Purdue University	11.RD	60NANB10D023	0	74,447
University of Texas at Austin	11.RD	1596-TRP	0	408,283
Total - Commerce			0	589,432
<u>Defense:</u>				
Purdue University	12.RD	FA9550-09-1-0523	0	22,020
United Technologies Research Center	12.RD	W9132T-10-C-0013	0	(27)
Total - Defense			0	21,993
<u>National Aeronautics and Space Admin.:</u>				
Wyle Laboratories	43.RD	NNL10AA08B/NNL0AB335	0	57,460
Wyle Laboratories	43.RD	NNL10AA08B/NNL10AB94T	0	(2)
Total - National Aeronautics and Space Admin.			0	57,458
<u>National Science Foundation:</u>				
Cornell University	47.RD	ECCS-0335765	0	27,513
Lehigh University	47.RD	DMR-0844014	0	135,475
University of Pennsylvania	47.RD	EAR-0722476	0	103,727
Total - National Science Foundation			0	266,715
<u>Energy:</u>				
ADI-Analytics, LLC	81.RD	DE-EE0002739	0	14,359
Air Products & Chemical	81.RD	DE-EE0000580	0	(40)
Central Vermont Public Service	81.RD	DE-OE0000315	0	19,879
Northwestern University	81.RD	DE-SC0000989	0	198,747
Proton Energy Systems	81.RD	DE-AR0000121	0	396,701
Recapping, Inc.	81.RD	DE-AR0000070	0	477,564
University of Massachusetts	81.RD	DE-SC 0001087	0	143,309
University of Michigan	81.RD	DE-EE0002119	0	20,937
University of Minnesota	81.RD	DE-OE0000427	0	10,402

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
URS Corporation	81.RD	----	0	233,024
Total - Energy			0	1,514,882
Education:				
Regional Center for Workforce Excellence	84.RD	----	0	6,666
Total - Education			0	6,666
Health and Human Services:				
Boston Medical Center	93.RD	----	0	12,276
Bowling Green University	93.RD	1R21HD058142-01A1	0	15,797
Brigham & Women's Hospital	93.RD	1R24TW008821-01	0	48,395
Donald Danforth Plant Science Center	93.RD	5R01DA025197-02	0	65,619
Duke Clinical Research Institute	93.RD	R01HL098237	0	544
Emory University	93.RD	----	0	18,618
Iowa State University	93.RD	5RC2DA028879-02	0	67,963
John Wayne Cancer Institute	93.RD	2P01CA029605	0	1,493
Massachusetts Institute of Technology	93.RD	1-R01-HL086521-01A2	0	737
Northwestern University	93.RD	R01 HD057223-02	0	59,535
Princeton University	93.RD	3 R01HD057599-02S1	0	11,819
Progenra, Inc.	93.RD	3R44AG025726-02S1	0	14,458
State University of New York at Albany	93.RD	1 RC1 HL099122-02	0	51,835
Temple University	93.RD	5U01 NS056975	0	1,254
University of Arkansas Medical Science	93.RD	3 R56 AI06056305A2S1	0	2
University of California	93.RD	HHSN2612000622009C	0	35,416
University of California	93.RD	3 R01 HD057164-02	0	7,407
University of California	93.RD	5R21AI077532-02	0	2,133
University of Florida	93.RD	3R01GM59969-1251	0	(1)
University of Florida	93.RD	R01 HL095508	0	1,775
University of Kentucky	93.RD	3 U01 CA114622-0553	0	74,062
University of Maryland	93.RD	3R01CA052881-19S1	0	27,833
University of North Carolina	93.RD	3P01HD039667-09S1	0	19,412
University of Pennsylvania	93.RD	5RC1AR058450-02	0	16,875
University of Pittsburgh	93.RD	3P50 GM076659-04S1	0	6,051
University of Texas Southwestern Medical	93.RD	5 RC1 AR058817-02	0	9,042
Utah State University	93.RD	1R21AG033109	0	14,967
Wake Forest University	93.RD	5RC2EB011406-02	0	4,370
Yale University	93.RD	3 U10 HD055925-02S1	0	208,806
Total - Health and Human Services			0	798,493
Total Research and Development - Pass-Through Funds - Other Institutions American Recovery and Reinvestment Act			\$	0
			\$	3,255,639
Total Research and Development			\$	72,118,920
			\$	540,557,023

8. OTHER DIRECT FUNDING:

Agriculture:			
National Institute of Food and Agriculture	10.200	0	5,223
Food and Agricultural Sciences National	10.210	0	68,162
Higher Education Challenge Grants	10.217	0	25,049
Integrated Programs	10.303	687,278	940,884
Specialty Crop Research Initiative	10.309	5,229	12,057
National Institute of Food and Agriculture	10.310	278,087	781,493
Beginning Farmer and Rancher Development Prog	10.311	51,745	260,767
Community Outreach and Assistance Partnership	10.455	0	26,514
Commodity Partnerships for Risk Management	10.459	0	4,569
Cooperative Extension Service	10.500	4,059	12,771,128
Cooperative Forestry Assistance	10.664	0	2,185
Urban and Community Forestry Program	10.675	0	276,015

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
Forest Stewardship Program	10.678		0	229,819
Agriculture Forest Service	10.681		0	23,509
Rural Business Enterprise Grants	10.769		0	98,038
Rural Energy for America Program	10.868		0	48,765
Natural Resources Conservation Service	10.902		0	7,613
Environmental Quality Incentives Program	10.912		0	62,487
Technical Agricultural Assistance	10.960		569	19,231
Cochran Fellowship Program-International Training-Foreign Participant	10.962		0	149,268
Non-Specified	10.xxx		0	38,235
Total - Agriculture			1,026,967	15,851,011
<u>Commerce:</u>				
Economic Development Technical Assistance	11.303		0	(8)
Economic Adjustment Assistance	11.307		0	61,673
Public Telecommunications Facilities	11.550		0	41,755
Total - Commerce			0	103,420
<u>Defense:</u>				
Basic, Applied, and Advanced Research in Science and Engineering	12.630		0	217,540
National Security Agency	12.900		0	110,560
National Security Agency	12.901		0	5,000
Advanced Research Projects Agency	12.910		0	12,412
Non-Specified	12.xxx		0	2,180,426
Total - Defense			0	2,525,938
<u>Labor:</u>				
Brookwood-Sago Grant	17.603		94,585	186,529
Total - Labor			94,585	186,529
<u>Department of Transportation</u>				
Airport Improvement Project	20.106		0	1,702,603
Total - Department of Transportation			0	1,702,603
<u>General Services Administration</u>				
Non-Specified	39.xxx		0	275,278
Total - General Services Administration			0	275,278
<u>National Aeronautics and Space Administration:</u>				
National Aeronautics and Space Administration	43.000		0	22,650
National Aeronautics and Space Administration	43.001		0	39,456
Total - National Aeronautics and Space Admin.			0	62,106
<u>National Endowment for the Humanities:</u>				
Promotion of the Humanities - Division of Preservation and Access	45.149		0	234,632
Promotion of the Humanities - Professional Develop	45.163		0	77,048
Promotion of the Humanities - Public Programs	45.164		0	2,048
Promotion of the Humanities - Office of Digital Humanities	45.169		0	12,740
Total - National Endowment for the Humanities			0	326,468
<u>National Science Foundation:</u>				
Mathematical and Physical Sciences	47.049		0	441,732
Geosciences	47.050		12,552	115,081
Computer and Information Science and Engineering	47.070		0	42,920
Biological Sciences	47.074		0	138,023
Social, Behavioral, and Economic Sciences	47.075		0	30,544
Education and Human Resources	47.076		0	670,323
Total - National Science Foundation			12,552	1,438,623

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
<u>Environmental Protection Agency:</u>				
Congressionally Mandated Projects	66.202		0	78,497
Protection of Children from Environmental Health Risks	66.609		0	130,014
Surveys, Studies, Investigations, Training				
Demo and Educational Outreach	66.716		0	43,303
Total - Environmental Protection Agency			<u>0</u>	<u>251,814</u>
<u>Energy:</u>				
Renewable Energy Research and Development	81.087		62,239	290,114
Total - Energy			<u>62,239</u>	<u>290,114</u>
<u>Education:</u>				
Office of Post Secondary Education	84.022		0	23,471
TRIO - Student Support Services	84.042		0	279,671
TRIO - Talent Search	84.044		3,008	658,569
TRIO - Upward Bound	84.047		0	782,138
TRIO - Educational Opportunity Centers	84.066		0	598,810
Fund for the Improvement of Postsecondary Education	84.116		2,804	22,224
Rehabilitation Long-Term Training	84.129		0	122,785
Migrant Education-College Assistance Migrant Program	84.149		0	419,776
Office of Post Secondary Education - Javits Fellow	84.170		0	37,737
Bilingual Education - Professional Development	84.195		0	277,474
Fund for the Improvement of Education	84.215		0	22,860
TRIO - McNair Post-Baccalaureate Achievement	84.217		0	293,541
National Institute for Literacy	84.257		109,981	158,157
Indian Education Formula Grants to Local Education Agencies	84.299		0	68,768
Education Research, Development and Dissemination	84.305		0	939,615
Special Education-Personnel Preparation to Improve Services and Results for Children with Disabilities	84.325		0	1,126,168
Child Care Access Means Parents in School	84.335		0	173,548
English Language Acquisition State Grants	84.365		0	122,077
Non-Specified	84.xxx		0	10,000
Total - Education			<u>115,793</u>	<u>6,137,389</u>
<u>Health and Human Services:</u>				
Model State-Supported Area Health Education Centers	93.107		450,303	687,787
Environmental Health	93.113		0	26,818
Injury Prevention and Control Research and State and Community Based Programs	93.136		52,215	580,915
Research Related to Deafness and Communication Disorders	93.173		0	26,879
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243		0	52,931
Advanced Nursing Education Grant	93.247		0	309,926
Public Health Service	93.272		0	3,530
Drug Abuse and Addiction Research Programs	93.279		0	366,435
Mental Health National Research Service Awards for Research Training	93.282		0	48,076
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283		0	24,762
Research Infrastructure Programs	93.351		0	12,899

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
Advanced Education Nursing Traineeships	93.358		0	26,594
Nurse Education, Practice and Retention Grants	93.359		0	159,223
National Center for Research Resources	93.389		29,121	233,365
Cancer Research Manpower	93.398		0	244,583
Advanced Nursing Education Expansion Initiative	93.513		0	249,664
Cardiovascular Diseases Research	93.837		0	116,264
Diabetes, Digestive and Kidney Diseases Extramural Research	93.847		0	178,268
Kidney Diseases, Urology and Hematology Research	93.849		0	69,324
Pharmacological Sciences	93.859		0	107,609
Aging Research	93.866		0	22,557
Grants to States for Operation of Offices of Rural Health	93.913		0	178,261
International Research and Research Training	93.989		61,030	88,040
Non-Specified	93.xxx		0	27,282
Total - Health and Human Services			592,669	3,841,992
Homeland Security:				
Non-Specified	97.xxx		0	235,394
Total - Homeland Security			0	235,394
Miscellaneous:				
Non-Specified	99.xxx		0	12,018
Total - Miscellaneous			0	12,018
Total Other Direct Funding			\$ 1,904,805	\$ 33,240,697
9. OTHER DIRECT FUNDING - AMERICAN RECOVERY AND REINVESTMENT ACT:				
National Science Foundation:				
Trans-NSF Recovery Act Research Support	47.082		\$ 34,957	\$ 109,490
Total - National Science Foundation			34,957	109,490
Health and Human Services:				
Training in Primary Care Medicine and Dentistry	93.403		0	314,975
Trans-NIH Recovery Act Research Support	93.701		0	9,648
Total - Health and Human Services			0	324,623
Total Other Direct Funding - American Recovery and Reinvestment Act			\$ 34,957	\$ 434,113

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
10. OTHER PASS-THROUGH FUNDS - COMMONWEALTH OF PENNSYLVANIA:				
<u>Department of Welfare:</u>				
Specialty Crop Block Grant	10.169	ME 44102198	\$ 0	\$ 18,224
Specialty Crop Block Grant	10.169	ME 44102202	0	13,304
Specialty Crop Block Grant - Farm Bill	10.170	ME 44102199		35,601
Crop Insurance Education in Targeted States	10.458	ME 44113070		90,288
Summer Food Service Program for Children	10.559	310-14-000-0	0	20,575
Cooperative Extension Service	10.561	4000015750	16,058,279	18,835,790
Non-Specified	10.xxx	4300295601/4400008014	0	195,075
Non-Specified	10.xxx	4300315022	0	11,932
Non-Specified	10.xxx	4300315338	0	2,686
Non-Specified	10.xxx	4300324334	0	495
Non-Specified	10.xxx	4300332235	0	1,933
Non-Specified	10.xxx	ME 44113149	0	633
Total - Department of Welfare			16,058,279	19,226,536
<u>Commerce:</u>				
State Broadband Data and Development Grant	11.558	C000051994	0	89,881
Total - Labor			0	89,881
<u>Labor:</u>				
Employment Service/Wagner-Peyser Funded Act	17.207	4300335759	0	10,900
Mine Health and Safety Education and Training	17.602	4300247695	0	84,792
Non-Specified	17.xxx	4300298642	0	237,158
Total - Labor			0	332,850
<u>Environmental Protection Agency</u>				
Pollution Prevention Grants	66.708	4100055392	0	55,490
Pollution Prevention Grants	67.708	4100058771	0	29,169
Regional Agricultural IPM Grants	66.714	ME 44091829	0	8,279
Total - Education			0	92,938
<u>Energy</u>				
State Energy Program Special Projects	81.119	4100058770	0	189,335
Total - Labor			0	189,335
<u>Education:</u>				
Adult Education - Basic Grants to States	84.002	041-120038	24,231	176,401
Adult Education - Basic Grants to States	84.002	041-120039	0	259,712
Adult Education - Basic Grants to States	84.002	099-11-0006	14,375	16,736
Adult Education - Basic Grants to States	84.002	099-120001	0	191,920
Adult Education - Basic Grants to States	84.002	099-120002	0	459,463
Adult Education - Basic Grants to States	84.002	099-120003	60,000	198,331
Career and Technical Education - Basic Grants to States	84.048	119-11-1003	0	1,478
Career and Technical Education - Basic Grants to States	84.048	119-122004	0	230,741
Safe and Drug-Free Schools_State Grants	84.186	18176	0	785
Tech-Prep Education	84.243	386-11-1010	0	3,649
Non-Specified	84.xxx	4300186778/4400003640	0	172,284
Total - Education			98,606	1,711,500
<u>Health and Human Services:</u>				
State Rural Hospital Flexibility Program	93.241	4100050114	0	414,648
Centers for Disease Control & Prevention Investigations	93.283	4100043203	0	(2,758)
Child Support Enforcement	93.563	4100049863	0	2,828,549
National Bioterrorism Hospital Preparedness Prog	93.889	4100049821	1,285,691	1,476,532

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
National Bioterrorism Hospital Preparedness Prog	93.889	4100051060	0	48,232
National Bioterrorism Hospital Preparedness Prog	93.889	4300327570	3,800	98,379
National Bioterrorism Hospital Preparedness Prog	93.889	4300311328	0	34,627
HIV Prevention Activities	93.940	4300327779	0	58,163
Total - Health and Human Services			1,289,491	4,956,372

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

\$ 17,446,376 \$ 26,599,412

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

Commerce:

State Broadband Data and Development Grant	11.558	C000051994	\$ 0	\$ 32,303
Total - Labor			0	32,303

Labor:

WIA Adult Program	17.259	340103344	28,820	114,001
Total - Labor			28,820	114,001

Energy:

State Energy Program Special Projects	81.119	4100053748	0	(9,065)
Energy Efficiency and Conservation Block Grant	81.128	4300313335	0	197,549
Total - Energy			0	188,484

Health and Human Services:

State Primary Care Offices	93.414	4100049821	19,354	24,164
Centers of Excellence	93.415	4300249569	331,569	446,881
Non-Specified	93.xxx	4100051970	0	133,556
Total - Health and Human Services			350,923	604,601

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

\$ 379,743 \$ 939,389

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

Agriculture:

University of Vermont-Sustainable Agricultural Research and Education	10.215	2009-38640-19631	\$ 0	\$ 6,122
University of Vermont-Sustainable Agricultural Research and Education	10.215	2010-38640-20820	0	55,068
University of Maryland-Integrated Programs	10.303	2008-51130-19500	0	37,884
Virginia Technology University-Integrated Programs	10.303	2008-51110-04334	0	56,532
Carnegie Mellon University-Specialty Crop Research	10.309	2008-51180-04876	0	165,656
Rutgers University-Specialty Crop Research	10.309	2009-51181-06035	0	2,294
University of Minnesota-Specialty Crop Research	10.309	2010-51181-21159	0	11,079
Virginia Polytechnic University-Specialty Crop Research	10.309	2010-51181-21140	0	76,089
Virginia State University-Specialty Crop Research	10.309	2011-51181-30699	0	3,517
Auburn University-Cooperative Extension Service	10.500	2009-48510-06068	0	3,169
Cornell University-Cooperative Extension Service	10.500	2007-48668-03969	0	3,300
Cornell University-Cooperative Extension Service	10.500	ENE09-110	0	4,209
Joslin Diabetes Center-Cooperative Extension Service	10.500	----	0	24,601

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
Kansas State University-Cooperative Extension Service	10.500	2007-48661-03868	0	29,039
Kansas State University-Cooperative Extension Service	10.500	----	0	203,931
Mississippi State University-Cooperative Extension Service	10.500	----	0	1,018
Ohio State University-Cooperative Extension Service	10.500	2009-41521-05954	0	34,960
Rutgers State University of New Jersey- Cooperative Extension Service	10.500	2011-41530-30566	0	163
University of Delaware-Cooperative Extension Service	10.500	2010-49200-06201	0	47,274
University of Maine-Cooperative Extension Service	10.500	2008-47001-04302	0	4,002
University of Nebraska-Cooperative Extension Service	10.500	2010-48712-21880	0	591,143
University of Nebraska-Cooperative Extension Service	10.500	----	0	36,577
University of Vermont-Cooperative Extension Service	10.500	2009-47001-05350	0	20,110
Iowa State University-Non-Specified	10.xxx	----		2,981
National Association of State University Land Grant Colleges-Non-Specified	10.xxx	----	149	5,589
New York State Department Agriculture & Markets-Non-Specified	10.xxx	10-IE-53300-006	0	18,589
University of Wisconsin-Non-Specified	10.xxx	----	0	99,096
Total - Agriculture			<u>149</u>	<u>1,543,992</u>
<u>Defense:</u>				
National Defense University-Non-Specified	12.xxx	----	0	163,385
University of Michigan-Non-Specified	12.xxx	N65540-10-C-0003	0	103,396
Total - Defense			<u>0</u>	<u>266,781</u>
<u>Interior:</u>				
TDI Brooks International Inc.-Non-Specified	15.xxx	----	0	51,051
Total - Interior			<u>0</u>	<u>51,051</u>
<u>Labor:</u>				
Private Industry Council Lehigh Valley - Job Training Partnership Act	17.250	----	0	131,484
Total - Labor			<u>0</u>	<u>131,484</u>
<u>State:</u>				
Institute for International Education- Humphrey Fellowship Program	19.010	S-ECAAS-10-CA-044	0	302
Total - State			<u>0</u>	<u>302</u>
<u>Transportation:</u>				
Cornell University-Biobased Transportation Research	20.761	DTOS59-07-G-00052	0	41,066
Cornell University-Biobased Transportation Research	20.761	----	7,000	7,183
Total - Transportation			<u>7,000</u>	<u>48,249</u>
<u>National Aeronautics and Space Admin.:</u>				
American Astronomical Society-Non-Specified	43.xxx	----	0	4,081
Total-National Aeronautics and Space Admin.			<u>0</u>	<u>4,081</u>

	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	21,760
Purdue University-National Leadership Grants	45.312	LG-46-11-0091-11	0	5,730
New England Foundation for the Arts- Non-Specified	45.xxx	----	0	11,000
Total National Endowment for the Arts			<u>0</u>	<u>38,490</u>
<u>National Science Foundation:</u>				
University of New Hampshire-Geosciences	47.050	GEO-0631377	0	48,718
Tennessee Technological University-Education and Human Resources	47.076	1022789	0	5,598
Texas A&M University-Education and Human Resources	47.076	----	0	(460)
University of Massachusetts-Education and Human Resources	47.076	HRD 9978878	0	34,581
University of Pittsburgh-Education and Human Resources	47.076	DRL-0732798	0	95,949
American Astronomical Society-Non-Specified	47.xxx	----	0	5,569
Shippensburg University-Non-Specified	47.xxx	----	0	4,857
Tech Commercialization Center-Non-Specified	47.xxx	NNL09AA03B	0	50,328
Total National Science Foundation			<u>0</u>	<u>245,140</u>
<u>Small Business Administration:</u>				
University of Pennsylvania-Small Business Development Centers	59.037	----	0	216,207
Ben Franklin Technology Center-Non-Specified	59.xxx	SBAHQ-10-G-0010	0	76,054
Total - Small Business Administration			<u>0</u>	<u>292,261</u>
<u>Veterans Affairs</u>				
Boston College-Vocational and Educational Counseling for Service Members and Veterans	64.125	VA244-P-1554	0	11,308
Total - Veterans Affairs			<u>0</u>	<u>11,308</u>
<u>Environmental Protection Agency:</u>				
National Fish & Wildlife Foundation-Office of Water	66.466	----	328,937	414,016
Beaver County-Non-Specified	66.xxx	----	0	6,807
Lancaster County-Non-Specified	66.xxx	----	0	45,781
National Fish & Wildlife Foundation-Non-Specified	66.xxx	----	0	5,018
Total - Environmental Protection Agency			<u>328,937</u>	<u>471,622</u>
<u>Energy:</u>				
Ben Franklin Technology Center-Energy Efficiency and Renewable Energy Technology Deployment Demonstration and Commercialization	81.129	DE-EE0001967	0	216,650
Total - Energy			<u>0</u>	<u>216,650</u>
<u>Education:</u>				
University of Turabo Puerto Rico- Bilingual Education Training Grants	84.195	T195N070410	0	188,844
State College Area School District-Fund for the Improvement of Education	84.215	Q215M100105	0	25,429
Kent State University-National Institute for Literacy	84.257	X257S060001	0	63,195
National Writing Project Corporation-State Grants for Innovative Programs	84.928	----	0	80,517
Pittsburgh School District-Mathematics and Science Partnerships	84.366	----	0	26,328

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
Pittsburgh School District-Grants to States, Recovery Act	84.391	----	0	63,635
Total - Education			<u>0</u>	<u>447,948</u>
<u>Health and Human Services:</u>				
Boston College-Administration on Aging	93.048	90CP0143/01	0	45,612
Boston College-Administration on Aging	93.048	90OP000203	0	11,415
Tufts University-Centers for Disease Control and Prevention	93.061	1R18DP002144	0	35,498
Bassett Mary Imogene Hospital Research- Occupational Safety and Health Research Grants	93.262	3U50OH007542-09S1	0	5,675
Marshfield Clinic Research Foundation-Occupational Safety and Health Research Grants	93.262	----	0	3,870
Temple University-Drug Abuse Addiction Research Programs	93.279	360655/P0071022	0	5,151
Temple University-Drug Abuse Addiction Research Programs	93.279	1 U01 DA025284-02	0	19,869
Milton S. Hershey Medical Center Cancer Treatment Research	93.395	----	0	13,508
Community Service for Children-Child Care and Development Block Grant	93.575	----	0	18,747
Northwest Institute of Research-Child Care and Development Block Grant	93.575	----	0	15,645
YWCA of Greater Pittsburgh-Child Care and Development Block Grant	93.575	----	0	255
American Institute for Research-Non-Specified	93.xxx	----	0	6,004
Bayer Pharmaceuticals-Non-Specified	93.xxx	----	0	726
Child Care Consultants, Inc.-Non-Specified	93.xxx	----	0	647,788
Iowa State University-Non-Specified	93.xxx	----	0	12,920
Kirkville College of Osteopathic Medicine- Non-Specified	93.xxx	R25AT003579	0	48,840
Marshfield Clinic Research Foundation-Non-Specified	93.xxx	----	0	13,003
Northwest Institute of Research-Non-Specified	93.xxx	----	0	4,151
Tufts University-Non-Specified	93.xxx	1R18DP002144	0	47,973
University of Pennsylvania-Non-Specified	93.xxx	----	0	444,377
Westmoreland-Fay Workforce Investment- Non-Specified	93.xxx	----	0	12,471
Total - Health and Human Services			<u>0</u>	<u>1,413,498</u>
<u>Agency for International Development</u>				
Michigan State University-Non-Specified	98.xxx	----	0	31,010
Total - Agency for International Development			<u>0</u>	<u>31,010</u>
<u>Miscellaneous:</u>				
North Carolina State University-Non-Specified	99.xxx	4-98-2-23	0	90,628
Total - Miscellaneous			<u>0</u>	<u>90,628</u>
Total Other Pass-Through Funds - Other Institutions			<u>\$ 336,086</u>	<u>\$ 5,304,495</u>

13. OTHER PASS-THROUGH FUNDS

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

Labor:

County of Fayette & Penntap-Non Specified	17.xxx	----	\$	0	\$	(1,697)
Total - Labor				0		(1,697)

Total Other Pass-Through Funds

Other Institutions American Recovery and Reinvestment Act			\$	0	\$	(1,697)
--	--	--	----	---	----	---------

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, 2012</u>	<u>Loan Expenditures and Disburs.</u>	<u>Outstanding Balance at June 30, 2012</u>
Federal Perkins Loan Program	84.038	\$0	\$785,654	\$42,294,453
Health Professions Student Loan Program	93.342	0	0	284,931

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, 2012 totaled \$566,983,142.

16. FEDERAL ENDOWMENT:

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

The University administers the following federal endowment:

	<u>CFDA No.</u>	<u>Balance at July 1, 2011</u>	<u>Endowment Expenditures</u>	<u>Endowment Income</u>	<u>Balance at June 30, 2012</u>
Fund for the Improvement of Postsecondary Education	84.116	\$6,000,000	\$251,690	\$251,690	\$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, 2012, and have issued our report thereon dated October 26, 2012. 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.

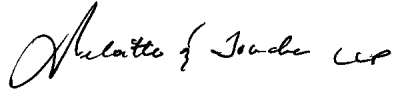
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. 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 black ink, appearing to read "Michael J. Jordan" followed by a stylized flourish.

October 26, 2012



Deloitte & Touche LLP

1700 Market Street
Philadelphia, PA 19103-3984
USA

Tel: 215 246 2300
Fax: 215 569 2441
www.deloitte.com

**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, 2012. 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, 2012.

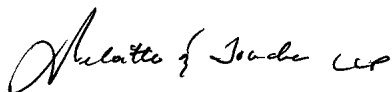
Internal Control Over Compliance

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.



March 25, 2013

THE PENNSYLVANIA STATE UNIVERSITY

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2012**

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
Student Financial Aid Cluster

Dollar threshold used to distinguish between Type A and Type B programs \$ 3,932,701

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