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

**The Pennsylvania State University
Fiscal Year Ended June 30, 2015**

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, 2015

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March 21, 2016

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, 2015 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,

Joseph J. Doncsecz
Associate Vice Present for Finance and Corporate Controller

JJD/kjm

Enclosures

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Audited Financial Statements

The Pennsylvania State University
Fiscal Year Ended June 30, 2015

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of The Pennsylvania State University and its subsidiaries (the "University"), which comprise the consolidated statements of financial position as of June 30, 2015 and 2014, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the University's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the University as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2015 on our consideration of the University's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with the *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

Deloitte & Touche LLP

October 30, 2015

THE PENNSYLVANIA STATE UNIVERSITY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
ASSETS
JUNE 30, 2015 AND 2014
(in thousands)

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Current assets:		
Cash and cash equivalents	\$ 859,009	\$ 1,028,529
Short-term investments	383,756	365,851
Deposits held by bond trustees	61,262	-
Deposits held for others	9,622	57,014
Accounts receivable, net of allowances of \$72,190 and \$72,957	554,309	527,213
Contributions receivable, net	56,058	63,573
Loans to students, net of allowances of \$481 and \$384	6,105	8,163
Inventories	36,745	35,484
Prepaid expenses and other assets	<u>194,854</u>	<u>114,963</u>
Total current assets	<u>2,161,720</u>	<u>2,200,790</u>
Noncurrent assets:		
Deposits held by bond trustees	448	2,551
Contributions receivable, net	134,924	150,891
Loans to students, net of allowances of \$2,675 and \$2,319	55,038	52,654
Deferred bond costs, net	5,068	5,095
Total investment in plant, net	4,188,312	3,944,252
Beneficial interest in perpetual trusts	15,471	15,498
Investments	5,684,125	5,319,035
Other assets	<u>74,807</u>	<u>19,841</u>
Total noncurrent assets	<u>10,158,193</u>	<u>9,509,817</u>
Total assets	<u>\$ 12,319,913</u>	<u>\$ 11,710,607</u>

See notes to consolidated financial statements.

THE PENNSYLVANIA STATE UNIVERSITY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
LIABILITIES AND NET ASSETS
JUNE 30, 2015 AND 2014
(in thousands)

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Current liabilities:		
Accounts payable and other accrued expenses	\$ 619,502	\$ 526,815
Deferred revenue	285,880	271,684
Long-term debt	37,530	47,177
Present value of annuities payable	5,594	5,597
Accrued postretirement benefits	53,857	53,350
Total current liabilities	<u>1,002,363</u>	<u>904,623</u>
Noncurrent liabilities:		
Deposits held in custody for others	32,422	40,619
Deferred revenue	1,939	1,952
Long-term debt	984,039	934,311
Present value of annuities payable	43,127	45,554
Accrued postretirement benefits	2,037,229	1,847,056
Refundable United States Government student loans	47,105	46,318
Other liabilities	198,191	206,649
Total noncurrent liabilities	<u>3,344,052</u>	<u>3,122,459</u>
Total liabilities	<u>4,346,415</u>	<u>4,027,082</u>
Net assets:		
Unrestricted -		
Undesignated	1,605	1,637
Designated for specific purposes	3,142,477	3,182,328
Net investment in plant	2,733,135	2,473,238
Total unrestricted - The Pennsylvania State University	<u>5,877,217</u>	<u>5,657,203</u>
Noncontrolling interest	1,560	961
Total unrestricted	<u>5,878,777</u>	<u>5,658,164</u>
Temporarily restricted	660,614	694,240
Permanently restricted	1,434,107	1,331,121
Total net assets	<u>7,973,498</u>	<u>7,683,525</u>
Total liabilities and net assets	<u>\$ 12,319,913</u>	<u>\$ 11,710,607</u>

See notes to consolidated financial statements.

THE PENNSYLVANIA STATE UNIVERSITY
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015
(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 \$168,455	\$ 1,696,729	\$ -	\$ -	\$ 1,696,729
Commonwealth of Pennsylvania -				
Appropriations	277,931	-	-	277,931
Special contracts	64,221	-	-	64,221
Department of General Services projects	57,631	-	-	57,631
United States Government grants and contracts	462,089	-	-	462,089
Private grants and contracts	178,258	-	-	178,258
Gifts and pledges	86,017	158	-	86,175
Endowment spending	83,958	-	-	83,958
Other investment income	114,259	1,869	-	116,128
Sales and services of educational activities	70,970	-	-	70,970
Recovery of indirect costs	149,338	-	-	149,338
Auxiliary enterprises	427,782	-	-	427,782
Medical Center revenue	1,596,230	-	-	1,596,230
Other sources	25,960	-	-	25,960
Net assets released from restrictions	4,355	(4,355)	-	-
Total operating revenues and other support	<u>5,295,728</u>	<u>(2,328)</u>	<u>-</u>	<u>5,293,400</u>
Operating expenses:				
Educational and general -				
Instruction	1,272,778	-	-	1,272,778
Research	765,864	-	-	765,864
Public service	77,806	-	-	77,806
Academic support	357,962	-	-	357,962
Student services	182,957	-	-	182,957
Institutional support	369,967	-	-	369,967
Total educational and general	3,027,334	-	-	3,027,334
Auxiliary enterprises	380,711	-	-	380,711
Medical Center expense	1,494,296	-	-	1,494,296
Total operating expenses	<u>4,902,341</u>	<u>-</u>	<u>-</u>	<u>4,902,341</u>
Increase (decrease) in net assets from operating activities	393,387	(2,328)	-	391,059
Nonoperating activities:				
Gifts and pledges	-	-	92,396	92,396
Current year investment returns	(8,892)	(29,299)	11,680	(26,511)
Endowment appreciation utilized	(57,445)	-	-	(57,445)
Changes in funds held by others in perpetuity	-	207	(107)	100
Write-offs and disposals of assets	(5,645)	-	-	(5,645)
Nonperiodic change in postretirement benefit plan	(101,391)	-	-	(101,391)
Actuarial adjustment on annuities payable	-	(2,206)	(983)	(3,189)
Increase (decrease) in net assets from nonoperating activities	<u>(173,373)</u>	<u>(31,298)</u>	<u>102,986</u>	<u>(101,685)</u>
Increase (decrease) in net assets - The Pennsylvania State University	220,014	(33,626)	102,986	289,374
Noncontrolling interest:				
Excess of revenues over expenses	599	-	-	599
Increase in net assets noncontrolling interest	<u>599</u>	<u>-</u>	<u>-</u>	<u>599</u>
Increase (decrease) in total net assets	220,613	(33,626)	102,986	289,973
Net assets at the beginning of the year	<u>5,658,164</u>	<u>694,240</u>	<u>1,331,121</u>	<u>7,683,525</u>
Net assets at the end of the year	<u>\$ 5,878,777</u>	<u>\$ 660,614</u>	<u>\$ 1,434,107</u>	<u>\$ 7,973,498</u>

See notes to consolidated financial statements.

THE PENNSYLVANIA STATE UNIVERSITY
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014
(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 \$153,724	\$ 1,606,079	\$ -	\$ -	\$ 1,606,079
Commonwealth of Pennsylvania -				
Appropriations	275,931	-	-	275,931
Special contracts	71,750	-	-	71,750
Department of General Services projects	82,337	-	-	82,337
United States Government grants and contracts	478,699	-	-	478,699
Private grants and contracts	184,722	-	-	184,722
Gifts and pledges	104,947	42,672	-	147,619
Endowment spending	75,383	-	-	75,383
Other investment income	113,349	674	-	114,023
Sales and services of educational activities	66,758	-	-	66,758
Recovery of indirect costs	148,988	-	-	148,988
Auxiliary enterprises	406,685	-	-	406,685
Medical Center revenue	1,470,925	-	-	1,470,925
Other sources	18,925	-	-	18,925
Net assets released from restrictions	<u>25,649</u>	<u>(25,649)</u>	<u>-</u>	<u>-</u>
Total operating revenues and other support	<u>5,131,127</u>	<u>17,697</u>	<u>-</u>	<u>5,148,824</u>
Operating expenses:				
Educational and general -				
Instruction	1,186,941	-	-	1,186,941
Research	775,321	-	-	775,321
Public service	78,960	-	-	78,960
Academic support	342,876	-	-	342,876
Student services	171,484	-	-	171,484
Institutional support	<u>306,833</u>	<u>-</u>	<u>-</u>	<u>306,833</u>
Total educational and general	<u>2,862,415</u>	<u>-</u>	<u>-</u>	<u>2,862,415</u>
Auxiliary enterprises	366,101	-	-	366,101
Medical Center expense	<u>1,351,131</u>	<u>-</u>	<u>-</u>	<u>1,351,131</u>
Total operating expenses	<u>4,579,647</u>	<u>-</u>	<u>-</u>	<u>4,579,647</u>
 Increase in net assets from operating activities	 551,480	 17,697	 -	 569,177
Nonoperating activities:				
Gifts and pledges	-	-	114,659	114,659
Current year investment returns	279,217	193,815	9,087	482,119
Endowment appreciation utilized	(47,077)	-	-	(47,077)
Changes in funds held by others in perpetuity	-	363	1,702	2,065
Write-offs and disposals of assets	(5,141)	-	-	(5,141)
Nonperiodic change in postretirement benefit plan	(126,985)	-	-	(126,985)
Actuarial adjustment on annuities payable	<u>-</u>	<u>(2,010)</u>	<u>(12,509)</u>	<u>(14,519)</u>
Increase in net assets from nonoperating activities	<u>100,014</u>	<u>192,168</u>	<u>112,939</u>	<u>405,121</u>
 Increase in net assets - The Pennsylvania State University	 651,494	 209,865	 112,939	 974,298
Noncontrolling interest:				
Excess of revenues over expenses	<u>130</u>	<u>-</u>	<u>-</u>	<u>130</u>
Increase in net assets noncontrolling interest	<u>130</u>	<u>-</u>	<u>-</u>	<u>130</u>
 Increase in total net assets	 651,624	 209,865	 112,939	 974,428
 Net assets at the beginning of the year	 <u>5,006,540</u>	 <u>484,375</u>	 <u>1,218,182</u>	 <u>6,709,097</u>
 Net assets at the end of the year	 <u>\$ 5,658,164</u>	 <u>\$ 694,240</u>	 <u>\$ 1,331,121</u>	 <u>\$ 7,683,525</u>

See notes to consolidated financial statements.

THE PENNSYLVANIA STATE UNIVERSITY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014
(in thousands)

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Cash flows from operating activities:		
Increase in net assets	\$ 289,973	\$ 974,428
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Actuarial adjustment on annuities payable	3,282	14,519
Contributions restricted for long-term investment	(117,825)	(115,854)
Interest and dividends restricted for long-term investment	(25,819)	(60,684)
Net realized and unrealized gains on long-term investments	(22,856)	(512,770)
Depreciation expense	295,734	275,369
Amortization expense	(119)	536
(Gain)/loss on early extinguishment of debt	(1,722)	25
Write-offs and disposals of assets	5,203	4,693
Contributions of land, buildings and equipment	(2,528)	(27,089)
Buildings and equipment provided by Pennsylvania Department of General Services	-	(222)
Contribution to government student loan funds	154	431
Provision for bad debts	53,341	54,115
Decrease/(increase) in deposits held for others	47,392	(12,848)
Increase in receivables	(32,552)	(132,791)
Increase in inventories	(1,412)	(4,013)
Increase in prepaid expenses and other assets	(143,214)	(5,725)
Decrease in accounts payable and other accrued expenses	(10,894)	(68,638)
Increase in deferred revenue	15,511	1,184
Increase in accrued postretirement benefits	190,680	205,365
Net cash provided by operating activities	<u>542,329</u>	<u>590,031</u>
Cash flows from investing activities:		
Purchase of land, buildings and equipment	(520,425)	(450,139)
Increase in deposits held by bond trustees	(59,159)	-
Advances on student loans	(10,723)	(11,013)
Collections on student loans	9,562	8,983
Proceeds from sale of donated financial assets	504	159
Purchase of investments	(11,679,210)	(39,148,432)
Proceeds from sale of investments	11,373,167	38,919,400
Net cash used in investing activities	<u>(886,284)</u>	<u>(681,042)</u>
Cash flows from financing activities:		
Contributions restricted for long-term investment	117,825	115,854
Interest and dividends restricted for long-term investment	25,819	60,684
Payments of annuity obligations	(5,711)	(5,620)
Proceeds from long-term debt	230,883	10,000
Bond issuance costs	(201)	-
Principal payments on long-term debt	(194,617)	(45,322)
Proceeds related to government student loan funds, net of collection costs	437	688
Net cash provided by financing activities	<u>174,435</u>	<u>136,284</u>
Net (decrease)/increase in cash and cash equivalents	(169,520)	45,273
Cash and cash equivalents at the beginning of the year	<u>1,028,529</u>	<u>983,256</u>
Cash and cash equivalents at the end of the year	<u>\$ 859,009</u>	<u>\$ 1,028,529</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, 2015 AND 2014

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”), The Corporation for Penn State and its subsidiaries (“the Corporation”) and Penn State Health, a Pennsylvania non-profit corporation. See Note 11 for additional information about TMSHMC, Health System and Penn State Health. 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, Penn State Health and the Corporation have been eliminated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

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

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

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

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

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

Use of Estimates

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

Revenue Recognition

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

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

TMSHMC and Health System have agreements with third-party payors that provide for payments to TMSHMC and Health System at amounts different from their established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. In addition, net patient service revenue is net of provision for bad debts of \$46.6 million and \$50.1 million for the years ended June 30, 2015 and 2014, respectively. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined or such estimates change.

TMSHMC provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than established rates. The Medical Center does not pursue collection of amounts determined to qualify as charity care; they are not reported as net patient service revenue. The amounts of direct and indirect costs for services and supplies furnished under the Medical Center's charity care policy totaled approximately \$20.8 million and \$20.2 million for the years ended June 30, 2015 and 2014, respectively, and is based on a ratio of the Medical Center's operational costs to its gross charges. The amount of charges foregone for services and supplies furnished under the Medical Center's charity policy during 2015 and 2014 totaled approximately \$61.1 million and \$56.3 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, 2015 and 2014. 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, 2015 and 2014 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:

(in thousands of dollars)

	<u>2015</u>	<u>2014</u>
Interest paid	\$ 46,208	\$ 44,673
Non-cash acquisitions of land, buildings and equipment	7,437	38,470

Capitalized costs accrued related to construction are \$60.2 million and \$46.2 million as of June 30, 2015 and 2014, respectively. Taxes paid for 2015 and 2014 are considered immaterial. 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 3 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>2015</u>	<u>2014</u>
Grants and contracts, net of allowance of \$1,211 and \$1,211	\$ 167,170	\$ 222,981
Patient accounts receivable, net of allowance of \$58,212 and \$60,108	222,476	172,104
Student receivables, net of allowance of \$7,287 and \$6,689	33,694	30,946
Investment and interest receivable	81,814	58,765
Other, net of allowance of \$5,480 and \$4,949	49,155	42,417
Total accounts receivable, net	<u>\$ 554,309</u>	<u>\$ 527,213</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.

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, 2015 and 2014, student loans represent 0.5% 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 \$47.1 million and \$46.3 million at June 30, 2015 and 2014, 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, 2015 and 2014, loans to students consisted of the following:

<i>(in thousands of dollars)</i>	<u>2015</u>	<u>2014</u>
Loans to students:		
Federal government loan programs:		
Perkins loan program	\$ 44,541	\$ 44,337
Health Professions Student Loans and Loans for Disadvantaged Students	<u>91</u>	<u>117</u>
Federal government loan programs	44,632	44,454
Institutional loan programs	<u>19,667</u>	<u>19,066</u>
	64,299	63,520
Less allowance for doubtful accounts:		
Balance, beginning of year	(2,703)	(3,081)
Provision for doubtful accounts	<u>(453)</u>	<u>378</u>
Balance, end of year	<u>(3,156)</u>	<u>(2,703)</u>
Loans to students, net	<u>\$ 61,143</u>	<u>\$ 60,817</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. Further, the University does not evaluate the credit quality of the student loans receivable after the initial approval and calculation of the loans.

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, 2015 and 2014 are as follows:

	<i>(in thousands of dollars)</i>				
<u>2015</u>	<u>45 days or less</u>	<u>46-75 days</u>	<u>76-105 days</u>	<u>Over 105 days</u>	<u>Total</u>
Loans to students:					
Federal government loan programs	\$ 38,588	\$ 34	\$ 28	\$ 5,982	\$ 44,632
Institutional loan programs	<u>17,435</u>	<u>13</u>	<u>12</u>	<u>2,207</u>	<u>19,667</u>
Total loans to students	<u>56,023</u>	<u>47</u>	<u>40</u>	<u>8,189</u>	<u>64,299</u>
Allowance for doubtful accounts:					
Federal government loan programs					(872)
Institutional loan programs					<u>(2,284)</u>
Total allowance for doubtful accounts					<u>(3,156)</u>
Total loans to students, net					<u>\$ 61,143</u>

	<i>(in thousands of dollars)</i>				
	<u>45 days or less</u>	<u>46-75 days</u>	<u>76-105 days</u>	<u>Over 105 days</u>	<u>Total</u>
<u>2014</u>					
Loans to students:					
Federal government loan programs	\$ 38,336	\$ 34	\$ 19	\$ 6,065	\$ 44,454
Institutional loan programs	<u>16,598</u>	<u>13</u>	<u>8</u>	<u>2,447</u>	<u>19,066</u>
Total loans to students	<u>54,934</u>	<u>47</u>	<u>27</u>	<u>8,512</u>	<u>63,520</u>
Allowance for doubtful accounts:					
Federal government loan programs					(1,297)
Institutional loan programs					<u>(1,406)</u>
Total allowance for doubtful accounts					<u>(2,703)</u>
Total loans to students, net					<u>\$ 60,817</u>

Certain prior year amounts reported above have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported total loans to students for the year ended June 30, 2014. The increase in the over 105 day categories is to conform to the current presentation which is based on aging of the most delinquent loans with the entire balances of such loans reflected as past due.

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, 2015 and 2014. 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>2015</u>	<u>2014</u>
Land	\$ 126,790	\$ 123,532
Buildings	5,731,089	5,354,902
Improvements other than buildings	632,938	587,492
Equipment	<u>1,261,088</u>	<u>1,186,744</u>
Total plant	7,751,905	7,252,670
Less accumulated depreciation	<u>(3,563,593)</u>	<u>(3,308,418)</u>
Total investment in plant, net	<u>\$ 4,188,312</u>	<u>\$ 3,944,252</u>

The value of land, buildings, and equipment is recorded at cost or, if received as gifts, at fair value at date of gift. The University does not capitalize the cost of library books. Depreciation is computed over the estimated useful lives of the assets using the straight-line method. Useful lives range from 4 to 50 years for buildings, 10 to 20 years for improvements other than buildings, and 1 to 20 years for equipment. Depreciation expense was \$295.7 million and \$275.4 million for the fiscal years ended June 30, 2015 and 2014, respectively. The University has certain building and equipment lease agreements in effect which are considered capital leases that are included as long-term debt in the statements of financial position. These leases have been capitalized at the lower of fair market value or net present value of the minimum lease payments. Buildings and equipment held under capital leases are amortized on a straight-line basis over the shorter of the lease terms or the estimated useful lives of the assets. The capitalized cost and accumulated depreciation of the leases at June 30, 2015 and 2014 was \$137.5 million and \$57.7 million, and \$127.9 million and \$42.5 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>2015</u>	<u>2014</u>
Accounts payable (non-Medical Center)	\$ 301,075	\$ 195,910
Medical Center accounts payable and other accrued expenses	230,422	186,570
Accrued payroll and other related liabilities	60,505	89,851
Accrued payment under the Endowment Act (NCAA fine)	12,000	36,000
Accrued bond interest	10,736	13,093
Student deposits	<u>4,764</u>	<u>5,391</u>
Total accounts payable and other accrued expenses	<u>\$ 619,502</u>	<u>\$ 526,815</u>

Certain prior year amounts reported above have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported total accounts payable and other accrued expenses for the year ended June 30, 2014.

In January 2015, the University entered into a Settlement Agreement (the "Agreement") in a lawsuit filed by certain current and former Commonwealth officials against the National Collegiate Athletic Association (NCAA), to which the University had been added as a party. Under the Agreement, the Consent Decree dated July 23, 2012 was repealed. The University simultaneously entered into Superseding Agreement with

the NCAA which stated that the Consent Decree was dissolved. The two Agreements removed the original \$60 million fine and replaced it with University's commitment of \$60 million for activities and programs related to child abuse. Under the Agreements, the University will pay to the Commonwealth \$48 million, with \$36 million paid in 2015 and another \$12 million included in accounts payable and other accrued expenses at June 30, 2015. Under the Superseding Agreement, the University will create a \$12 million endowment for activities and programs related to child sexual abuse. This amount is included as a permanently restricted net asset at June 30, 2015 and a permanently restricted gift in the consolidated statement of activities.

Impairment of Long-Lived Assets

Long-lived assets, which include investment in plant and definite-lived intangible assets, are assessed for impairment whenever events or changes in circumstances indicate the carrying amount of the asset may not be recoverable. An impairment loss is recognized in change in net assets in the period that the impairment occurs.

Asset Retirement Obligations

The University has recognized liabilities for asset retirement obligations. 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, 2013	\$ 65,292
Accretion expense	5,229
Liabilities settled	<u>(4,188)</u>
Balance as of June 30, 2014	66,333
Accretion expense	7,242
Liabilities settled	<u>(1,990)</u>
Balance as of June 30, 2015	<u>\$ 71,585</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.

Net Assets

At June 30, 2015 and 2014, net assets consist of the following:

<i>(in thousands of dollars)</i>	<u>2015</u>	<u>2014</u>
Unrestricted net assets	<u>\$ 5,878,777</u>	<u>\$ 5,658,164</u>
Temporarily restricted net assets		
Future contributions	\$ 121,654	\$ 132,411
Annuity and life income funds	26,240	32,286
Contributions for property, plant and equipment	12,187	7,863
Term endowments and accumulated endowment gains	<u>500,533</u>	<u>521,680</u>
	<u>\$ 660,614</u>	<u>\$ 694,240</u>
Permanently restricted net assets		
Future contributions	\$ 119,822	\$ 120,832
Annuity and life income funds	25,513	24,829
Student loan funds	16,037	16,165
Perpetual trusts and other funds	22,897	22,340
Endowment funds	<u>1,249,838</u>	<u>1,146,955</u>
	<u>\$ 1,434,107</u>	<u>\$ 1,331,121</u>
Total net assets	<u>\$ 7,973,498</u>	<u>\$ 7,683,525</u>

Income Taxes

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

Recent Accounting Pronouncements

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

In April 2013, the FASB issued ASU 2013-06, "Services Received from Personnel of an Affiliate." This update specifies guidance for not-for-profit entities to apply in recognizing and measuring services received from personnel of an affiliate. This guidance is effective for the University beginning July 1, 2014. The adoption of this guidance did not have a material impact on its consolidated financial statements.

In February 2015, the FASB issued ASU 2015-02, "Amendments to the Consolidation Analysis." This update provides enhanced guidance for entities to apply in performing consolidation analyses. This guidance is effective for the University beginning July 1, 2016 with early adoption permitted. The University has not yet evaluated the impact this guidance may have on its consolidated financial statements.

In April 2015, the FASB issued ASU 2015-03, "Simplifying the Presentation of Debt Issuance Costs." This guidance requires entities to present debt issuance costs related to a recognized debt liability in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. This guidance is effective for the University beginning July 1, 2016 with early adoption permitted. The University has not yet evaluated the impact this guidance may have on its consolidated financial statements.

In May 2015, the FASB issued ASU 2015-07, "Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)." This guidance removes the requirement to

categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. In addition, this guidance removes the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the net asset value per share practical expedient. Rather, those disclosures are limited to investments for which the entity has elected to measure the fair value using that practical expedient. This guidance is effective for the University beginning July 1, 2016 with early adoption permitted. The University has not yet evaluated the impact this guidance may have on its consolidated financial statements.

In July 2015, the FASB issued ASU 2015-11, "Simplifying the Measurement of Inventory." This guidance requires entities to measure inventory within the scope of the update at the lower of cost and net realizable value. This guidance is effective for the University beginning July 1, 2017 with early adoption permitted. The University has not yet evaluated the impact this guidance may have on its consolidated financial statements.

3. INVESTMENTS

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

<i>(in thousands of dollars)</i>	<u>2015</u>	<u>2014</u>
Money markets	\$ 361,971	\$ 213,878
Fixed income:		
U.S. government/agency	1,217,340	1,190,248
U.S. corporate	915,709	803,990
Foreign	250,122	408,364
Other	278,163	169,962
Equities	1,769,561	1,742,632
Private capital	<u>1,275,015</u>	<u>1,155,812</u>
Total	<u>\$ 6,067,881</u>	<u>\$ 5,684,886</u>

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

Futures contracts, which are fully cash collateralized, comprise the University's directly held derivative instruments at June 30, 2015 and 2014, 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 \$159.9 million, 2.6% of total investments, and \$172.8 million, 3.0% of total investments at June 30, 2015 and 2014, respectively. The University's derivatives consist of S&P 500 futures at June 30, 2015 and S&P 500 and Treasury futures at June 30, 2014 and are employed as a low cost, passive investment vehicle with daily liquidity which allows the University to maintain desired market exposure in light of irregular cash flows.

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

<i>(in thousands of dollars)</i>	<u>2015</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Dividends and interest	\$ 140,772	\$ 1,869	\$ 11,680	\$ 154,321
Net realized gains	69,673	31,399	-	101,072
Net unrealized losses	<u>(78,565)</u>	<u>(60,698)</u>	<u>-</u>	<u>(139,263)</u>
Total returns	<u>\$ 131,880</u>	<u>\$ (27,430)</u>	<u>\$ 11,680</u>	<u>\$ 116,130</u>

(in thousands of dollars)

<u>2014</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Dividends and interest	\$ 141,655	\$ 674	\$ 9,087	\$ 151,416
Net realized gains	45,538	28,535	-	74,073
Net unrealized gains	<u>233,679</u>	<u>165,280</u>	-	<u>398,959</u>
Total returns	<u>\$ 420,872</u>	<u>\$ 194,489</u>	<u>\$ 9,087</u>	<u>\$ 624,448</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, 2015 and 2014 was \$1.5 million and \$1.0 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:

(in thousands of dollars)

<u>2015</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ (1,454)	\$ 500,533	\$ 1,249,838	\$ 1,748,917
Funds functioning as Endowments	<u>619,873</u>	-	-	<u>619,873</u>
Total net assets	<u>\$ 618,419</u>	<u>\$ 500,533</u>	<u>\$ 1,249,838</u>	<u>\$ 2,368,790</u>

<i>(in thousands of dollars)</i>		<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	
<u>2014</u>	<u>Unrestricted</u>			<u>Total</u>
Donor-restricted endowment funds	\$ (959)	\$ 521,680	\$ 1,146,955	\$ 1,667,676
Funds functioning as endowments	<u>596,738</u>	<u>-</u>	<u>-</u>	<u>596,738</u>
Total net assets	<u>\$ 595,779</u>	<u>\$ 521,680</u>	<u>\$ 1,146,955</u>	<u>\$ 2,264,414</u>

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

<i>(in thousands of dollars)</i>		<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	
<u>2015</u>	<u>Unrestricted</u>			<u>Total</u>
Endowment net assets, beginning of the year	\$ 595,779	\$ 521,680	\$ 1,146,955	\$ 2,264,414
Endowment return:				
Endowment earnings	26,513	20	4,191	30,724
Net realized gains	68,228	31,039	-	99,267
Net unrealized losses	(18,085)	(53,257)	-	(71,342)
Reclassification of funds with deficiencies	<u>(495)</u>	<u>495</u>	<u>-</u>	<u>-</u>
Total endowment return	<u>76,161</u>	<u>(21,703)</u>	<u>4,191</u>	<u>58,649</u>
Contributions	-	556	98,692	99,248
Endowment spending	(83,958)	-	-	(83,958)
Transfers to create funds functioning as endowments	<u>30,437</u>	<u>-</u>	<u>-</u>	<u>30,437</u>
Endowment net assets, end of the year	<u>\$ 618,419</u>	<u>\$ 500,533</u>	<u>\$ 1,249,838</u>	<u>\$ 2,368,790</u>

<i>(in thousands of dollars)</i>		<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	
<u>2014</u>	<u>Unrestricted</u>			<u>Total</u>
Endowment net assets, beginning of the year	\$ 518,092	\$ 338,970	\$ 1,067,081	\$ 1,924,143
Endowment return:				
Endowment earnings	28,306	20	3,054	31,380
Net realized gains	47,077	28,374	-	75,451
Net unrealized gains	63,399	155,123	-	218,522
Reclassification of funds with deficiencies	<u>1,571</u>	<u>(1,571)</u>	<u>-</u>	<u>-</u>
Total endowment return	<u>140,353</u>	<u>181,946</u>	<u>3,054</u>	<u>325,353</u>
Contributions	-	764	76,820	77,584
Endowment spending	(75,383)	-	-	(75,383)
Transfers to create funds functioning as endowments	<u>12,717</u>	<u>-</u>	<u>-</u>	<u>12,717</u>
Endowment net assets, end of the year	<u>\$ 595,779</u>	<u>\$ 521,680</u>	<u>\$ 1,146,955</u>	<u>\$ 2,264,414</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 2015 and 2014) of its pooled endowment fund's average fair market value over the prior five years preceding the fiscal year in which the distribution is planned. Accordingly, over the long term, the University expects the current spending policy to allow its endowment to provide generous current spending while preserving "intergenerational equity". This is consistent with the University's objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment returns.

5. FAIR VALUE MEASUREMENTS

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

Level 1 – Quoted prices (unadjusted) for identical assets or liabilities in active markets as of the measurement date. Such instruments valued at Level 1, primarily consist of securities that are directly held and actively traded in public markets.

Level 2 – Inputs other than unadjusted quoted prices that are observable for the asset or liability, directly or indirectly, including quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived from observable market data by correlation or other means. Level 2 measures include University interests in certain debt instruments and commingled investment funds which NAV is used as a practical expedient. These funds are redeemable at NAV as of the measurement date, generally within 90 days.

Level 3 – Unobservable inputs that cannot be corroborated by observable market data. Level 3 instruments primarily consist of investment funds for which NAV is used as a practical expedient. The University does not have the ability to redeem the funds at NAV as of the measurement date.

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

The following table presents information as of June 30, 2015 about the University's financial assets and liabilities that are measured at fair value on a recurring basis:

<i>(in thousands of dollars)</i>	Quoted Prices in Active Markets For Identical Assets <u>Level 1</u>	Significant Other Observable Inputs <u>Level 2</u>	Significant Unobservable Inputs <u>Level 3</u>	Total Fair Value
Assets:				
Long-term Investment Pool:				
Money markets	\$ 119,969	\$ 230,018	\$ -	\$ 349,987
Fixed income				
U.S. government/agency	59,206	27,727	-	86,933
U.S. corporate	-	101,055	-	101,055
Foreign	59,849	128,644	-	188,493
Other	-	10,206	-	10,206
Equities	1,082,042	490,111	80,837	1,652,990
Private capital	-	374,977	894,116	1,269,093
Total	<u>\$ 1,321,066</u>	<u>\$ 1,362,738</u>	<u>\$ 974,953</u>	<u>\$ 3,658,757</u>
Operating investments:				
Money markets	\$ 9,555	\$ 2,429	\$ -	\$ 11,984
Fixed income				
U.S. government/agency	678,931	451,476	-	1,130,407
U.S. corporate	82,979	731,675	-	814,654
Foreign	11,970	49,659	-	61,629
Other	19,903	244,409	3,645	267,957
Equities	114,437	-	2,134	116,571
Private capital	-	-	5,922	5,922
Total	<u>\$ 917,775</u>	<u>\$ 1,479,648</u>	<u>\$ 11,701</u>	<u>\$ 2,409,124</u>
Deposits held by bond trustees:				
Money markets	\$ 61,262	\$ -	\$ -	\$ 61,262
Fixed income				
U.S. government/agency	-	448	-	448
Total	<u>\$ 61,262</u>	<u>\$ 448</u>	<u>\$ -</u>	<u>\$ 61,710</u>
Beneficial interest in perpetual trusts				
	\$ -	\$ -	\$ 15,471	\$ 15,471
Liabilities:				
Present value of annuities payable	\$ -	\$ -	\$ 48,721	\$ 48,721

The following table presents information as of June 30, 2014 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	\$ 48,692	\$ 160,388	\$ -	\$ 209,080
Fixed income				
U.S. government/agency	85,285	24,447	-	109,732
U.S. corporate	-	96,171	-	96,171
Foreign	64,007	187,203	-	251,210
Other	-	9,679	-	9,679
Equities	906,248	588,246	121,186	1,615,680
Private capital	-	397,295	751,380	1,148,675
Total	<u>\$ 1,104,232</u>	<u>\$ 1,463,429</u>	<u>\$ 872,566</u>	<u>\$ 3,440,227</u>
Operating investments:				
Money markets	\$ 4,592	\$ 206	\$ -	\$ 4,798
Fixed income				
U.S. government/agency	646,086	434,286	144	1,080,516
U.S. corporate	44,646	663,173	-	707,819
Foreign	8,070	149,084	-	157,154
Other	10,627	146,451	3,205	160,283
Equities	124,989	-	1,963	126,952
Private capital	-	-	7,137	7,137
Total	<u>\$ 839,010</u>	<u>\$ 1,393,200</u>	<u>\$ 12,449</u>	<u>\$ 2,244,659</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	\$ -	\$ -	\$ 15,498	\$ 15,498
Liabilities:				
Present value of annuities payable	\$ -	\$ -	\$ 51,151	\$ 51,151

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, 2015 and 2014, fair value of endowment funds and funds functioning as endowments within the LTIP totaled \$2,395.9 million and \$2,294.6 million, respectively. At June 30, 2015 and 2014, fair value of operating funds included in the LTIP totaled \$1,262.9 million and \$1,145.6 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, 2015:

<i>(in thousands of dollars)</i>	<u>Long-term Investment Pool</u>	<u>Operating Investments</u>	<u>Beneficial Interest in Perpetual Trusts</u>
<u>Assets:</u>			
Beginning balance	\$ 872,566	\$ 12,449	\$ 15,498
Total realized and unrealized gains/(losses)	78,420	(896)	(27)
Purchases	186,521	300	-
Sales	<u>(162,554)</u>	<u>(152)</u>	<u>-</u>
Ending balance	<u>\$ 974,953</u>	<u>\$ 11,701</u>	<u>\$ 15,471</u>
	<u>Present Value of Annuities Payable</u>		
<u>Liabilities:</u>			
Beginning balance	\$ 51,151		
Actuarial adjustment of liability	5,350		
Gifts	1,765		
Sales	<u>(9,545)</u>		
Ending balance	<u>\$ 48,721</u>		

The following tables present information related to changes in Level 3 for each category of assets and liabilities for year ended June 30, 2014:

<i>(in thousands of dollars)</i>	<u>Long-term Investment Pool</u>	<u>Operating Investments</u>	<u>Beneficial Interest in Perpetual Trusts</u>
<u>Assets:</u>			
Beginning balance	\$ 652,079	\$ 10,320	\$ 13,252
Total realized and unrealized gains	175,790	1,454	2,035
Purchases	175,566	747	291
Sales	<u>(130,869)</u>	<u>(72)</u>	<u>(80)</u>
Ending balance	<u>\$ 872,566</u>	<u>\$ 12,449</u>	<u>\$ 15,498</u>
	<u>Present Value of Annuities Payable</u>		
<u>Liabilities:</u>			
Beginning balance	\$ 42,255		
Actuarial adjustment of liability	(633)		
Gifts	10,135		
Sales	<u>(606)</u>		
Ending balance	<u>\$ 51,151</u>		

There were no transfers of assets between Level 3 and Level 2 and between Level 1 and Level 2 in 2015 and 2014.

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, 2015:

<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	\$ 570,948		Quarterly/ Daily/Monthly	5-90 days
Subtotal	<u>\$ 570,948</u>			
Marketable Investment Partnerships:				
Absolute Return	\$ 30,260		Quarterly	60 days
Distressed Debt	56,106		Quarterly/ Semi Annual	60-90 days
Commodities	99,039		Monthly	30-60 days
Opportunistic	175,102		Quarterly	30 days
Directional Long/Short	107,327		Monthly	30 days
Subtotal	<u>\$ 467,834</u>			
Non-Marketable Investment Partnerships:				
Private Real Estate	\$ 103,372	\$ 38,678		
Venture Capital	269,321	107,731		
Private Equity	240,539	219,965		
Natural Resources	118,463	86,371		
Private Debt	79,006	69,864		
Subtotal	<u>\$ 810,701</u>	<u>\$ 522,609</u>		
Total	<u>\$ 1,849,483</u>	<u>\$ 522,609</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, 2014:

<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	\$ 617,223		Quarterly/ Daily/Monthly	5-90 days
Subtotal	<u>\$ 617,223</u>			
Marketable Investment Partnerships:				
Absolute Return	\$ 17,135		Quarterly	65 days
Distressed Debt	58,506		Quarterly/ Semi Annual	60-90 days
Commodities	106,388		Monthly	30-60 days
Opportunistic	171,103		Quarterly	30 days
Directional Long/Short	62,818		Monthly	30 days
Subtotal	<u>\$ 415,950</u>			
Non-Marketable Investment Partnerships:				
Private Real Estate	\$ 101,360	\$ 45,193		
Venture Capital	213,012	112,579		
Private Equity	248,263	211,614		
Natural Resources	131,240	77,675		
Private Debt	45,987	51,040		
Subtotal	<u>\$ 739,862</u>	<u>\$ 498,101</u>		
Total	<u>\$ 1,773,035</u>	<u>\$ 498,101</u>		

Commingled funds include investments that aggregate assets from multiple investors and are managed collectively following a prescribed strategy. Redemptions vary from daily to quarterly with required notification of 90 days or less. The non-U.S. equity strategy is invested in developed and developing countries outside of the United States, and spans the entire equity capitalization spectrum. These collective portfolios preclude the need to obtain securities registration in foreign countries. One commingled fund has 1 year remaining on a 3-year gate making up approximately 14.2% of commingled portfolio.

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. The fair values of the investments for each fund in this category have been estimated using the net asset value of the LTIP's shareholdings in the fund. Five major investment strategies are included within this category. Absolute Return refers to relative value strategies. Directional refers to equity long/short strategies in both U.S. and non-U.S. markets. Opportunistic refers to global multi-strategy. Distressed Debt refers to securities rated below investment grade, along with non-rated debt. Commodities refer to publicly traded commodity instruments primarily including futures and options.

Nonmarketable Investment Partnerships include limited partnership interests in a variety of illiquid investments. The fair values of the investments for each fund in this category have been estimated using the net asset value of the LTIP's ownership interest in partner's capital and cannot be redeemed. Realizations from each fund are received as the underlying investments are liquidated or distributed, typically within 10 years after initial commitment. Unfunded commitments represent remaining commitments of the LTIP's drawdown funds as of June 30, 2015 and 2014, 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>2015</u>	<u>2014</u>
In one year or less	\$ 63,293	\$ 71,374
Between one year and five years	67,504	79,253
More than five years	<u>126,815</u>	<u>133,163</u>
Contributions receivable, gross	257,612	283,790
Less allowance	(6,350)	(6,911)
Less discount	<u>(60,280)</u>	<u>(62,415)</u>
Contributions receivable, net	<u>\$ 190,982</u>	<u>\$ 214,464</u>

Contributions receivable are discounted at rates ranging from 0.28% to 2.59% and 0.11% to 2.81% at June 30, 2015 and 2014, respectively. The discount rates for prior periods ranged from 0.15% to 6.28%.

At June 30, 2015 and 2014, the University has received bequest intentions and certain other conditional promises to give of \$96.8 million and \$98.2 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, 2015:

	<i>(in thousands of dollars)</i>
Balance at the beginning of year	\$ 214,464
New pledges	28,244
Collections on pledges	(54,422)
Decrease in allowance	561
Decrease in unamortized discounts	<u>2,135</u>
Balance at the end of year	<u>\$ 190,982</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>2015</u>	<u>2014</u>
<u>The Pennsylvania State University Bonds</u>		
Series 2015A	\$ 65,210	\$ -
Series 2015B	116,955	-
Series 2010	135,035	135,035
Series 2009A	101,295	107,840
Series 2009B	74,235	74,235
Series 2008A	77,670	77,670
Series 2008B	2,060	3,035
Series 2007A	87,045	87,595
Series 2007B	57,600	60,630
Series 2005	-	83,650
Series 2004A	-	51,475
Refunding Series 2002	9,420	25,960
<u>Pennsylvania Higher Educational Facilities</u>		
<u>Authority University Revenue Bonds</u>		
<u>(issued for The Pennsylvania State</u>		
<u>University)</u>		
Series 2006	3,115	3,335
Series 2004	3,395	3,655
Series 2002	3,265	3,650
<u>Lycoming County Authority College</u>		
<u>Revenue Bonds (issued for Penn</u>		
<u>College)</u>		
Series 2015	8,840	-
Series 2012	24,685	24,685
Series 2011	38,550	39,050
Series 2008	55,000	55,000
Series 2005	-	10,060
Series 1993	-	<u>3,500</u>
Total bonds payable	863,375	850,060
Unamortized bond premiums	55,136	35,273
<u>Notes payable and capital leases</u>		
Notes payable	20,000	10,000
Capital lease obligations	<u>83,058</u>	<u>86,155</u>
Total notes payable and capital leases	<u>103,058</u>	<u>96,155</u>
Total long-term debt	<u>\$ 1,021,569</u>	<u>\$ 981,488</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 2015A	Fixed	2.00% - 5.00%	\$1,430 to \$3,445 through September 2035, with \$20,000 due September 2040
Series 2015B	Fixed	1.00% - 5.00%	\$3,580 to \$8,435 through September 2035
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%	\$5,540 to \$9,320 through March 2029
Series 2009B	Variable	0.29%	June 2031
Series 2008A	Fixed	5.00%	\$1,840 to \$7,695 through August 2029
Series 2008B	Fixed	3.625% - 3.75%	\$1,010 to \$1,050 through August 2016
			\$565 to \$700 through August 2022, with \$11,115 and \$70,905 due August 2028 and 2036
Series 2007A	Fixed	3.70% - 4.50%	
Series 2007B	Fixed	5.00% - 5.25%	\$3,185 to \$5,955 through August 2027
Refunding Series 2002	Fixed	5.25%	\$4,585 to \$4,835 through August 2016

Pennsylvania Higher Education Facilities Authority ("PHEFA") University Revenue Bonds

Series 2006	Fixed	4.15% - 5.125%*	\$225 to \$280 through 2020, with \$1,610 due September 2025
Series 2004	Fixed	4.45% - 5.00%*	\$270 to \$325 through 2019, with \$1,905 due September 2024
Series 2002	Fixed	4.50% - 5.00%*	\$405 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 2015	Fixed	2.00% - 5.00%	\$465 to \$1,590 through January 2025
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

The Series 2015A Bonds are general obligation bonds issued in June 2015 for the purpose of financing various construction and renovation projects. The Series 2015A Bonds are subject to early redemption provisions, at the option of the University, beginning September 2025. The bonds maturing on September 2040 are subject to mandatory sinking fund redemption.

The Series 2015B Bonds are general obligation bonds issued in June 2015 for the purpose of financing the current refunding of all of the Series 2004A Bonds and Series 2005 Bonds. The Series 2015B Bonds are subject to early redemption provisions, at the option of the University, beginning September 2025. The Series 2004A Bonds and Series 2005 Bonds were paid in full during 2015.

The Series 2015 Bonds are Lycoming County Authority (the "Authority") College Revenue Bonds issued by Penn College in June 2015 for the purpose of refunding \$9.1 million of the Authority's College Revenue Bonds Series 2005. The Series 2005 Bonds were paid in full during 2015.

The Series 2009B Bonds are currently paying interest on a variable rate basis at a long term rate for the period June 1, 2015 through May 31, 2016. 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 0.29% 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 University has complied with all financial debt covenants for the years ended June 30, 2015 and 2014.

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>
2016	\$ 24,295
2017	29,800
2018	25,370
2019	29,530
2020	31,240
Thereafter	<u>723,140</u>
	<u>\$ 863,375</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, 2015, the carrying value and estimated fair value of the University's bonds payable, including issuance premiums, are \$918.5 million and \$952.0 million, respectively. At June 30, 2014, the carrying value and estimated fair value of the University's bonds payable, including issuance premiums, were \$885.3 million and \$917.8 million, respectively. Certain bond issues have associated issuance premiums, these issuance premiums total \$55.1 million and \$35.3 million at June 30, 2015 and 2014, 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.

Notes payable and capital leases

The University has two notes payable included within the consolidated statements of financial position at June 30, 2015. The first is a \$10 million note payable due annually through June 2024 which bears interest at 2.60%. The first principal payment on this note of approximately \$1.0 million is due June 1, 2016. The second is a \$10 million note payable due annually through June 2025 which bears interest at 2.85%. The first principal payment on this note of approximately \$1.0 million is due June 1, 2017.

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, 2015 are as follows:

<u>Year</u>	<i>(in thousands of dollars)</i>
2016	\$ 15,208
2017	14,405
2018	11,479
2019	9,005
2020	7,315
Thereafter	<u>125,545</u>
Total minimum lease payments	182,957
Less imputed interest	<u>(99,899)</u>
Capital lease obligation	83,058
Current portion	8,634
Long-term portion	<u>\$ 74,424</u>

8. OPERATING LEASES

The University has certain lease agreements in effect which are considered operating leases. During the year ended June 30, 2015, the University recorded expenses of \$19.2 million for leased equipment and \$25.2 million for leased building space. During the year ended June 30, 2014, the University recorded expenses of \$21.0 million for leased equipment and \$24.7 million for leased building space.

Future minimum lease payments under operating leases as of June 30, 2015 are as follows:

<u>Year</u>	<i>(in thousands of dollars)</i>
2016	\$ 22,477
2017	16,326
2018	12,125
2019	9,596
2020	7,613
Thereafter	<u>31,721</u>
Total minimum lease payments	<u>\$ 99,858</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 ("SERS") 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 (\$67.8 million and \$50.9 million for the years ended June 30, 2015 and 2014, respectively). The University's total cost for retirement benefits, included in expenses, is \$190.8 million and \$168.1 million for the years ended June 30, 2015 and 2014, respectively.

The SERS is the administrator of a cost-sharing, multi-employer retirement system established by the Commonwealth of Pennsylvania to provide pension benefits for employees of state government and certain independent agencies. As provided by statute, the SERS Board of Trustees has exclusive control and management responsibility of the funds and full power to invest the funds. The SERS funding policy provides for periodic member contributions at statutory rates and employer contributions at actuarially determined rates (expressed as a percentage of annual gross pay) that are sufficient to accumulate assets to pay benefits when due. The University's contributions to this plan for the years ended June 30, 2015 and 2014 were \$66.4 million and \$50.1 million, respectively, and represent approximately 5.7% of total contributions to the plan based on projections for fiscal year 2015. The plan is funded at less than 65% with the funded ratio of the plan at 59.4% as of December 31, 2014.

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, 2015 and 2014 are the following amounts that have not yet been recognized in net periodic postretirement cost: unrecognized prior service cost (benefit) of (\$42.9) million and (\$64.6) million and unrecognized actuarial loss of \$732.5 million and \$652.9 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>2015</u>	<u>2014</u>
Benefit obligation at beginning of year	\$ 1,900,406	\$ 1,695,041
Service cost	46,800	44,844
Interest cost	78,812	78,696
Actuarial gain	(124,016)	(88,390)
Benefits paid	(45,123)	(47,661)
Plan assumptions	<u>234,207</u>	<u>217,876</u>
Benefit obligation at end of year	<u>\$ 2,091,086</u>	<u>\$ 1,900,406</u>

Change in plan assets:

(in thousands of dollars)

	<u>2015</u>	<u>2014</u>
Fair value of plan assets at beginning of year	\$ -	\$ -
Employer contributions	45,123	47,661
Benefits paid	<u>(45,123)</u>	<u>(47,661)</u>
Fair value of plan assets at end of year	<u>\$ -</u>	<u>\$ -</u>
Funded status	\$ (2,091,086)	\$ (1,900,406)
Unrecognized prior service cost (benefit)	-	-
Unrecognized net actuarial loss	-	-
Accrued postretirement benefit expense	<u>\$ (2,091,086)</u>	<u>\$ (1,900,406)</u>

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

(in thousands of dollars)

	<u>2015</u>	<u>2014</u>
Service cost	\$ 46,800	\$ 44,844
Interest cost	78,812	78,696
Amortization of prior service cost	(21,722)	(21,699)
Amortization of unrecognized net loss	<u>30,521</u>	<u>24,200</u>
Net periodic postretirement cost	<u>\$ 134,411</u>	<u>\$ 126,041</u>

The assumed healthcare cost trend rate used in measuring the accumulated postretirement benefit obligation was 7.25% and 7.50% for the years ended June 30, 2015 and 2014, respectively, reduced each year to an ultimate level of 5.00%. The weighted average postretirement benefit obligation discount rate was 4.75% and 4.50% for the years ended June 30, 2015 and 2014, respectively.

If the healthcare cost trend rate assumptions were increased by 1% in each year, the accumulated postretirement benefit obligation would be increased by \$437.5 million and \$367.2 million as of June 30, 2015 and 2014, 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 \$29.0 million and \$27.4 million as of June 30, 2015 and 2014, respectively. If the healthcare cost trend rate assumptions were decreased by 1% in each year, the accumulated postretirement benefit obligation would be decreased by \$345.6 million and \$294.3 million as of June 30, 2015 and 2014, 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 \$22.1 million and \$21.0 million as of June 30, 2015 and 2014, 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>
2016	\$ 53,857
2017	58,787
2018	63,587
2019	68,730
2020	73,716
2021-25	454,205

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

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. 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, 2015 and 2014 of \$1,560,000 and \$961,000, respectively.

On June 26, 2014, a letter of intent and term sheet ("agreement") was executed between the University, the Medical Center, the Health System and Pinnacle Health System. The purpose of the agreement was to set forth certain non-binding understandings and certain binding agreements between the parties. The intent is to form a new Health Enterprise in central Pennsylvania. This new collaborative innovative enterprise would bring together a high-performing university medical center and a community health system. It would provide increased access to a wider range of services and full spectrum of care to patients over a broad geographic base. Both systems will continue to operate independently and as normal until an integration is finalized and all necessary approvals are obtained. As of June 30, 2015, final approvals had not yet been obtained.

During 2015, Penn State Health (PSH), a Pennsylvania non-profit, was organized, with the University as the sole owner, to provide oversight and governance of an expanded health enterprise. PSH will own in whole or in part health care facilities which could include hospitals, surgery centers, home health providers and similar organizations. On June 30, 2015 PSH received \$113.5 million from the University to finance the

purchase of St. Joseph Regional Health Network (St. Joseph), a Pennsylvania non-profit (nonstock) corporation and certain of its affiliates, with PSH transferring funds on the same day. The acquisition date of the St. Joseph transaction is July 1, 2015, and with respect to certain limited assets the acquisition date is September 30, 2015. At June 30, 2015, PSH has recorded as prepaid expenses and other assets (current) the amount transferred on June 30, 2015 related to this transaction.

The following table summarizes the consideration paid for St. Joseph and the amounts of certain assets acquired at the acquisition date.

At July 1, 2015:

Preliminary Purchase Price

(in thousands of dollars)

Cash	<u>\$113,548</u>
<u>Recognized amounts of certain assets acquired</u>	
Property, plant and equipment	\$75,367
Debt-free working capital	21,649
Net other operating assets and liabilities	15,600
Intangible assets	<u>932</u>
	<u>\$113,548</u>

The parties entered into closing agreements on June 30, 2015 and September 30, 2015, providing for final adjustment by November 30, 2015 for calculation of net working capital pursuant to the terms of the member substitution agreement. The amounts presented above represent the preliminary purchase accounting subject to final adjustment.

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 \$912.9 million of which \$568.4 million has been paid or accrued as of June 30, 2015. The contract costs are being financed from available resources and from borrowings.

Letters of Credit

The University has available letters of credit in the amount of \$20.6 million and \$19.1 million as of June 30, 2015 and 2014, 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, 2015.

Self-Insurance

The University has a coordinated program of commercial and self-insurance for medical malpractice claims at TMSHMC through the use of a qualified trust and a domestic captive insurance company in combination with a self-insured retention layer and is supplementing this program through participation in the Pennsylvania Medical Care Availability and Reduction of Error Fund ("Mcare Fund"), in accordance with Pennsylvania law. An estimate of the present value, discounted at 2% for the years ended June 30, 2015 and 2014, respectively,

of the medical malpractice claims liability in the amount of \$109.1 million and \$96.4 million is recorded as of June 30, 2015 and 2014, 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 \$19.9 million and \$19.7 million at June 30, 2015 and 2014, 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 Pennsylvania 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 \$8.6 million and \$10.1 million, discounted at 1.60%, is recorded as of June 30, 2015 and 2014, respectively. The University has established a trust fund, in the amount of \$13.0 million and \$12.8 million at June 30, 2015 and 2014, 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, as of June 30, 2015 and 2014, has purchased an excess policy through a commercial insurer which covers individual claims in excess of \$750,000 and \$500,000 per incident, respectively, 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 \$600,000 and \$550,000 per employee per year, respectively. The University and TMSHMC provide for reported claims and claims incurred but not reported.

Litigation and Contingencies

In November 2011, the University was made aware of certain allegations in a Commonwealth of Pennsylvania Grand Jury presentment. Various legal proceedings and investigations have arisen as a result of such allegations, including criminal proceedings against former officers and employees of the University. Certain claims and civil litigation have been filed against the University with anticipation that other complaints could be filed. As of June 30, 2015, the University has paid or accrued \$92.8 million for 32 claims with \$33.2 million included in institutional support within the consolidated statement of activities for 2015. Additional claims could be paid in the future but without having knowledge of the number and nature of such claims the University is unable to predict the outcome of these matters or the ultimate legal and financial liability and at this time cannot reasonably estimate the possible loss or range of loss. Accordingly, no amounts have been accrued in the financial statements for these claims.

For the years ended June 30, 2015 and 2014, the University has incurred costs totaling \$14.7 million and \$15.6 million, respectively, for internal investigation, legal, communications and other related costs. These costs are included in institutional support within the consolidated statement of activities.

The University has submitted claims to insurance carriers at June 30, 2015 related to claims settled and certain legal costs incurred to date. Insurance reimbursements for settlements and legal fees for the years ended June 30, 2015 and 2014 were \$8.9 million and \$64,000, respectively, with such reimbursements included in other sources of revenue or as a reduction of institutional support within the consolidated statement of activities. Amounts paid directly by insurance carriers for legal expenses for the years ended June 30, 2015 and 2014 totaled \$3.6 million and \$2.7 million, respectively. Amounts of future insurance reimbursement are unknown as of June 30, 2015 and as a result no insurance recovery accruals have been recorded in the 2015 financial statements.

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

from patient services. Subsequent to June 30, 2015, the University received a notice from the Pennsylvania Department of Public Welfare alleging that the University had been overpaid \$11.5 million under the Medicaid program for a prior fiscal period. The University has recorded a liability at June 30, 2015 on the consolidated statements of financial position and a corresponding reduction in Medical Center revenue on the consolidated statement of activity. The University has not received notification of alleged overpayments related to other fiscal periods and is unable to estimate any additional liabilities that may be alleged related to this matter. As permitted in the notification received from the Department of Public Welfare, the University plans to file an appeal of the assessment for overpayment but is unable to determine the likelihood of a successful outcome of its appeal.

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

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

13. SUBSEQUENT EVENTS

The University has evaluated subsequent events through October 30, 2015, the date on which the consolidated financial statements were issued. It did not identify any subsequent events to be disclosed other than those below or previously noted.

THE PENNSYLVANIA STATE UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015

<u>Program</u>	<u>CFDA No.</u>	<u>Subcontract Expenditures</u>	<u>Expenditures</u>
<u>Research and development programs -</u>			
Direct funding	Note 2	\$ 67,960,383	\$ 458,185,406
Direct funding - American Recovery and Reinvestment Act	Note 3	437,678	1,542,417
Pass-through funds - Commonwealth of Pennsylvania	Note 4	398,063	3,005,383
Pass-through funds - Commonwealth of Pennsylvania - American Recovery and Reinvestment Act	Note 5	-	(14,081)
Pass-through funds - Other Institutions	Note 6	2,906,671	55,695,856
Pass-through funds - Other Institutions - American Recovery and Reinvestment Act	Note 7	-	85,383
Total research and development programs		<u>71,702,795</u>	<u>518,500,364</u>
<u>Student financial assistance programs (Direct funding) -</u>			
Department of Education:			
Federal Supplemental Educational Opportunity Grant	84.007	-	5,129,248
Federal Work Study Program	84.033	-	5,279,583
Federal Perkins Loan Program - Note 13	84.038	-	44,541,316
Federal Pell Grant Program	84.063	-	84,177,310
Federal Direct Loan Program - Note 14	84.268	-	538,708,938
Federal Endowment - Note 15	84.116	-	6,000,000
Health Professions Student Loan Program - Note 13	93.342	-	90,860
Total student financial assistance programs		<u>-</u>	<u>683,927,255</u>
<u>Other programs -</u>			
Other Direct funding	Note 8	1,121,929	31,997,521
Other Direct funding - American Recovery and Reinvestment Act	Note 9	-	424,738
Other Pass-through funds - Commonwealth of Pennsylvania	Note 10	17,713,169	28,134,921
Other Pass-through funds - Commonwealth of Pennsylvania American Recovery and Reinvestment Act	Note 11	-	(32,284)
Other Pass-through funds - Other Institutions	Note 12	31,390	4,261,647
Total other programs		<u>18,866,488</u>	<u>64,786,543</u>
Total Programs		<u>\$ 90,569,283</u>	<u>\$ 1,267,214,162</u>

See notes to schedule of expenditures of federal awards.

THE PENNSYLVANIA STATE UNIVERSITY

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015**

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, 2015 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		\$ -	\$ 39,163
Agricultural Research Service	10.RD		-	932,381
Animal and Plant Health Inspection Service	10.RD		93,571	542,077
Department of Agriculture	10.RD		-	248,453
Economic Research Service	10.RD		-	63,173
Foreign Agricultural Service	10.RD		14,250	186,918
Forest Service	10.RD		-	174,011
National Institute of Food and Agriculture	10.RD		2,068,137	20,429,024
Natural Resources Conservation Service	10.RD		110,548	202,560
The Office of the Chief Economist	10.RD		-	119,709
Total – Agriculture			2,286,506	22,937,469
<u>Commerce:</u>				
Department of Commerce	11.RD		-	50,029
Economic Development Administration	11.RD		312,670	629,448
National Institute of Standards and Technology	11.RD		323,219	1,287,473
National Oceanic and Atmospheric Administration	11.RD		112,836	1,310,330
Total – Commerce			748,725	3,277,280
<u>Defense:</u>				
Advanced Research Projects Agency	12.RD		442,313	1,973,172
Defense Intelligence Agency	12.RD		-	54,728
Department of Defense	12.RD		-	142,394
Department of the Air Force, Material Command	12.RD		2,629,424	5,965,293
Department of the Navy, Office of the Chief of Naval Research	12.RD		10,134,019	163,454,566
Marine Corps System Command	12.RD		-	106,140
National Security Agency	12.RD		833,981	1,521,108
Office of the Secretary of Defense	12.RD		4,850,106	9,527,813
U.S. Army Material Command	12.RD		1,398,083	7,207,171
U.S. Army Medical Command	12.RD		-	296,128
Total – Defense			20,287,926	190,248,513

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
<u>Interior:</u>				
Bureau of Land Management	15.RD		-	49,521
Bureau of Reclamation	15.RD		-	90,738
Department of Interior	15.RD		-	126,143
Fish and Wildlife Service	15.RD		24,981	63,750
National Park Service	15.RD		-	390,519
U.S. Geological Survey	15.RD		42,713	561,295
Total – Interior			67,694	1,281,966
<u>Justice:</u>				
National Institute of Justice	16.RD		88,265	1,079,435
Total – Justice			88,265	1,079,435
<u>Labor:</u>				
	17.RD		16,630	57,748
<u>State:</u>				
Bureau of Oceans and International Environmental and Scientific Affairs	19.RD		-	55,691
Department of State	19.RD		86,601	994,063
Total - State			86,601	1,049,754
<u>Transportation:</u>				
Department of Transportation	20.RD		150,664	4,542,775
Federal Aviation Administration	20.RD		23,309	634,470
Federal Railroad Administration	20.RD		67,583	277,950
Office of the Secretary Administration Secretariate	20.RD		1,749,064	1,994,634
Total - Transportation			1,990,620	7,449,829
<u>General Services Administration:</u>				
	39.RD		-	743,800
<u>National Aeronautics and Space Administration:</u>				
	43.RD		2,148,435	9,858,005
<u>National Endowment for the Arts and Humanities:</u>				
Institute of Museum and Library Services	45.RD		-	12,228
National Endowment for the Arts	45.RD		-	10,115
National Endowment for the Humanities	45.RD		-	275,443
Total - National Endowment for the Arts and Humanities			-	297,786
<u>National Science Foundation:</u>				
	47.RD		4,231,851	62,479,680
<u>Environmental Protection Agency:</u>				
Environmental Protection Agency	66.RD		-	54,695
Office of Chemical Safety and Pollution Prevention	66.RD		-	80,692
Office of Research and Development	66.RD		30,976	1,073,458
Office of Water	66.RD		9,355	339,598
Total – Environmental Protection Agency			40,331	1,548,443
<u>Nuclear Regulatory Commission:</u>				
	77.RD		-	641,607
<u>Energy:</u>				
	81.RD		9,897,405	27,284,550

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
<u>Education:</u>				
Department of Education	84.RD		9,872	112,320
Institute of Education Sciences	84.RD		181,246	1,401,990
National Institute on Disability and Rehabilitation Research	84.RD		4,065	39,466
Office of Elementary and Secondary Education	84.RD		-	367,753
Office of Innovation and Improvement	84.RD		1,030,397	1,067,380
Office of Postsecondary Education	84.RD		-	1,001,554
Office of Special Education and Rehabilitative Services	84.RD		51,689	214,688
Total – Education			1,277,269	4,205,151
<u>Health and Human Services:</u>				
Administration for Community Living	93.RD		208,889	364,066
Agency for Healthcare Research and Quality	93.RD		127,139	415,751
Food and Drug Administration	93.RD		15,000	85,180
Health Resources and Services Administration	93.RD		33,559	761,029
National Institutes of Health	93.RD		18,078,322	104,158,312
Total – Health and Human Services			18,462,909	105,784,338
<u>Homeland Security:</u>				
	97.RD		-	168,714
<u>Agency for International Development:</u>				
	98.RD		605,548	898,389
<u>Miscellaneous:</u>				
	99.RD		5,723,668	16,892,949
Total Research and Development - Direct Funding			\$ 67,960,383	\$ 458,185,406
3. RESEARCH AND DEVELOPMENT - DIRECT FUNDING - AMERICAN RECOVERY AND REINVESTMENT ACT:				
<u>National Science Foundation:</u>				
	47.RD		\$ -	\$ 76,581
<u>Energy:</u>				
	81.RD		431,655	1,378,645
<u>Health and Human Services:</u>				
National Institutes of Health	93.RD		6,023	87,191
Total – Health and Human Services			6,023	87,191
Total Research and Development - Direct Funding - American Recovery and Reinvestment Act			\$ 437,678	\$ 1,542,417
4. RESEARCH AND DEVELOPMENT - PASS- THROUGH FUNDS - COMMONWEALTH OF PENNSYLVANIA:				
<u>Agriculture:</u>				
Commonwealth of Pennsylvania	10.RD	ME 44112431	\$ -	\$ 155,289
Commonwealth of Pennsylvania	10.RD	ME 44113182	-	12,348
Commonwealth of Pennsylvania	10.RD	ME 44123778	-	(1)
Commonwealth of Pennsylvania	10.RD	ME 44123779	-	4,609
Commonwealth of Pennsylvania	10.RD	ME 44134385	-	21,309
Commonwealth of Pennsylvania	10.RD	ME 44134387	-	62,293
Commonwealth of Pennsylvania	10.RD	ME 44144950	-	33,642
Commonwealth of Pennsylvania	10.RD	ME 44144951	-	36,502
Commonwealth of Pennsylvania	10.RD	ME 44144952	-	1,852
Commonwealth of Pennsylvania	10.RD	ME 44144965	-	22,463
Total – Agriculture			-	350,306

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
<u>Commerce:</u>				
Commonwealth of Pennsylvania	11.RD	4100065794	-	72,694
Commonwealth of Pennsylvania	11.RD	4100068367	-	54,286
Commonwealth of Pennsylvania	11.RD	C000051994	-	89,998
Total - Commerce			-	216,978
<u>Interior:</u>				
Commonwealth of Pennsylvania	15.RD	1434-03HQURU1548	-	193,877
Commonwealth of Pennsylvania	15.RD	4000018425	-	39,978
Commonwealth of Pennsylvania	15.RD	4100053520	-	22,839
Commonwealth of Pennsylvania	15.RD	4100061794	-	80,965
Commonwealth of Pennsylvania	15.RD	4100062173	-	17,451
Commonwealth of Pennsylvania	15.RD	4100067192	-	99,842
Total - Interior			-	454,952
<u>Justice:</u>				
Commonwealth of Pennsylvania	16.RD	21186	-	31,616
Commonwealth of Pennsylvania	16.RD	23153	-	17,644
Commonwealth of Pennsylvania	16.RD	23660	-	25,014
Commonwealth of Pennsylvania	16.RD	4300395380	-	95,844
Total - Justice			-	170,118
<u>Transportation:</u>				
Commonwealth of Pennsylvania	20.RD	4300374902	-	43,577
Commonwealth of Pennsylvania	20.RD	4300380866	-	74,017
Commonwealth of Pennsylvania	20.RD	4300453751	-	23,257
Total - Transportation			-	140,851
<u>Environmental Protection Agency:</u>				
Commonwealth of Pennsylvania	66.RD	4100062187	-	116,594
Commonwealth of Pennsylvania	66.RD	4300340652	-	(62)
Commonwealth of Pennsylvania	66.RD	4300387797	-	(1)
Commonwealth of Pennsylvania	66.RD	4300397020	-	32,065
Commonwealth of Pennsylvania	66.RD	4300397792	-	43,803
Commonwealth of Pennsylvania	66.RD	4300407852	-	70,680
Commonwealth of Pennsylvania	66.RD	4300410685	-	54,519
Commonwealth of Pennsylvania	66.RD	4300416427	-	140,129
Commonwealth of Pennsylvania	66.RD	4300418397	62,381	77,191
Commonwealth of Pennsylvania	66.RD	4300422968	-	30,014
Total - Environmental Protection Agency			62,381	564,932
<u>Energy:</u>				
Commonwealth of Pennsylvania	81.RD	4300419387	-	161,238
Total - Energy			-	161,238
<u>Education:</u>				
Commonwealth of Pennsylvania	84.RD	062-130042	-	(41)
Commonwealth of Pennsylvania	84.RD	062-140042	-	45,019
Commonwealth of Pennsylvania	84.RD	062-150042	-	387,897
Commonwealth of Pennsylvania	84.RD	071-800015	211,195	244,023
Commonwealth of Pennsylvania	84.RD	071-800025	124,487	269,105
Total - Education			335,682	946,003
<u>Health and Human Services:</u>				
Commonwealth of Pennsylvania	93.RD	4100060656	-	5
Total - Health and Human Services			-	5
Total Research and Development Pass-Through Funds Commonwealth of Pennsylvania			\$ 398,063	\$ 3,005,383

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
5. RESEARCH AND DEVELOPMENT - PASS-THROUGH FUNDS - COMMONWEALTH OF PENNSYLVANIA - AMERICAN RECOVERY AND REINVESTMENT ACT:				
<u>Commerce:</u>				
Commonwealth of Pennsylvania	11.RD	C000051994	\$ -	\$ (14,081)
Total - Commerce			-	(14,081)
Total Research and Development - Pass-Through Funds - Commonwealth of Pennsylvania - American Recovery And Reinvestment Act				
			\$ -	\$ (14,081)
6. RESEARCH AND DEVELOPMENT - PASS-THROUGH FUNDS - OTHER INSTITUTIONS:				
<u>Agriculture:</u>				
Brigham Young University	10.RD	2011-67009-20366	\$ -	\$ 45,241
Colorado State University	10.RD	2012-68001-09603	-	79,027
Cornell University	10.RD	2012-34383-19759	-	1,016
Cornell University	10.RD	2012-37620-19697	-	21,916
Cornell University	10.RD	2014-48757-22611	-	2,215
Cornell University	10.RD	2014-51106-22080	-	1,461
Cornell University	10.RD	----	-	7,147
Geisinger Clinic	10.RD	59-1950-4-002	-	34,345
Geisinger Clinic	10.RD	59-1950-9-963	-	50,263
Kansas State University	10.RD	----	-	2,139,284
Michigan State University	10.RD	2012-51181-20105	-	111,049
Michigan State University	10.RD	2013-48765-21544	-	94,747
Michigan State University	10.RD	2014-51181-22380	-	34,054
Michigan State University	10.RD	----	-	137,847
New York University	10.RD	2012-68006-30177	-	49,577
North Carolina State University	10.RD	----	-	13,102
Northern Arizona University	10.RD	----	-	53,125
Pennsylvania Co-Operative Potato Growers, Inc.	10.RD	ME 4413-4394	-	7,013
Purdue University	10.RD	2012-51181-19878	-	144,921
South Dakota State University	10.RD	2014-38502-22598	-	16,250
Tennessee State University	10.RD	2011-38821-30966	-	35,957
University of California	10.RD	2010-51181-21069	-	5,044
University of California	10.RD	2011-68004-30154	-	375
University of Connecticut	10.RD	2011-67005-20098	-	57,223
University of Georgia	10.RD	2009-85118-05718	-	417
University of Maine	10.RD	2008-34141-19351	-	(1,708)
University of Maine	10.RD	2012-34141-20183	-	7,240
University of Maine	10.RD	2013-34141-21392	-	16,575
University of Maryland	10.RD	LNE 14-338-29001	-	1,718
University of Maryland	10.RD	2011-67007-20017	-	62,501
University of Maryland	10.RD	2014-70006-22484	-	2,247
University of Minnesota	10.RD	2011-67003-30343	41,392	205,739
University of Minnesota	10.RD	2013-41520-21529	229,761	391,975
University of New Hampshire	10.RD	LNE 13-323	-	66,384
University of Vermont	10.RD	2010-38640-20820	-	4,464
University of Vermont	10.RD	2011-38640-30418	-	14,675
University of Vermont	10.RD	2011-47001-30421	444	444
University of Vermont	10.RD	2012-38640-19543	-	79,840
University of Vermont	10.RD	2012-47001-19544	-	26,580
University of Vermont	10.RD	2013-38640-20895	-	119,541
University of Vermont	10.RD	2014-38640-22161	-	54,666
University of Wisconsin	10.RD	2012-68002-20525	-	99,588
University of Wisconsin	10.RD	2014-06507-05	-	12,527
Virginia Polytechnic Institute and State University	10.RD	2010-51181-21599	-	25,917
Washington State University	10.RD	2011-68005-30416	-	154,019

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
West Virginia University	10.RD	2010-CR-11062759-030	-	16,766
The Xerces Society	10.RD	69-3A75-12-253	-	21,276
Total – Agriculture			271,597	4,525,590
Commerce:				
Colorado State University	11.RD	----	-	111,939
Delaware Valley Industrial Research Center	11.RD	707NANB10H173	-	23,636
ERT, Inc.	11.RD	----	-	11,114
Global Science and Technology, Inc.	11.RD	----	-	51,134
University of Guam	11.RD	NA12NOS4820071	-	1
University of Illinois	11.RD	NA11OAR4170052	-	32,724
University of Illinois	11.RD	NA12NOS4290059	-	(624)
University of Illinois	11.RD	----	-	23,531
University of Louisville	11.RD	70NANB13H192	-	91,085
University of Maryland	11.RD	NA11NES4400009	-	2,217
University of Michigan	11.RD	NA12OAR4320071	-	7,398
University of Nebraska	11.RD	NA10OAR4310111	-	1
University of Pennsylvania	11.RD	NA11OAR4310101	-	53
Total – Commerce			-	354,209
Defense:				
Adaptive Methods	12.RD	N00024-10-C-5229	-	(40)
Advanced Cooling Technologies, Inc.	12.RD	----	-	6,000
Advanced Powder Solutions, Inc.	12.RD	N00014-14-P-1136	-	29,644
Advanced Technology International	12.RD	N00014-11-D-0504	-	94,194
Advanced Technology International	12.RD	N00014-11-D-0504 DO-004	-	310,498
Advanced Technology International	12.RD	W15QKN-10-9-0003	-	14,803
Advanced Technology International	12.RD	----	148,524	886,963
Aerospace Testing Alliance	12.RD	----	-	20,460
Altex Technologies	12.RD	----	-	16,956
American GNC Corporation	12.RD	N132-144-0929	-	17,197
Antenna Research Associates, Inc.	12.RD	HDTRA1-13-C-0095	93,438	461,300
Applied Nanotech, Inc.	12.RD	----	-	9,427
Applied Physical Sciences Corp.	12.RD	N00014-12-C-0403	-	(177)
Applied Physical Sciences Corp.	12.RD	N66001-13-C-4006	-	16,613
Applied Research Associates, Inc.	12.RD	DTRA01-03-D-0014/0039	-	(244)
Applied Research Associates, Inc.	12.RD	HDTRA1-14-D-0003/0008	-	30,377
Applied Technologies, Inc.	12.RD	N00178-07-D-4963	-	24,434
Battelle Pacific Northwest National Laboratory	12.RD	DE-AC07-05ID14517	-	72,554
BBN Technologies	12.RD	----	304,013	1,185,518
Boeing	12.RD	W58RGZ-04-G-0023	-	(326)
Booz Allen Hamilton, Inc.	12.RD	W15P7T-06-D-E401 DO-16	-	(60)
Boston University	12.RD	----	-	70,958
Brimrose Technology Corporation	12.RD	HQ0147-14-C-7904	-	25,966
Brimrose Technology Corporation	12.RD	HQ0147-15-C-7401	-	19,435
Carnegie Institute	12.RD	W31P4Q-13-1-0005	-	135,218
Carnegie Mellon University	12.RD	N66001-13-2-4040	-	226,476
CFD Research Corporation	12.RD	W81XWH-14-C-0003	-	15,241
CFD Research Corporation	12.RD	W81XWH-14-C-0045	-	4,061
Charles River Analytics, Inc.	12.RD	N00014-12-D-0583	-	117,502
Charles River Analytics, Inc.	12.RD	W31P4Q-09-C-0469	-	(1,175)
Columbia University	12.RD	HDTRA-11-0027	-	136,226
Combustion Propulsion & Ballistic Technology Corp.	12.RD	FA9300-13-M-1008	-	13,349
Cortana	12.RD	N000421-09-C-0028	-	95,680
Cortana	12.RD	N68335-11-C-0019	-	32,112
CRAFT Tech	12.RD	AF141-076	-	15,146
CRAFT Tech	12.RD	N68335-14-C-0342	-	22,205
CRAFT Tech	12.RD	----	-	28,692
Curtiss-Wright Corp., Electro-Mechanical Division	12.RD	N00024-09-C-2014	-	78,168
Curtiss-Wright Corp., Electro-Mechanical Division	12.RD	N00406-13-C-3012	-	91,646
DE Technologies, Inc.	12.RD	FA8651-11-C-0132	-	(1,011)
DE Technologies, Inc.	12.RD	W911NF-13-C-0046	-	138

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
Defense Engineering Corporation	12.RD	----	-	71,015
Delaware State University	12.RD	----	-	167,021
Digital Solid State Propulsion, Inc.	12.RD	----	-	55,307
DSCI	12.RD	W15P7T-09-D-P012	-	57,375
Duke University	12.RD	HR0011-10-1-0059	-	10,316
Dynetics, Inc.	12.RD	W9113M-14-D-0002	-	73,888
Engility Corporation	12.RD	N00178-04-D-4143 DO-4Y02	-	67,709
EXCET, Inc.	12.RD	N00173-13-D-2012-0013	-	2,648
Exelis, Inc.	12.RD	N00173-12-D-2023	-	2,403
Exelis, Inc.	12.RD	----	-	36,135
Gannett Fleming, Inc.	12.RD	----	-	(17,238)
Gear Research Institute	12.RD	W911W6-14-C-0025	-	25,756
Gene Link, Inc.	12.RD	W911NF-14-P-0012	-	33,000
General Dynamics	12.RD	B11-2011076G005	-	43,496
General Dynamics	12.RD	FA8650-11-D-5702 TO-0009	-	57,678
General Dynamics	12.RD	N61331-11-C-0017	-	208,058
General Dynamics Electric Boat	12.RD	N00024-03-C-2101	-	736,351
General Dynamics Electric Boat	12.RD	N00024-10-C-2118	-	(16,203)
General Dynamics Electric Boat	12.RD	N00024-13-C-2128	-	42,850
General Dynamics Electric Boat	12.RD	----	-	72,272
General Electric	12.RD	FA8650-12-2-7230	-	356
General Lasertronics Corporation	12.RD	M00146-14-P-9015	-	14,714
George Mason University	12.RD	----	-	162,260
Hadal, Inc.	12.RD	N00014-14-P-1128	-	24,593
HC Materials Corporation	12.RD	N00014-12-C-0368	-	271,347
Hepburn and Sons LLC	12.RD	TIA 2015-446	-	10,587
Herman Advanced Engineering	12.RD	FA8650-09-D-2945	-	466
Herman Advanced Engineering	12.RD	N68335-10-C-0179	-	186
Herman Advanced Engineering	12.RD	N68335-10-C-0383	-	(3)
Honeywell International, Inc.	12.RD	----	-	10,934
Howard University	12.RD	W911NF-14-1-0421	-	23,286
Huntington Ingalls Industries	12.RD	N00024-00-C-2217	-	25,153
Huntington Ingalls Industries	12.RD	----	-	7,879
Hydroid, Inc.	12.RD	N00174-07-D-0001	-	(3,766)
Hydroid, Inc.	12.RD	N00174-07-D-0001/0035	-	1,661
Hydroid, Inc.	12.RD	ONR-09-C-0137	-	(5,358)
Hydroid, Inc.	12.RD	N62306-08-D-9003	-	4,026
IAP Research, Inc.	12.RD	W911QX-14-C-0043	-	11,656
IBM	12.RD	----	-	566,069
Image Acoustics, Inc.	12.RD	N00014-14-P-1127	-	22,846
Innovative Science Solutions	12.RD	N00014-11-C-0468	-	4,563
ITT Corporation	12.RD	N00173-09-C-2023	-	(30)
Johns Hopkins University	12.RD	HR0011-12-D-0001	-	10,239
Johns Hopkins University	12.RD	HQ0147-12-D-0004	-	(62)
Johns Hopkins University	12.RD	N00024-03-D-6606	-	(607)
Johns Hopkins University	12.RD	N00024-13-D-6400	-	37,204
Johns Hopkins University	12.RD	W81XWH-09-2-0108	-	37,517
Johns Hopkins University	12.RD	W81XWH1020090	-	60,061
KCF Technologies	12.RD	----	-	42,108
Kistler Instrument Corp.	12.RD	N00024-11-C-2103	-	7,449
KLS Engineering, LLC	12.RD	----	-	(1,402)
Kyma Technologies, Inc.	12.RD	DE-AR0000444	-	8,363
Kyma Technologies, Inc.	12.RD	----	-	67,955
L-3 Communications	12.RD	----	-	31,146
Lehigh University	12.RD	FA86501227230	-	53,480
Leidos	12.RD	N00173-13-F-2007	-	2,264
Leidos	12.RD	----	-	31,174
LMI Research Institute	12.RD	SP4701-14-D-7015	-	6,492
Lockheed Martin	12.RD	N00024-13-C-2128	-	140,914
Lockheed Martin	12.RD	----	-	75,028
Massachusetts Institute of Technology	12.RD	W911NF-13-D-0001, T.O. 8	-	66,075
Massachusetts Institute of Technology	12.RD	----	-	111,316
Material Sciences Corporation	12.RD	N00024-11-C-4198	-	30,055

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
McGaw Technology, Inc.	12.RD	FA9300-13-M-1003	-	(498)
McKean Defense	12.RD	N00178-04-D-4078 EHP6	-	49,985
MetroLaser, Inc.	12.RD	FA9101-13-C-0023	-	27,577
Momentive Performance Materials, Inc.	12.RD	----	-	15,507
MZA Associates Corporation	12.RD	N00014-13-P-1075	-	8,195
National Center for Defense Manufacturing and Machining	12.RD	FA8650-12-2-7230	284,621	867,500
Navmar Applied Sciences Corporation	12.RD	----	-	11,432
New York University	12.RD	----	-	138,778
Nexagen Networks, Inc.	12.RD	W15P7T-06-D-E401 DO 0016	-	2,002
NextGen Aeronautics	12.RD	D14PC00142	-	11,788
NextGen Aeronautics	12.RD	W15QKN-14-C-0002	-	9,188
Noise Control Engineering, LLC	12.RD	N00014-14-P-1177	-	30,591
North Carolina State University	12.RD	----	-	42,926
Northeastern University	12.RD	W911NF-10-2-0098	-	13,528
Northern Illinois University	12.RD	W56HZV-09-C-0656	-	6,873
Northrop Grumman Corporation	12.RD	B14-2013308G001	-	12,575
Northrop Grumman Corporation	12.RD	N00178-04-D-4091/N410	-	225,809
OASIS, Inc.	12.RD	N00014-13-P-1166	-	26,676
OASIS, Inc.	12.RD	N00014-14-C-0315	-	93,672
Oceaneering International, Inc.	12.RD	N00024-13-C-6403	-	3,056
Oceaneering International, Inc.	12.RD	SNY088-001	-	302,983
Ohio Aerospace Institute	12.RD	FA8650-09-D-2945	-	(476)
Ohio State University	12.RD	FA9550-09-1-0602	-	55,995
OptiPro Systems	12.RD	N68936-12-C-0018	-	11,565
OptiPro Systems	12.RD	N68936-12-C-0036	-	35,229
Optomec, Inc.	12.RD	FA8650-12-2-7230	-	224,262
Ormond, LLC	12.RD	W911W6-10-C-0065	-	71,946
PolyK Technologies, LLC	12.RD	N00014-14-C-0205	-	125,411
Princeton University	12.RD	N00014-12-1-0875	-	43,389
Princeton University	12.RD	N00014-12-1-0962	-	18,000
Princeton University	12.RD	N66001-11-1-4110	-	193,479
Princeton University	12.RD	W911NF-12-1-0461	-	125,554
Prometheus Innovations LLC	12.RD	N00024-12-C-4509	115,287	175,145
Pueblo Economic Development Corp	12.RD	W911NF-11-2-0014	32,134	34,999
Raytheon	12.RD	W911NF-09-D-0006	-	39,293
Reliacoat Technologies, LLC	12.RD	W15QKN-13-C-0067	-	12,078
Rice University	12.RD	FA9550-12-1-0035	-	158,234
Rice University	12.RD	FA9550-14-1-0268	-	97,274
Rice University	12.RD	W911NF-11-1-0632	-	406,141
Rolls-Royce	12.RD	N00014-09-D-0680	-	444,589
Rutgers University	12.RD	DTRF53-13-C-00060	-	13,312
Sabre Systems, Inc.	12.RD	N00178-05-D-4546 4Y02	-	2,319
Science Applications International Corporation	12.RD	----	-	28,968
Science Research Laboratory, Inc.	12.RD	W31P4Q-09-C-0291	-	(142)
SI2 Technologies, Inc.	12.RD	W909MY-12-C-0033	-	(198)
Sikorsky Aircraft Corporation	12.RD	W911W6-11-2-0008	-	10,167
South Carolina Research Authority	12.RD	N00014-06-D-0045 DO-0013	-	15,647
Stanford University	12.RD	FA9550-14-10317	-	109,649
Stanford University	12.RD	HDTRA1-14-1-0036	-	58,308
State University of New York at Stony Brook	12.RD	W911NF-09-1-0392	-	137,943
Steel Founders' Society of America	12.RD	W911NF-12-2-0033	-	11,391
Stevens Institute of Technology	12.RD	HQ0034-13-D-0004	-	60,759
Stevens Institute of Technology	12.RD	HQ0034-13-D-0004 TO-0037	-	17,591
STIMULUS Engineering Services, Inc.	12.RD	N00178-08-D-5603	-	20,735
Stratonics, Inc.	12.RD	FA8650-14-M-5051	-	16,587
Stratonics, Inc.	12.RD	N00014-12-C-0221	-	40,466
Structured Materials Industries, Inc.	12.RD	W911NF-14-C-0163	-	15,453
SURVICE Engineering Company	12.RD	W91CRB-09-D-0027	-	(1,279)
Technical Data Analysis, Inc.	12.RD	N68335-13-C-0124	-	112,985
Technion - Israel Institute of Technology	12.RD	444/0483169	-	175,234
Technosoft Corporation	12.RD	N00014-13-P-1199	-	52,751
Temple University	12.RD	W911NF-10-2-0098	-	(575)

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
Tennessee State University	12.RD	W911NF-121005	-	58,136
Terves, Inc.	12.RD	N00014-14-P-1156	-	24,974
Texas A&M University	12.RD	FA9550-12-1-0090	-	79,025
Texas Biochemicals, Inc.	12.RD	FA9550-15-C-0011	-	4,078
Toyon Research Corporation	12.RD	FA8650-12-C-1469	-	4,681
TRS Technologies, Inc.	12.RD	N00014-15-P-1076	-	24,542
UES, Inc.	12.RD	FA8650-9-D-5037 TASK 0020	-	27,769
UES, Inc.	12.RD	FA8650-10-D-5226 DO 0001	-	8,253
UES, Inc.	12.RD	FA8650-10-D-5226 DO-0004	-	260,843
UES, Inc.	12.RD	FA8650-11-D-5400 TO-003	-	1,496
UES, Inc.	12.RD	FA8650-14-C-5193	-	98,999
UES, Inc.	12.RD	W911QX-13-C-0088	-	(873)
Ultra Communications, Inc.	12.RD	N00024-14-C-4060	-	3,307
United Technologies Research Center	12.RD	N00014-12-C-0434	-	49,780
Universal Technology Corporation	12.RD	FA8650-11-D-5800	-	27,526
University of Arizona	12.RD	FA9550-14-1-0073	-	33,702
University of California	12.RD	N00014-08-1-1015	-	37,448
University of Colorado	12.RD	W31P4Q-13-1-0015	-	93,524
University of Connecticut	12.RD	N00014-10-1-0944	-	162,886
University of Connecticut	12.RD	N00014-12-1-0088	-	25,352
University of Dayton Research Institute	12.RD	FA8650-10-C-2934	-	171,445
University of Dayton Research Institute	12.RD	FA8650-11-D-5401/0008	-	14,447
University of Illinois	12.RD	FA9550-11-1-0129	-	1,250
University of Illinois	12.RD	FA9550-12-1-0471	-	105,598
University of Maryland	12.RD	FA95501310126	-	93,917
University of Michigan	12.RD	FA9550-09-1-0695	-	26,780
University of Michigan	12.RD	N65540-10-C-0003	-	50,002
University of Minnesota	12.RD	2013-MA-2381	-	237,604
University of Minnesota	12.RD	FA9550-10-1-0563	67,775	440,168
University of Minnesota	12.RD	N00014-12-1-1030	-	48,951
University of North Carolina	12.RD	W911NF-13-1-0332	-	15,670
University of Notre Dame	12.RD	2013-MA-2383	-	910,576
University of Tennessee	12.RD	N00014-15-1-2269	-	4,449
University of Tennessee	12.RD	W911W6-12-2-0003	-	16,064
University of Texas at Austin	12.RD	FA95601410089	-	83,339
University of Texas at Austin	12.RD	W81XWH-11-2-0222	-	48,176
University of Texas at San Antonio	12.RD	W912HZ-13-P-0241	-	23,439
University of Utah	12.RD	W911NF-12-2-0023	-	111,162
University of Washington	12.RD	HDTRA1-10-1-0075	-	15,262
Vertical Lift Consortium	12.RD	W911W6-06-2-0002	-	(2,915)
Vertical Lift Consortium	12.RD	W911W6-12-2-0003	-	233,865
Voxtel, Inc.	12.RD	FA8650-12-C-7226	-	119,802
Wagner Associates	12.RD	N00014-10-C-0525	-	38,643
Wagner Associates	12.RD	N00014-13-C-0625	-	38,623
Wagner Associates	12.RD	N00024-11-C-4188	-	58,122
Wagner Associates	12.RD	N00024-13-P-4010	-	908
Weidlinger Associates, Inc.	12.RD	N00014-14-P-1209	-	24,070
WR Systems, Ltd.	12.RD	N65236-10-D-2839	-	373,253
Total – Defense			1,045,792	17,420,594
<u>Interior:</u>				
California University of Pennsylvania	15.RD	08HQGR0154	-	4,000
California University of Pennsylvania	15.RD	----	-	3,478
Florida Fish and Wildlife Conservation Commission	15.RD	----	-	10,847
National Fish & Wildlife Foundation	15.RD	----	-	22,000
University of Maryland Center for Environmental Science	15.RD	F12AP01037	-	131
Total - Interior			-	40,456

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
<u>Justice:</u>				
H.F. Lenz Company	16.RD	J-FBI-12-137	-	126,426
Johns Hopkins University	16.RD	12-190	-	116,172
RTI International	16.RD	2011-RY-BX-0003	-	122,193
Total - Justice			-	364,791
<u>Transportation:</u>				
Applied Pavement Technology, Inc.	20.RD	DTFH61-10-D-00025	-	13,164
George Mason University	20.RD	----	-	7,465
Howard University	20.RD	----	-	(1)
Mississippi State University	20.RD	DTRT12-G-UTC12	-	5,694
Mississippi State University	20.RD	----	-	5,694
Norfolk Southern Corporation	20.RD	----	-	144,651
San Jose State University Foundation	20.RD	DTRT12-G-UTC21	14,163	121,451
TechKnowServ	20.RD	DTRT5714C10018	-	31,504
Vanasse Hangen Brustlin, Inc.	20.RD	DTFH61-10-D-00022	-	1,993
Vanasse Hangen Brustlin, Inc.	20.RD	DTFH61-13-D-00001	-	34,063
Washington State Department of Transportation	20.RD	----	-	62,524
Total - Transportation			14,163	428,202
<u>General Services Administration:</u>				
High Performance Technologies	39.RD	GS04T09DBC0017	-	98,415
Total - General Services Administration			-	98,415
<u>National Aeronautics and Space Administration:</u>				
Applied Physical Sciences Corp	43.RD	NNL15AA00C	-	21,506
Battelle Pacific Northwest National Laboratory	43.RD	NNH13CH25C	-	20,338
Brimrose Technology Corporation	43.RD	NNX12CB08C	-	406
Busek Company, Inc.	43.RD	NNX11CA37C	-	(142)
Busek Company, Inc.	43.RD	NNX12CB03C	-	(743)
California Institute of Technology	43.RD	NAS7-03001	-	86,843
Howard University	43.RD	NNX10AQ11A	-	18,350
Jet Propulsion Laboratory	43.RD	----	-	5,618
Michigan Technological University	43.RD	NNX14AN78G	-	34,168
Morgan State University	43.RD	----	-	15,068
Orbital Technologies Corporation	43.RD	----	-	40,683
PolyK Technologies, LLC	43.RD	NNX14CC79P	-	25,000
PolyK Technologies, LLC	43.RD	NNX14CC93P	-	25,000
Pratt & Whitney	43.RD	NNC10A12B	-	34,619
QorTek, Inc.	43.RD	----	-	18,903
Smithsonian Astrophysical Observatory	43.RD	NAS8-03060	-	1,025,471
Smithsonian Institution	43.RD	NNX13AD46G	-	59,774
Southwest Research Institute	43.RD	NNX12AE21G	-	4,450
Southwest Research Institute	43.RD	NNX13AF26G	-	10,194
Space Telescope Science Institute	43.RD	NAS5-26555	-	537,593
Space Telescope Science Institute	43.RD	----	-	33,248
Terves, Inc.	43.RD	NNX14CP56P	-	37,500
University of Georgia	43.RD	NNX13AF42G	-	4,581
University of Hawaii	43.RD	NNX13AF20G	-	31,293
University of Illinois	43.RD	NNX10AL94G	-	(95)
University of Montana	43.RD	NNX11A047G	-	52,241
University of Texas at Arlington	43.RD	NNX11AC03G	-	6,054
University of Texas at Austin	43.RD	NNX09AV10G	-	18,833
University of Washington	43.RD	NNA13AA93A	-	80,411
University of Wisconsin	43.RD	NNX10AP10G	-	(36)
Valador, Inc.	43.RD	----	-	(5,431)
Villanova University	43.RD	NNX13AF32G	-	(5,030)
Virginia Institute of Marine Science	43.RD	NNX11AD47G	-	11,812
Worcester Polytechnic Institute	43.RD	NNC14AA01A	-	2,869
Wyle	43.RD	NNL10AA08B/NNL10AB335	-	1
Yale University	43.RD	NNX12AC01G	-	16,265
Total - National Aeronautics and Space Administration			-	2,267,615

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
<u>National Science Foundation:</u>				
Ascent Bio-Nano Technologies, Inc.	47.RD	IIP-1346440	-	87,311
Astronomical Society of the Pacific	47.RD	DRL-1217441	-	60,366
Brown University	47.RD	----	-	(85)
California Institute of Technology	47.RD	68D-1094584	-	11,046
California Institute of Technology	47.RD	PHY-0757058	-	121,489
California Institute of Technology	47.RD	----	-	222,704
Carleton College	47.RD	DUE-1125331	-	30,133
Carleton College	47.RD	----	-	62,956
Carnegie Institute	47.RD	----	-	40
Columbia University	47.RD	OCE-1202632	-	180,214
Columbia University	47.RD	SWRC-340039-55900	-	2,482
Columbia University	47.RD	----	-	13,945
Consortium for Ocean Leadership	47.RD	CA OCE-0652315	-	110,773
Consortium for Ocean Leadership	47.RD	----	-	377
Cornell University	47.RD	0335765	-	784,526
Cornell University	47.RD	----	-	48,009
CRDF Global	47.RD	----	-	10,452
Duke University	47.RD	DBI-0830093	-	80,934
Florida State University	47.RD	----	-	7,526
Georgia State University	47.RD	CHE-1404633	-	7,368
Harvard University	47.RD	----	-	71,427
Impulse Technology, LLC	47.RD	----	-	100,097
Iowa State University	47.RD	----	-	39,927
Ligno Link, Inc.	47.RD	IIP-1353109	-	31,447
Louisiana State University	47.RD	DEB-1316334	-	64,289
Museum of Science	47.RD	----	-	12,000
Nascent Devices, LLC	47.RD	IIP-1346363	-	33,753
New England Aquarium	47.RD	----	-	25,999
New York University	47.RD	----	-	49,460
North Carolina State University	47.RD	NCSU 2013-1690	-	58,100
North Carolina State University	47.RD	----	-	616,132
Northwest Vista College	47.RD	11-692	-	5,596
Northwestern University	47.RD	----	-	23,094
Ohio State University	47.RD	DMR-1420451	-	22,050
Ohio State University	47.RD	----	-	97,308
Oregon State University	47.RD	OISE-0968391	-	5,702
Oregon State University	47.RD	----	-	31,173
PolyK Technologies, LLC	47.RD	IIP-1345430	-	537
PolyK Technologies, LLC	47.RD	IIP-1456204	-	11,941
Polymer Exploration Group, LLC	47.RD	----	-	13,185
Portland State University	47.RD	ARC-1219468	-	(1)
RAND Corporation	47.RD	1049208	-	62,020
Rensselaer Polytechnic Institute	47.RD	EFRI-1433311	-	127,682
Solid State Ceramics, Inc.	47.RD	1448918	-	15,117
Texas A&M University	47.RD	DMR-0844082	-	89,002
Thermatin Industries LLC	47.RD	IIP-1447975	-	3,261
Trinity University	47.RD	CBET-1160217	-	34,708
University Corporation for Atmospheric Research	47.RD	AGS-1344155	-	11,150
University of Alaska	47.RD	EAR 1443226	-	15,782
University of Arkansas	47.RD	AGS-1439964	-	16,027
University of California	47.RD	CHE-0802913	-	12,547
University of California	47.RD	CCF-1500848	-	90,785
University of California, Irvine	47.RD	CHE-1414466	-	89,388
University of Colorado	47.RD	AGS1135446	-	151,632
University of Connecticut	47.RD	CMMI-1131587	-	77,164
University of Illinois	47.RD	EAR-1331906	-	6,051
University of Kansas	47.RD	ANT0424589	-	345,197
University of Maryland	47.RD	EFRI-1452045	-	171,142
University of Maryland	47.RD	IOS1025837	-	75,883
University of Maryland	47.RD	MCB-1244303	-	19,085
University of Michigan	47.RD	EFRI-0937323	-	42,970
University of Minnesota	47.RD	DBI-1147079	-	46,090

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
University of Missouri	47.RD	IOS-1114484	-	26,386
University of New Hampshire	47.RD	ANT-0944266	-	34,421
University of New Hampshire	47.RD	EAR-1331841	-	46,579
University of Oklahoma	47.RD	AGS-1143948	-	56,147
University of Oklahoma	47.RD	AGS-1230114	-	4,239
University of Oregon	47.RD	BCS-0940744	-	26,898
University of Southern California	47.RD	ICER-1343800	-	36,187
University of Southern California	47.RD	OCE-0939564	-	43,974
University of Texas at Austin	47.RD	BCS-0964596	-	16,004
University of Texas at Austin	47.RD	OCE-1135427	22,800	93,504
University of Virginia	47.RD	DEB-1237733	-	33,815
University of Wisconsin	47.RD	ANT-0937462	-	29,939
University of Wisconsin	47.RD	DMR-1234096	-	76,585
University of Wisconsin	47.RD	PHY-1104371	-	25,057
Utah State University	47.RD	DUE-1122654	-	5,148
Virginia Polytechnic Institute and State University	47.RD	IOS-1238057	-	280,439
Washington University in St. Louis	47.RD	MCB-1331194	-	13,308
Total - National Science Foundation			22,800	5,507,095
<u>Environmental Protection Agency:</u>				
Battelle	66.RD	DE-AC07-05ID14517	1,042	208,881
Delaware Valley Regional Planning Commission	66.RD	----	-	18,433
Erie-Western PA Port Authority	66.RD	----	-	(2)
MACTEC Engineering and Consulting, Inc.	66.RD	----	-	8,968
National Fish & Wildlife Foundation	66.RD	FR.2413	4,500	240,247
Tetra Tech, Inc.	66.RD	----	-	24,104
University of California, Davis	66.RD	----	-	20,498
University of Illinois	66.RD	EPA-R5-GL2012-1	-	4,626
University of Minnesota	66.RD	GL-00E00813	-	13,150
University of Minnesota	66.RD	----	-	5,525
University of Texas at Austin	66.RD	83521601	-	25,372
University of Wisconsin	66.RD	GL-00E01138-01	-	3,885
Total - Environmental Protection Agency			5,542	573,687
<u>Energy:</u>				
Aerojet	81.RD	----	-	67,153
Air Products and Chemicals, Inc.	81.RD	DE-FE0012065	-	125,428
Air Products and Chemicals, Inc.	81.RD	----	-	57,838
Altex Technologies	81.RD	DE-FE0010427	-	30,606
Argonne National Laboratory	81.RD	DE-AC02-06C11357	-	176,161
Argonne National Laboratory	81.RD	----	-	40,059
Battelle	81.RD	DE-AC05-76RL01830	-	23,119
Battelle	81.RD	----	-	252,500
Battelle Energy Alliance, LLC	81.RD	DE-AC07-051D14517	-	248,334
Battelle Memorial Institute	81.RD	----	-	184,894
Battelle Pacific Northwest National Laboratory	81.RD	111923	-	11,145
Battelle Pacific Northwest National Laboratory	81.RD	6400012296	-	75,783
Battelle Pacific Northwest National Laboratory	81.RD	DE-AC05-76RL01830	-	200,669
Battelle Pacific Northwest National Laboratory	81.RD	----	-	289,548
Bettis Atomic Power Laboratory	81.RD	DE-NR0000031	-	51,551
Brookhaven National Laboratory	81.RD	DE-AC02-98CH10886	-	14,641
Cardinal Engineering	81.RD	2012-112-03	-	(145)
Cardinal Engineering	81.RD	----	-	12,411
CFD Research Corporation	81.RD	----	-	23,690
Compact Contractors for America, LLC	81.RD	----	-	(431)
Drexel University	81.RD	----	-	38,552
DRS Research	81.RD	DE-SC0010184	-	8,138
DRS Research	81.RD	----	-	132,064
EC Power	81.RD	----	-	74,996
Ford Motor Company	81.RD	DE-EE0005764	-	53,640
Harvard University	81.RD	DE-AR0000326	-	39,700
Hewlett-Packard	81.RD	----	-	3,248
HiFunda LLC	81.RD	DE-SC0007544	-	4,272

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
Houston Advanced Research Center	81.RD	DE-AC26-07NT42677	-	5,897
Knolls Atomic Power Laboratory	81.RD	DE-NR0000031	-	119,259
Lawrence Berkeley National Laboratory	81.RD	DE-AC02-05CH11231	-	81,035
Lawrence Berkeley National Laboratory	81.RD	----	-	5,160
Lawrence Livermore National Laboratory	81.RD	----	-	11,947
Leonardo Technologies, Inc.	81.RD	----	-	86,433
Los Alamos National Laboratory	81.RD	DE-AC52-06NA25396	-	30,843
Louisiana State University	81.RD	DE-SC0001058	-	6,986
Massachusetts Institute of Technology	81.RD	----	-	31,575
National Renewable Energy Laboratory	81.RD	DE-AC36-08GO28308	-	160,903
Northwestern University	81.RD	----	-	140,261
Nuvera Fuel Cells	81.RD	DE-PS36-08GO98009	-	(62,292)
Oak Ridge National Laboratory	81.RD	DE-AC05-000R22725	-	24,581
Oak Ridge National Laboratory	81.RD	----	-	66,778
PolyK Technologies, LLC	81.RD	DE-SC0011231	-	34,307
Pratt & Whitney	81.RD	DE-AR0000290	-	2,550
Princeton University	81.RD	DE-SC0006838	-	137,254
Purdue University	81.RD	DE-NE0000696	-	139,746
Purdue University	81.RD	DE-NE0008259	-	20,311
Research Partnership to Secure Energy for America	81.RD	DE-AC26-07NT42677	833,277	1,495,308
RTI International	81.RD	DE-FE0007707	-	66,551
Sandia National Laboratories	81.RD	DE-AC04-94AL85000	-	176,471
Sandia National Laboratories	81.RD	----	-	180,999
Stanford University	81.RD	DE-SC0005171	371,987	645,852
Third Wave Systems	81.RD	DE-EE0005762	-	7,064
UES, Inc.	81.RD	DE-SC0004356 0004	-	66,294
UES, Inc.	81.RD	DE-SC0011335	-	65,120
UES, Inc.	81.RD	DE-SC0013215	-	4,824
United Technologies Research Center	81.RD	DE-AR0000308	-	26,025
University Corporation for Atmospheric Research	81.RD	DE-EE0006016	-	105,377
University of California, Los Angeles	81.RD	DE-SC0006698	-	100,991
University of Delaware	81.RD	DE-SC0007092	-	32,358
University of Illinois	81.RD	DE-SC0010778	-	60,550
University of Michigan	81.RD	DE-NA0002534	-	107,751
University of Michigan	81.RD	DE-NE0000639	-	200,808
University of Oklahoma	81.RD	DE-SC0008811	-	23,485
University of South Florida	81.RD	DE-SC0012635	-	66,142
University of Tennessee	81.RD	DE-AC07-05ID14517	-	357,886
URS Corporation	81.RD	52.232-22	-	5,601
URS Corporation	81.RD	DE-FE0004000	-	26,444
URS Corporation	81.RD	RES1000026/55U	-	113,074
URS Corporation	81.RD	RES1000026/60U	-	46,851
URS Corporation	81.RD	----	-	1,200,188
Volvo Powertrain North America	81.RD	DE-EE0004232	133,060	344,621
Washington University	81.RD	DE-SC0001035	-	821
Washington University	81.RD	DE-SC0006870	-	153,898
Total - Energy			1,338,324	8,964,452
Education:				
Duke University	84.RD	H133E080011	310	46,501
Mercyhurst University	84.RD	4100058697	-	7,091
State University of New York at Geneseo	84.RD	----	-	135,348
Texas A&M University	84.RD	R305A130704	-	295,380
Texas A&M University	84.RD	R305A130705-14	-	97,587
University of Illinois	84.RD	----	-	21,534
University of Virginia	84.RD	R305A130701	-	23,574
University of Virginia	84.RD	----	-	212,969
Virginia Commonwealth University	84.RD	R305A110079	-	200,679
Virginia Commonwealth University	84.RD	R305A140434	-	102,957
Total - Education			310	1,143,620

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
<u>Health and Human Services:</u>				
Actuated Medical, Inc.	93.RD	2R44AG037214-03	-	138,354
Actuated Medical, Inc.	93.RD	2R44GM100535-02	-	29,238
Actuated Medical, Inc.	93.RD	2R44AI080335-02A1	-	15,088
Actuated Medical, Inc.	93.RD	----	-	20,352
AfaSci, Inc.	93.RD	5R42HL084990-03	-	136,949
Albert Einstein College of Medicine	93.RD	1R01-NS082432-01	-	68,875
Albert Einstein College of Medicine	93.RD	3R01ES010563	-	37,488
Albert Einstein College of Medicine	93.RD	5P01AG003949-30	-	6,405
Albert Einstein College of Medicine	93.RD	P01AG003949	-	40,901
American Thrombosis & Hemostasis Network	93.RD	5U01DD000761-03	-	(857)
Ann & Robert H. Lurie Children's Hospital of Chicago	93.RD	R01HD060997	-	7,772
Arizona State University	93.RD	1R01GM092946	-	73,308
Arizona State University	93.RD	R01JD061376-01A2	-	28,164
Ascent Bio-Nano Technologies, Inc.	93.RD	1 R43 HL126441-01	-	70,994
Atoptix LLC	93.RD	1R43GM113563-01	-	5,100
Bassett Mary Imogene Hospital	93.RD	5U54OH007542-13	-	172,562
Bassett Mary Imogene Hospital	93.RD	5U54OH007542-14	-	127,990
Baylor College of Medicine	93.RD	5 R01 AR44474-17	-	848
Boston Children's Hospital	93.RD	1R21TW009612-01A1	-	8,926
Boston Children's Hospital	93.RD	1R56AI084011-01	-	9,194
Boston Children's Hospital	93.RD	1U01HL107681-02	-	12,174
Boston Medical Center	93.RD	----	-	31,015
Broad Institute of MIT and Harvard	93.RD	U41HG007517	-	26,712
Brown University	93.RD	5 R01 ES020871-02	-	75,338
Child Care Consultants, Inc.	93.RD	----	-	28,801
Children's Hospital of Philadelphia	93.RD	5U27DD00862	-	5,866
Children's Hospital of Philadelphia	93.RD	5U27DD00862-04	-	21,415
Children's Hospital of Philadelphia	93.RD	H30MC24050	-	56,520
Children's Hospital of Philadelphia	93.RD	U10 CA98543-08	-	91,054
Children's Research Institute	93.RD	5P50AR060836-04	-	2,422
Cincinnati Children's Hospital Medical Center	93.RD	5R01 GM09973-03	-	1,271
Cincinnati Children's Hospital Medical Center	93.RD	R01HD069431	-	74,628
Cleveland Clinic Foundation	93.RD	R01 CA169117-02	-	225,898
Clinical & Translational Science Award Program	93.RD	UL1TR000127	-	60,000
Clinical & Translational Science Institute	93.RD	UL1TR000127	-	13,738
Clinical & Translational Science Institute	93.RD	----	-	47,007
Columbia University	93.RD	5 R01 NS067443-04	-	3,117
Columbia University	93.RD	5R01 NS067443-05	-	20,814
Columbia University	93.RD	R21AL107G31	-	25,350
Cornell University	93.RD	1R01AI092571-02	-	64,558
Cornell University	93.RD	R01AI092571	-	90,886
Cornell University	93.RD	----	-	13,071
Cureveda, LLC	93.RD	1R43DK098984-01	-	(1,016)
Dartmouth College	93.RD	1R01AG035028	-	16,735
Duke University	93.RD	HHSN275201000003I	-	19,514
Duke University	93.RD	HHSO100201300009C	-	(1,067)
East Tennessee State University	93.RD	5R01CA134891-05	-	96,023
East Tennessee State University	93.RD	----	-	19,541
ECOG-ACRIN Medical Research Foundation, Inc.	93.RD	----	-	19,269
The EMMES Corporation	93.RD	1U01NS026835-01A1	-	20,079
Emory University	93.RD	----	-	19,150
Essentia Institute of Rural Health	93.RD	U01HG006389	-	14,701
Essentia Institute of Rural Health	93.RD	----	-	193,786
Florida International University	93.RD	7R01MH083682-02	-	34,732
Geisinger Clinic	93.RD	5U01HG006382-04	-	11,632
Geisinger Clinic	93.RD	----	-	11,330
Geisinger Health System	93.RD	CD-1304-6987	-	17,204
Geisinger Health System	93.RD	----	-	42,748
George Washington University	93.RD	R01CA169070	-	53,494
George Washington University	93.RD	----	-	90,886
Georgetown University	93.RD	3U01AT003600-02S1	-	67,836

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
Georgia Health Sciences University	93.RD	----	-	10,819
Gladstone Institutes	93.RD	----	-	5,870
Harvard University	93.RD	5U19A1109764-02	-	24,754
Harvard University	93.RD	----	-	81,127
HudsonAlpha Institute for Biotechnology	93.RD	U54HG006998	-	32
InvoTek, Inc.	93.RD	5R44HD059231-03	-	50,468
Iowa State University	93.RD	2R01DA013709	-	89,105
Iowa State University	93.RD	2R01DA013709-11	-	169,385
John Wayne Cancer Institute	93.RD	P01 CA029605	-	856
Johns Hopkins University	93.RD	1U01NS062851-01A1	-	37,929
Johns Hopkins University	93.RD	R01GM089853	-	35,250
Johns Hopkins University	93.RD	----	-	43,981
Klein Buendel, Inc.	93.RD	1R41AG049570-01	-	24,091
Lehigh University	93.RD	----	-	55,505
Marshfield Clinic Research Foundation	93.RD	5 U54 OH009568-05	-	2,293
Massachusetts General Hospital	93.RD	1R01MH101194-01A1	-	75,968
Massachusetts General Hospital	93.RD	5R01MH101194-02	-	145,265
Medical University of South Carolina	93.RD	5R01CA164335	-	2,107
Medical University of South Carolina	93.RD	7 R01 CA164335-02	-	22,331
Michigan State University	93.RD	08 RHD066040A	-	14,481
Michigan State University	93.RD	R01MH092377-04	-	3,191
Microbiotix, Inc.	93.RD	R43 A113993	-	64,721
Minnetronix, Inc.	93.RD	2 R44 HL108415-02	-	132,473
Minnetronix, Inc.	93.RD	2 R44 HL108434-02	-	67,255
Minnetronix, Inc.	93.RD	4 R44 HL106942-02	-	41,131
Minnetronix, Inc.	93.RD	5 R44 HL108415-03	-	37,463
Mount Sinai Medical Center	93.RD	RQ2687771	-	19,728
National Jewish Health	93.RD	1 U01 AI097073-01A1	-	14,939
National Jewish Health	93.RD	5 U01 AI097073-02	-	70,587
New York University	93.RD	5U19A1089676-04	-	172,260
New York University	93.RD	----	-	202,939
Northwest Institute of Research	93.RD	----	-	137,323
Northwestern University	93.RD	1R18HS022767-01	-	1,873
Northwestern University	93.RD	5R01CA154908-03	-	69,121
Northwestern University	93.RD	5R01CA154908-04	-	175,492
Northwestern University	93.RD	R01DK097364	-	52,581
Ohio State University	93.RD	----	-	20,367
Oregon Health & Science University	93.RD	1R34HL115032-01A1	-	(1,085)
Oregon Health & Science University	93.RD	R34 HL115032	-	45,280
Oregon State University	93.RD	5P42ES016465-07	-	14,101
Oregon State University	93.RD	PES016465B	-	58,154
Pennsylvania Association of Community Health Centers	93.RD	----	-	20,711
Princeton University	93.RD	1 R01 HD076592	-	1,154
Princeton University	93.RD	R01AG016790	-	1,075
Purdue University	93.RD	1R01GM095923-01	-	33,584
RAND Corporation	93.RD	R01DA032881	-	18,563
Rensselaer Polytechnic Institute	93.RD	1R01OH010165-01A1	-	5,984
Rhode Island Hospital	93.RD	5 R01 HL110791-02	-	52,099
Rutgers University	93.RD	1 R01 A1091985-01A1	-	50,379
Rutgers University	93.RD	5U52PS004090-04	-	5,052
Seattle Children's Hospital	93.RD	1U01HL114623-01A1	-	11,421
St. Jude's Medical, Inc.	93.RD	5U01CA176063-02	-	9,884
Stanford University	93.RD	5H79AE000101	-	9,900
State University of New York at Buffalo	93.RD	5 R03 ES021779-02	-	29,347
State University of New York at Stony Brook	93.RD	1R01HD073352-01A1	-	120,885
State University of New York at Stony Brook	93.RD	----	-	2,562
Syracuse University	93.RD	1R01MH101536-01	-	24,627
Translational Genomics Research Institute	93.RD	R01 DK091601-04	31,615	126,571
University of California	93.RD	5U54GM069338-10	-	7
University of California	93.RD	HHSN261201100038C	-	32,354
University of California, Davis	93.RD	3R01DA17902-0951	-	88,287
University of California, Davis	93.RD	----	-	22,071

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
University of California, Irvine	93.RD	1R01AG042431-01A1	-	32,337
University of California, Los Angeles	93.RD	1R21NS090027-01	-	58,312
University of California, Los Angeles	93.RD	5R01HD062547-02	-	22,226
University of California, San Francisco	93.RD	1R01DK098233-01A1	-	69,836
University of California, San Francisco	93.RD	1R40MC26820-01-00	-	84,509
University of California, San Francisco	93.RD	R01HL114484	-	1,224
University of Central Florida	93.RD	7R01AI083253-05	-	30,000
University of Chicago	93.RD	5 U01 GM094588	-	39,369
University of Chicago	93.RD	R01-AL12575	-	151
University of Delaware	93.RD	7 R01 AR050052-06	-	19,920
University of Florida	93.RD	1 U01 HL119178-01	-	606
University of Florida	93.RD	IOS-0923975	-	(2)
University of Florida	93.RD	MED131	-	102,365
University of Florida	93.RD	ORIIIR130004-01-01	-	10,769
University of Florida	93.RD	ORIIIR130004-02	-	65,187
University of Florida	93.RD	R01 GM059969	-	224,433
University of Florida	93.RD	U01 HL119178-02	-	63,524
University of Georgia	93.RD	1 R01 DC013904-01A	-	24,923
University of Georgia	93.RD	1U01GM110744-01	-	11,254
University of Illinois	93.RD	1R01CA172726-01A1	-	10,514
University of Illinois	93.RD	1UG54GM093342	-	92,014
University of Kentucky	93.RD	1R21AI108260-01A1	-	66,441
University of Kentucky	93.RD	3 U54 CA153604-05S1	-	17,581
University of Kentucky	93.RD	5 R21 AI108260-02	-	5,060
University of Kentucky	93.RD	5 U54 CA153604-04	5,069	27,156
University of Kentucky	93.RD	5 U54 CA153604-05	12,912	70,863
University of Louisville	93.RD	1 R01 CA185972-01	-	69,958
University of Maryland	93.RD	5R01DA025407-04	-	58,593
University of Maryland	93.RD	R01ES019168	-	11,509
University of Maryland	93.RD	----	-	(13,506)
University of Medicine & Dentistry of New Jersey	93.RD	1 R15 DK090593-01A1	-	389
University of Miami	93.RD	1R01GM105004-01	-	65,966
University of Michigan	93.RD	1P50GM103297	-	52,422
University of Michigan	93.RD	1U01NS079077-01A1	-	1,020
University of Michigan	93.RD	5-P50 GM103297-02	-	46,580
University of Michigan	93.RD	5 R01DA001411-41	-	3,518
University of Michigan	93.RD	5R21 CA168479-02	-	3,351
University of Michigan	93.RD	HHSF223201310144C	-	120,916
University of Michigan	93.RD	P50GM103297	-	153,686
University of Michigan	93.RD	R01DA001411	-	48,159
University of Michigan	93.RD	R01EY023725	-	49,883
University of Michigan	93.RD	R21AA21426	-	24,776
University of Michigan	93.RD	U01 HL094345	-	6,839
University of Minnesota	93.RD	1R24MH106049-01	-	198,979
University of Minnesota	93.RD	1U01NS062091-01A2	-	17,786
University of North Carolina	93.RD	1R01HD080256-01	-	34,913
University of North Carolina	93.RD	1R01HD080786	-	142,187
University of North Carolina	93.RD	5R01AIO89819-04	-	140,338
University of North Carolina	93.RD	5 R01 ES020836-03	-	40,875
University of North Carolina	93.RD	5 R01 ES020836-04	-	4,894
University of North Carolina	93.RD	5U01 DK092239	-	29,799
University of North Texas	93.RD	R01HL109340	-	53,319
University of Oregon	93.RD	1R01DA035062	-	2,292
University of Oregon	93.RD	1R01DAD035052-01A1	-	44,879
University of Oregon	93.RD	R56HD042608	-	3,160
University of Pennsylvania	93.RD	5 R01 HD069321-04	-	66,599
University of Pittsburgh	93.RD	1R01GM101197-01A1-02	-	13,832
University of Pittsburgh	93.RD	1U01NS081041-01A1	-	23,628
University of Pittsburgh	93.RD	5UB4HP19199-04	-	(2)
University of Pittsburgh	93.RD	UB4HP19199-05	-	113,799
University of Rochester	93.RD	1 R01 AI067391-01	-	57,048
University of Rochester	93.RD	R01MH097293	-	219,206
University of Rochester Medical Center	93.RD	5 U01 NS061799-02	-	3,765

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
University of Southern California	93.RD	1R21 HD072170-01A1	-	8,544
University of Southern California	93.RD	5P41EB002182-16	-	123,957
University of Southern California	93.RD	5R01AG037985	-	64,517
University of Tennessee Health Science Center	93.RD	1R01AA021951-01A1	-	19,385
University of Texas at Arlington	93.RD	R01HL118498	-	90,808
University of Texas at Austin	93.RD	5R01DA033997-02	-	2,927
University of Texas at Austin	93.RD	R01AG027769	-	28,628
University of Texas Health Science Center at San Antonio	93.RD	5R01DA026868-05	-	1,511
University of Texas Southwestern Medical Center	93.RD	----	-	119,600
University of Virginia	93.RD	5U01NS069498-03	-	5,819
University of Virginia	93.RD	5U01NS069498-04	-	3,965
University of Virginia	93.RD	7R01CA018138-37	-	57,614
University of Virginia	93.RD	7R01CA098472-11	-	29,899
University of Virginia	93.RD	7R01CA170334-02	-	91,531
University of Virginia	93.RD	R01CA170334	-	17,538
University of Virginia	93.RD	----	-	188,546
University of Washington	93.RD	1 R01 HD068395-01	-	41,464
University of Washington	93.RD	5 R01 AR056221-05	-	18,130
University of Wisconsin	93.RD	1 P01 CA180945-01	-	67,434
University of Wisconsin	93.RD	3 P01 AG020166-0851	-	2,965
University of Wisconsin	93.RD	5 P01 AG020166	4,947	248,457
University of Wisconsin	93.RD	5P50CA143188-15	-	13,812
University of Wisconsin	93.RD	R01HD080201-01A1	-	81,575
Vanderbilt University	93.RD	1R21AR063486-01A1	-	59,843
Vanderbilt University	93.RD	5R18HSO20415-03	-	7,500
Vanderbilt University	93.RD	5R01AI077505-04	-	(1)
Vanderbilt University	93.RD	5K07CA172294-02	-	5,545
Vanderbilt University	93.RD	5U01HG006385-03	-	18,473
Vanderbilt University	93.RD	5U01HG008385-04	-	263,080
Vanderbilt University	93.RD	5U19HL065962-13	-	295,690
Vanderbilt University	93.RD	P41 GM103991	-	24,225
Vanderbilt University	93.RD	P41 RR031461	-	(1,487)
Virginia Commonwealth University	93.RD	1P50DA036105-01	-	52,297
Virginia Commonwealth University	93.RD	5 P50 DA036105-02	-	315,748
Virginia Commonwealth University	93.RD	5R01HD73555-03	-	115,640
Virginia Polytechnic Institute and State University	93.RD	1U600H009761-01	-	12,039
Washington State University	93.RD	7R01CA164366	-	42,273
Westat	93.RD	200-2004-07072	-	16,656
Yale University	93.RD	2 U01-NS044876-06	-	15,362
Yale University	93.RD	5 U10 HD055925-07	-	3,550
Total - Health and Human Services			54,543	11,334,897
<u>Homeland Security:</u>				
Massachusetts Institute of Technology	97.RD	----	-	36,142
Purdue University	97.RD	2008-ST-061-CI0001	-	26,938
Purdue University	97.RD	2009-ST-061-CI0001	-	95,045
Purdue University	97.RD	DHS-12-DN-077-001-NC5	-	10,893
University of California	97.RD	2008-ST-061-BS0002	-	7,724
University of Southern California	97.RD	NF13004	-	(574)
Total - Homeland Security			-	176,168
<u>Agency for International Development:</u>				
International Crops Research Institute for the Semi-Arid Tropics	98.RD	----	-	25,179
Purdue University	98.RD	206766	-	17,147
Tuskegee University	98.RD	09-0029-45-57	-	22,878
University of California, Davis	98.RD	016258	-	16,680
University of California, Davis	98.RD	EPP-A-00-09-00004	-	15,485
Virginia Polytechnic Institute and State University	98.RD	AID-0AA-L-12-00002	-	169,428
Virginia Polytechnic Institute and State University	98.RD	EPP-A-00-04-00013-00	-	7,172
Virginia Polytechnic Institute and State University	98.RD	EPP-A-00-04-00016-00	-	93,925
Total - Agency for International Development			-	367,894

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
<u>Miscellaneous:</u>				
Albert Einstein College of Medicine	99.RD	R01ES010563	-	31,821
Cleveland Clinic Foundation	99.RD	R01 CA169117	-	36,971
Concurrent Technologies Corporation	99.RD	14-C-0144	-	481,828
Fundo Science Corporation	99.RD	HQ0147-15-C-7303	-	3,756
ITT Corporation	99.RD	----	-	325,831
Johns Hopkins University	99.RD	11-G-2402	-	19,680
Johns Hopkins University	99.RD	W81XWH-10-2-0090	-	118,675
Kessler Foundation	99.RD	HC0185	-	18,274
Lockheed Martin	99.RD	----	-	461,397
Presbyterian Senior Living	99.RD	14SG4902	-	25,124
Signature Science, LLC	99.RD	HHM402-10-D-0010 DO 0023	-	226,101
Signature Science LLC	99.RD	HM402-10-D-0010 DO 0026	153,600	378,713
Total - Miscellaneous			153,600	2,128,171
Total Research and Development - Pass-Through Funds - Other Institutions			\$ 2,906,671	\$ 55,695,856
7. RESEARCH AND DEVELOPMENT - PASS-THROUGH FUNDS - OTHER INSTITUTIONS - AMERICAN RECOVERY AND REINVESTMENT ACT:				
<u>National Science Foundation:</u>				
Lehigh University	47.RD	DMR-0844014	\$ -	\$ 12,151
Lehigh University	47.RD	----	-	12,799
Total - National Science Foundation			-	24,950
<u>Energy:</u>				
Northwestern University	81.RD	DE-SC0000989	-	38,656
University of Massachusetts	81.RD	DE-SC 0001087	-	91
URS Corporation	81.RD	----	-	21,341
Total - Energy			-	60,088
<u>Health and Human Services:</u>				
Cincinnati Children's Hospital Medical Center	93.RD	RC1HL100474	-	345
Total - Health and Human Services			-	345
Total Research and Development - Pass-Through Funds - Other Institutions American Recovery and Reinvestment Act			\$ -	\$ 85,383
Total Research and Development			\$ 71,702,795	\$ 518,500,364
8. OTHER DIRECT FUNDING:				
<u>Agriculture:</u>				
Higher Education - Institution Challenge Grants Program	10.217		\$ -	\$ 52,435
Higher Education - Multicultural Scholars Grant Program	10.220		-	28,783
Agriculture and Food Research Initiative Beginning Farmer and Rancher Development Program	10.310		31,265	870,074
Crop Protection and Pest Management Competitive Grants Program	10.311		-	42,715
Risk Management Education Partnerships	10.329		-	114,679
Cooperative Extension Service	10.460		-	57,860
Urban and Community Forestry Program	10.500		210,665	14,285,734
Forest Stewardship Program	10.675		-	406,196
Rural Business Enterprise Grants	10.678		-	98,851
Rural Energy for America Program	10.769		-	40,071
Environmental Quality Incentives Program	10.868		-	1,081
	10.912		128,155	474,639

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
Technical Agricultural Assistance	10.960		-	17,523
Scientific Cooperation and Research	10.961		18,026	19,857
Cochran Fellowship Program-International Training-Foreign Participant	10.962		-	42,862
Non-Specified	10.xxx		-	182,947
Total - Agriculture			388,111	16,736,307
<u>Commerce:</u>				
Non-Specified	11.xxx		-	34,941
Total - Commerce			-	34,941
<u>Defense:</u>				
Basic and Applied Scientific Research	12.300		-	10,000
Centers for Academic Excellence	12.598		-	124,344
Non-Specified	12.xxx		-	2,964,778
Total - Defense			-	3,099,122
<u>Interior:</u>				
Assistance to State Water Resources Research Institutes	15.805		-	3,384
Total - Interior			-	3,384
<u>Justice:</u>				
Non-Specified	16.xxx		-	89,999
Total - Justice			-	89,999
<u>Labor:</u>				
Occupational Safety and Health - Susan Harwood Training Grants	17.502		-	33,018
Total - Labor			-	33,018
<u>Transportation:</u>				
Airport Improvement Program	20.106		-	694,186
Total - Transportation			-	694,186
<u>National Aeronautics and Space Administration:</u>				
Science	43.001		-	19,362
Education	43.008		97,120	157,306
Non-Specified	43.xxx		-	6,955
Total - National Aeronautics and Space Administration			97,120	183,623
<u>National Endowment for the Humanities:</u>				
Promotion of the Humanities - Division of Preservation and Access	45.149		-	18,437
Total - National Endowment for the Humanities			-	18,437
<u>National Science Foundation:</u>				
Mathematical and Physical Sciences	47.049		-	514,766
Biological Sciences	47.074		-	69,533
Education and Human Resources	47.076		-	683,235
Non-Specified	47.xxx		-	100,460
Total - National Science Foundation			-	1,367,994
<u>Environmental Protection Agency:</u>				
Protection of Children from Environmental Health Risks	66.609		-	8,521
Pollution Prevention Grants Program	66.708		-	44,522
Source Reduction Assistance	66.717		-	50,875
Total - Environmental Protection Agency			-	103,918
<u>Energy:</u>				
Office of Science Financial Assistance Program	81.049		-	5,657

	Pass-Through	Subcontract	
CFDA No.	Entity Identifying No.	Expenditures	Expenditures
Renewable Energy Research and Development	81.087	-	215,256
Total - Energy		-	220,913
<u>Education:</u>			
Overseas Programs - Group Projects Abroad	84.021	31,300	70,532
TRIO - Student Support Services	84.042	-	47,034
TRIO - Talent Search	84.044	-	681,662
TRIO - Upward Bound	84.047	-	735,252
TRIO - Educational Opportunity Centers	84.066	-	37,591
Rehabilitation Long-Term Training	84.129	-	147,535
Migrant Education - College Assistance			
Migrant Program	84.149	-	51,481
Javits Fellowships	84.170	-	1,522
TRIO - McNair Post-Baccalaureate			
Achievement	84.217	-	264,233
Education Research, Development			
and Dissemination	84.305	-	743,932
Special Education - Personnel Development to			
Improve Services and Results for Children			
with Disabilities	84.325	-	880,201
English Language Acquisition State Grants	84.365	20,227	131,268
Non-Specified	84.xxx	-	1,071,549
Total - Education		51,527	4,863,792
<u>Health and Human Services:</u>			
Area Health Education Centers Point of Service			
Maintenance and Enhancement Awards	93.107	541,374	716,374
Environmental Health	93.113	-	30,343
State Rural Hospital Flexibility Program	93.241	-	286,915
Advanced Nursing Education Grant	93.247	-	381,837
Alcohol Research Programs	93.273	-	49,128
Drug Abuse and Addiction Research			
Programs	93.279	-	576,975
Mental Health National Research Service			
Awards for Research Training	93.282	-	501
Centers for Disease Control and Prevention -			
Investigations and Technical Assistance	93.283	-	18,890
National Center for Advancing			
Translational Sciences	93.350	-	125,918
Research Infrastructure Programs	93.351	-	(36,283)
Advanced Education Nursing Traineeships	93.358	-	244,000
Cancer Research Manpower	93.398	-	430,293
Affordable Care Act Advanced Nursing			
Education Expansion Initiative	93.513	-	354,203
Cardiovascular Diseases Research	93.837	-	76,877
Arthritis, Musculoskeletal and Skin Diseases			
Research	93.846	-	9,383
Diabetes, Digestive, and Kidney Diseases			
Extramural Research	93.847	7,679	206,632
Extramural Research Programs in the			
Neurosciences and Neurological Disorders	93.853	-	48,710
Biomedical Research and Research Training	93.859	-	259,811
Child Health and Human Development			
Extramural Research	93.865	-	6,000
Rural Health Care Services Outreach, Rural			
Health Network Development and Small Health			
Care Provider Quality Improvement Program	93.912	-	40,263
Grants to States for Operation of Offices of			
Rural Health	93.913	-	191,407
International Research and Research Training	93.989	36,118	78,558
Non-Specified	93.xxx	-	159,700
Total - Health and Human Services		585,171	4,256,435

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
<u>Homeland Security:</u>				
Non-Specified	97.xxx		-	277,658
Total - Homeland Security			-	277,658
<u>Miscellaneous:</u>				
Non-Specified	99.xxx		-	13,794
Total - Miscellaneous			-	13,794
Total Other Direct Funding			\$ 1,121,929	\$ 31,997,521
9. OTHER DIRECT FUNDING - AMERICAN RECOVERY AND REINVESTMENT ACT:				
<u>Energy:</u>				
Conservation Research and Development	81.086		\$ -	\$ 89,579
Total - Energy			-	89,579
<u>Health and Human Services:</u>				
ARRA Grants for Training in Primary Care Medicine & Dentistry Training & Enhancement	93.403		-	335,159
Total - Health and Human Services			-	335,159
Total Other Direct Funding - American Recovery and Reinvestment Act			\$ -	\$ 424,738
10. OTHER PASS-THROUGH FUNDS - COMMONWEALTH OF PENNSYLVANIA:				
<u>Agriculture:</u>				
Specialty Crop Block Grant Program - Farm Bill	10.170	----	\$ -	\$ 21,500
Crop Insurance Education in Targeted States	10.458	ME 44134450	-	18,716
Crop Insurance Education in Targeted States	10.458	ME 44144937	-	66,354
Child and Adult Care Food Program	10.558	----	-	88,007
Summer Food Service Program for Children	10.559	310-14-000-0	-	27,541
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	4000015750	10,340,375	11,144,228
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	4100069151	7,322,794	9,569,686
Team Nutrition Grants	10.574	4300396024	-	27,642
Team Nutrition Grants	10.574	4300396045	-	251,293
Non-Specified	10.xxx	4300324334	-	11,941
Non-Specified	10.xxx	4300426810	-	114,903
Non-Specified	10.xxx	ME 44144959	-	13,085
Non-Specified	10.xxx	ME 44144963	-	48,462
Total - Agriculture			17,663,169	21,403,358
<u>Commerce:</u>				
State Broadband Data and Development Grant Program	11.558	C000051994	-	134,616
Total - Commerce			-	134,616
<u>Justice:</u>				
Edward Byrne Memorial Competitive Grant Program	16.751	4300448859	-	29,444
Second Chance Act Reentry Initiative	16.812	4300345337	-	1,861
Total - Justice			-	31,305
<u>Labor:</u>				
Trade Adjustment Assistance	17.245	----	-	313,533
Mine Health and Safety Grants	17.600	4300410625	-	260,175
Total - Labor			-	573,708

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
<u>Transportation:</u>				
Recreational Trails Program	20.219	ME 2789015	-	10,246
Total - Transportation			-	10,246
<u>General Services Administration:</u>				
Donation of Federal Surplus Personal Property	39.003	----	-	6,063
Total - General Services Administration			-	6,063
<u>Environmental Protection Agency:</u>				
Pollution Prevention Grants Program	66.708	4100066876	-	50,344
Non-Specified	66.xxx	4300452056	-	47,589
Total - Environmental Protection Agency			-	97,933
<u>Energy:</u>				
State Energy Program	81.041	4300420329	-	296,335
Total - Energy			-	296,335
<u>Education:</u>				
Adult Education - Basic Grants to States	84.002	041-14-0038	-	1,264
Adult Education - Basic Grants to States	84.002	041-14-0039	-	7,000
Adult Education - Basic Grants to States	84.002	064-15-0039	-	333,192
Adult Education - Basic Grants to States	84.002	064-15-0040	-	181,250
Adult Education - Basic Grants to States	84.002	099-14-0001	-	1,795
Adult Education - Basic Grants to States	84.002	099-14-0002	-	968
Adult Education - Basic Grants to States	84.002	099-14-0003	-	2,127
Adult Education - Basic Grants to States	84.002	099-14-0004	-	3,613
Adult Education - Basic Grants to States	84.002	099-15-0001	50,000	198,938
Adult Education - Basic Grants to States	84.002	099-15-0002	-	179,123
Adult Education - Basic Grants to States	84.002	099-15-0003	-	135,891
Adult Education - Basic Grants to States	84.002	099-15-0004	-	381,742
Career and Technical Education - Basic Grants to States	84.048	119-14-4004	-	378
Career and Technical Education - Basic Grants to States	84.048	119-15-0001	-	230,229
Non-Specified	84.xxx	141597-21616170	-	76,157
Total - Education			50,000	1,733,667
<u>Health and Human Services:</u>				
Child Support Enforcement	93.563	4000018811	-	2,222,882
Child Support Enforcement	93.563	4100049863	-	665,323
HIV Care Formula Grants	93.917	4300407203	-	327,127
HIV Care Formula Grants	93.917	4300458777	-	17,665
Assistance Programs for Chronic Disease Prevention and Control	93.945	4100065734	-	163,645
Preventive Health and Health Services Block Grant	93.991	4100065734	-	148,304
Maternal and Child Health Services Block Grant to the States	93.994	4100050792	-	16,021
Maternal and Child Health Services Block Grant to the States	93.994	4100065723	-	265,360
Non-Specified	93.xxx	4100062657	-	21,363
Total - Health and Human Services			-	3,847,690
Total Other Pass-Through Funds - Commonwealth of Pennsylvania			\$ 17,713,169	\$ 28,134,921

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
11. OTHER PASS-THROUGH FUNDS - COMMONWEALTH OF PENNSYLVANIA - AMERICAN RECOVERY AND REINVESTMENT ACT:				
<u>Commerce:</u>				
State Broadband Data and Development				
Grant Program	11.558	C000051994	\$ -	\$ (32,284)
Total - Commerce			-	(32,284)
Total Other Pass-Through Funds- Commonwealth of Pennsylvania American Recovery And Reinvestment Act			\$ -	\$ (32,284)
12. OTHER PASS-THROUGH FUNDS - OTHER INSTITUTIONS:				
<u>Agriculture:</u>				
Cornell University-Grants for Agricultural				
Research, Special Research Grants	10.200	2012-34383-19759	\$ -	\$ 2,436
University of Vermont-Sustainable Agriculture				
Research and Education	10.215	2012-38640-19543	-	13,279
University of Vermont-Sustainable Agriculture				
Research and Education	10.215	2014-38640-22161	-	2,825
Cornell University-Integrated Programs	10.303	2012-51120-20287	-	8,951
Cornell University-Integrated Programs	10.303	----	-	39,151
University of Connecticut-Integrated Programs	10.303	2010-51110-21007	-	30,393
Rutgers University-Specialty Crop				
Research Initiative	10.309	2009-51181-06035	-	3,334
Virginia Polytechnic Institute and State				
University-Specialty Crop Research Initiative	10.309	2010-51181-21140	-	119,693
Ohio State University-Agriculture and Food				
Research Initiative	10.310	2015-68004-23131	-	1,511
University of Vermont-Crop Protection and Pest				
Management Competitive Grants Program	10.329	2014-70006-22516	-	6,638
Cornell University-Cooperative Extension Service	10.500	2012-49200-20031	-	8,602
Kansas State University-Cooperative				
Extension Service	10.500	2010-48661-21868	-	9,579
Kansas State University-Cooperative				
Extension Service	10.500	2010-48696-21892	-	9,219
Kansas State University-Cooperative				
Extension Service	10.500	2010-48713-21882	-	29,000
Kansas State University-Cooperative				
Extension Service	10.500	2012-48749-20178	-	7,896
Kansas State University-Cooperative				
Extension Service	10.500	2013-48696-21184	-	1,070
Kansas State University-Cooperative				
Extension Service	10.500	2014-48661-22370	-	17,083
Kansas State University-Cooperative				
Extension Service	10.500	2014-48713-22245	-	45,784
Rutgers University-Cooperative Extension				
Service	10.500	2011-41530-30566	-	309
University of Georgia-Cooperative				
Extension Service	10.500	2013-48761-21440	-	10,800
University of Nebraska-Cooperative				
Extension Service	10.500	2013-48712-21516	-	202,389
University of Nebraska-Cooperative				
Extension Service	10.500	----	-	101,221
University of Vermont-Cooperative				
Extension Service	10.500	2012-47001-19544	16,409	41,502

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
University of Vermont-Cooperative Extension Service	10.500	2013-47001-20896	-	104,614
University of Wisconsin-Soil and Water Conservation	10.902	68-3A75-11-268	-	24,069
University of Delaware-Environmental Quality Incentives Program	10.912	69-3A75-12-244	-	3,535
University of Maryland-Non-Specified	10.xxx	LNE 11-312	-	382
University of Nebraska-Non-Specified	10.xxx	----	-	10,000
Total - Agriculture			16,409	855,265
<u>Defense:</u>				
University of Michigan-Non-Specified	12.xxx	N65540-10-C-0003	-	159,084
Total - Defense			-	159,084
<u>Justice:</u>				
National 4-H Council-Juvenile Mentoring Program	16.726	2014-JU-FX-0025	-	19,486
National 4-H Council-Juvenile Mentoring Program	16.726	----	-	36,899
Total - Justice			-	56,385
<u>Labor:</u>				
Lehigh Valley Workforce Investment Board, Inc.- WIA/WIOA Youth Activities	17.259	----	-	76,206
Total - Labor			-	76,206
<u>State:</u>				
Institute of International Education-Non-Specified	19.xxx	----	-	227,534
Total - State			-	227,534
<u>Transportation:</u>				
Mead & Hunt-Non-Specified	20.xxx	----	-	19,363
Total - Transportation			-	19,363
<u>General Services Administration:</u>				
3T International, Inc.-Non-Specified	39.xxx	----	-	22,000
Total - General Services Administration			-	22,000
<u>National Aeronautics and Space Administration:</u>				
Texas State University-Education	43.008	NNX14AQ30A	-	37,259
Space Telescope Science Institute	43.xxx	NAS5-26555	-	10,317
Total - National Aeronautics and Space Administration			-	47,576
<u>National Endowment for the Arts:</u>				
New England Foundation for the Arts-Promotion of the Arts - Grants to Organizations and Individuals	45.024	----	-	2,000
Mid Atlantic Arts Foundation-Promotion of the Arts - Partnership Agreements	45.025	----	-	1,000
The Gilder Lehrman Institute of American History- Non-Specified	45.xxx	----	-	1,200
Total - National Endowment for the Arts			-	4,200
<u>National Science Foundation:</u>				
Shippensburg University of Pennsylvania- Non-Specified	47.xxx	----	-	62,909
Total - National Science Foundation			-	62,909
<u>Small Business Administration:</u>				
University of Pennsylvania-Small Business Development Centers	59.037	SBAHQ-13-B-0036	-	39,355
University of Pennsylvania-Small Business Development Centers	59.037	SBAHQ-14-B-0055	-	8,293

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
Ben Franklin Technology Center-Non-Specified	59.xxx	SBAHQ-13-G-0002	-	63,868
Total - Small Business Administration			-	111,516
<u>Veterans Affairs:</u>				
Boston College-Non-Specified	64.xxx	VA244-P-1554	-	7,111
Boston College-Non-Specified	64.xxx	----	-	7,494
Total - Veterans Affairs			-	14,605
<u>Environmental Protection Agency:</u>				
National Fish & Wildlife Foundation-Chesapeake Bay Program	66.466	----	14,981	356,780
University of Maryland-Chesapeake Bay Program	66.466	2011-0050-006	-	34,945
Lancaster County, Pennsylvania-Non-Specified	66.xxx	4100066461	-	32,801
Total - Environmental Protection Agency			14,981	424,526
<u>Energy:</u>				
PolyK Technologies, LLC-Office of Science Financial Assistance Program	81.049	DE-SC0011231	-	5,357
Total - Energy			-	5,357
<u>Education:</u>				
National Writing Project-Improving Teacher Quality State Grants	84.367	----	-	20,174
Total - Education			-	20,174
<u>Health and Human Services:</u>				
Boston College-Special Programs for the Aging - Title IV and Title III Discretionary Projects	93.048	90C90143/02	-	46,265
Boston College-Special Programs for the Aging - Title IV and Title III Discretionary Projects	93.048	----	-	2,088
Marshfield Clinic Research Foundation-Occupational Safety and Health Program	93.262	2U54OH009568-06	-	16,664
Vantage Human Resource Services, Inc.-President's Council on Fitness, Sports, and Nutrition	93.289	----	-	3,418
Milton S. Hershey Medical Center-Cancer Treatment Research	93.395	----	-	10,454
Child Care Consultants, Inc.-Child Care and Development Block Grant	93.575	4100029170	-	852,012
Community Services for Children, Inc.-Child Care and Development Block Grant	93.575	----	-	16,215
Northwest Institute of Research-Child Care and Development Block Grant	93.575	----	-	70,815
YWCA Greater Pittsburgh-Child Care and Development Block Grant	93.575	4100053384	-	1,504
YWCA Greater Pittsburgh-Child Care and Development Block Grant	93.575	----	-	24,811
Tuscarora Intermediate Unit-Preventive Health and Health Services Block Grant	93.758	----	-	24,998
Pennsylvania Mountains Healthcare Alliance-Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement Program	93.912	R01RH26277	-	44,261
Skills of Central Pennsylvania, Inc.-Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement Program	93.912	1 P10RH27754-01-00	-	7,500
Child Care Consultants, Inc.-Non-Specified	93.xxx	4100029170	-	16,691
Joslin Diabetes Center-Non-Specified	93.xxx	1C1CMS331021-01-00	-	177,099
Joslin Diabetes Center-Non-Specified	93.xxx	----	-	83,703
Kirksville College of Osteopathic Medicine-Non-Specified	93.xxx	R25AT003579	-	7,895

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
United States National Library of Medicine- Non-Specified	93.xxx	HHSN-276-2011-00003-C	-	828
University of Pennsylvania-Non-Specified	93.xxx	----	-	746,611
Total - Health and Human Services			-	2,153,832
<u>Agency for International Development:</u>				
Virginia Polytechnic Institute and State University-USAID Foreign Assistance for Programs Overseas	98.xxx	AID-OAA-L-12-00002	-	1,115
Total - Agency for International Development			-	1,115
Total Other Pass-Through Funds - Other Institutions			\$ 31,390	\$ 4,261,647

13. 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, 2015</u>	<u>Loan Expenditures and Disburs.</u>	<u>Outstanding Balance at June 30, 2015</u>
Federal Perkins Loan Program	84.038	\$ -	\$ 205,693	\$ 44,541,316
Health Professions Student Loan Program	93.342	-	-	90,860

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.

14. 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, 2015 totaled \$538,708,938.

15. 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, 2014</u>	<u>Endowment Expenditures</u>	<u>Endowment Income</u>	<u>Balance at June 30, 2015</u>
Fund for the Improvement of Postsecondary Education	84.116	\$ 6,000,000	\$ 262,355	\$ 262,355	\$ 6,000,000

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of The Pennsylvania State University and subsidiaries (the "University"), which comprise the consolidated statements of financial position as of June 30, 2015 and 2014, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 30, 2015.

Internal Control Over Financial Reporting

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

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

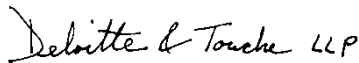
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Deloitte & Touche LLP

October 30, 2015

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

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

Report on Compliance for Each Major Federal Program

We have audited The Pennsylvania State University and subsidiaries (the "University") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2015. The University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

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

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the consolidated financial statements of the University as of and for the year ended June 30, 2015, and have issued our report thereon dated October 30, 2015, which contained an unmodified opinion on those consolidated financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Deloitte & Touche LLP

March 21, 2016

THE PENNSYLVANIA STATE UNIVERSITY

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditors' report issued Unmodified

Internal control over financial reporting:

Material weakness identified? _____ yes X no

Significant deficiency identified? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major federal programs:

Material weakness identified? _____ yes X no

Significant deficiency identified? _____ yes X none reported

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

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

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

Identification of major federal programs

CFDA Number	Name of Federal Program or Cluster
Cluster	Research and Development

Dollar threshold used to distinguish between
Type A and Type B programs \$ 3,794,956

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

SECTION II - FINANCIAL STATEMENT FINDINGS

The FY2015 audit disclosed no findings or questioned costs required to be reported in this section. See below for description of FY2014 finding related to the financial statements.

2014-1 **Criteria or specific requirement**

Kaspick & Company LLC is the service organization that handles the administration of planned giving assets for the University, including the administration of charitable remainder trusts. A majority of the charitable remainder trusts are administered and tracked by Kaspick & Company LLC. However, for charitable remainder trusts trustee outside of the University and not administered by Kaspick & Company, the University maintains a detailed schedule for tracking the trusts and performs a calculation to discount the trust to the present value.

Condition

Errors related to the following were identified: usage of incorrect pledge basis (gift amount vs. market value), incorrect discount rates, discounting based on the full amount of the pledge as opposed to the University's portion, and the overall completeness of the schedule.

Context

Due to multiple errors identified within the Non-Kaspick schedule as a result of our original testing, Deloitte requested that the client review the entire CY schedule and provide a revised CY schedule. As there were errors found in the original schedule, Deloitte increased the extent of testing per professional judgment.

Effect

These errors and omissions resulted in an increase in contributions receivable of approximately \$11.5 million which management recorded as of June 30, 2014.

Cause

The review control management performed related to this schedule to verify the accuracy and completeness did not operate effectively for the year ended June 30, 2014.

Recommendation

We recommend that management develop a more detailed review control for the schedule to verify the accuracy of all inputs and calculations. Management should consider involving the financial reporting department in the review of the schedule.

Views of responsible officials and planned corrective actions

Steps have already been taken to improve the Office of Gift Planning's tracking database to include more specific gift recording information and to more clearly identify Penn State's share of a gift. Additionally, a supplemental planned gift report that was previously discontinued, will be reinstated for use in populating the valuation and reporting database with newly-recorded trusts each year rather than relying solely on a manual selection. A better working relationship has been established between the Office of Gift Planning and the Financial Reporting Office to facilitate improved understanding of departmental and individual roles and to identify and stress the importance of critical financial data elements. The significant deficiency does not relate to a control over federal monies.

Finding Status Follow-Up

As a follow up to the prior audit finding 2014-1 described above, Management performed procedures to assess the reasonableness of the University's corrective actions. Based on the procedures performed in conjunction with the preparation for the FY2015 audit, the deficiency appears to be remediated as the non-Kaspick charitable remainder trusts were appropriately reported for the FY2015 financial statements.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

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