



UNIVERSITY OF DELAWARE

Consolidated Financial Statements and
Information on Federal Awards

June 30, 2013

(With Independent Auditors' Reports Thereon)

UNIVERSITY OF DELAWARE

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KPMG LLP
1601 Market Street
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Independent Auditors' Report

The Board of Trustees
University of Delaware:

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the University of Delaware and subsidiaries (the University), which comprise the consolidated statement of financial position as of June 30, 2013, and the related consolidated statements of activities, expenses by natural classification, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditors' 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 entity'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 entity'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 consolidated financial position of the University of Delaware and its subsidiaries as of June 30, 2013, and the changes in their net assets and their cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Report on Summarized Comparative Information

We have previously audited the University's 2012 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 7, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2013 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

KPMG LLP

Philadelphia, Pennsylvania
October 28, 2013

UNIVERSITY OF DELAWARE

Consolidated Statement of Financial Position

June 30, 2013

(with summarized financial information as of June 30, 2012)

(In thousands)

Assets	2013	2012
Cash and cash equivalents	\$ 41,717	45,433
Accounts and notes receivable	38,637	45,268
Prepaid expenses and inventories	4,624	5,813
Restricted deposits	146,452	58,321
Contributions receivable	34,771	32,273
Student loan receivables	13,286	14,123
Endowment funds and other investments	1,460,586	1,314,530
Annuity and life income funds	8,377	7,731
Funds held in trust by others	60,653	58,209
Property, plant, and equipment, net of depreciation	1,321,631	1,195,830
Total assets	\$ 3,130,734	2,777,531
Liabilities and Net Assets		
Accounts payable and accrued liabilities	\$ 88,820	77,451
Deferred revenues and student deposits	8,943	8,329
Financing obligations	17,985	6,557
Notes and bonds payable	489,049	353,993
Interest rate swap liabilities	24,478	41,487
Annuity and life income funds payable	4,986	4,785
Compensated absences payable	13,904	13,465
Postretirement benefit obligation	264,738	283,690
Advances from federal government for student loans	15,094	14,995
Asset retirement obligation	22,112	20,889
Total liabilities	950,109	825,641
Unrestricted	1,248,794	1,085,224
Unrestricted – noncontrolling interest in First State Marine Wind, LLC	1,341	1,551
Temporarily restricted	587,306	533,671
Permanently restricted	343,184	331,444
Total net assets	2,180,625	1,951,890
Total liabilities and net assets	\$ 3,130,734	2,777,531

See accompanying notes to consolidated financial statements.

UNIVERSITY OF DELAWARE
Consolidated Statement of Activities
Year ended June 30, 2013
(with summarized financial information for the year ended June 30, 2012)
(In thousands)

	2013			2012	
	Unrestricted	Temporarily restricted	Permanently restricted	Total	Total
Operating revenue:					
Tuition and fees (less scholarships and fellowships of \$117,508 during 2013, \$106,186 during 2012)	\$ 370,912	—	—	370,912	354,844
Contributions	22,040	1,443	—	23,483	25,048
Contracts and other exchange transactions	172,725	—	—	172,725	165,692
State operating appropriations	115,072	—	—	115,072	112,427
Endowment spending payout	46,557	—	—	46,557	44,603
Other investments payout (includes net realized gain of \$4,141 during 2013 and \$3,473 during 2012)	6,056	54	—	6,110	6,294
Activities of educational departments	16,466	—	—	16,466	13,919
Sales and services of auxiliary enterprises (less scholarships and fellowships of \$1,930 during 2013, \$1,113 during 2012)	116,795	—	—	116,795	110,657
Other revenue	16,300	—	—	16,300	17,501
Total operating revenue	<u>882,923</u>	<u>1,497</u>	<u>—</u>	<u>884,420</u>	<u>850,985</u>
Operating expenses:					
Educational and general:					
Instruction and departmental research	359,645	—	—	359,645	346,420
Sponsored research	139,473	—	—	139,473	135,079
Extension and public service	47,905	—	—	47,905	46,780
Academic support	65,316	—	—	65,316	58,566
Student services	30,541	—	—	30,541	28,821
General institutional support	90,260	—	—	90,260	82,114
Student aid	6,521	—	—	6,521	5,884
Total educational and general expenses	<u>739,661</u>	<u>—</u>	<u>—</u>	<u>739,661</u>	<u>703,664</u>
Auxiliary enterprises	100,209	—	—	100,209	95,633
Independent operations	884	—	—	884	679
Total operating expenses	<u>840,754</u>	<u>—</u>	<u>—</u>	<u>840,754</u>	<u>799,976</u>
Change in net assets from operating activities	42,169	1,497	—	43,666	51,009
Nonoperating activities:					
Net realized and unrealized gains (losses)	59,237	75,380	4,009	138,626	(61,428)
Decrease (increase) in postretirement benefit obligation	38,387	—	—	38,387	(59,476)
Endowment income	2,869	8,026	718	11,613	15,832
Endowment spending payout	(46,557)	—	—	(46,557)	(44,603)
Contributions for endowment and life income funds	—	135	9,688	9,823	13,033
Contributions for buildings and program activities	2,498	14,503	—	17,001	25,707
State capital appropriations	14,380	—	—	14,380	3,889
Hotel operations – net	912	—	—	912	(1,370)
Wind turbine operations – net	(380)	—	—	(380)	(194)
Net change in asset retirement obligation liability	(425)	—	—	(425)	38
Other	2,595	397	(1,303)	1,689	6,471
Reclassifications of funds	(1,367)	2,739	(1,372)	—	—
Net assets released from restrictions	49,042	(49,042)	—	—	—
Change in net assets	<u>163,360</u>	<u>53,635</u>	<u>11,740</u>	<u>228,735</u>	<u>(51,092)</u>
Net assets at beginning of year	<u>1,086,775</u>	<u>533,671</u>	<u>331,444</u>	<u>1,951,890</u>	<u>2,002,982</u>
Net assets at end of year	<u>\$ 1,250,135</u>	<u>587,306</u>	<u>343,184</u>	<u>2,180,625</u>	<u>1,951,890</u>

See accompanying notes to consolidated financial statements.

UNIVERSITY OF DELAWARE

Consolidated Statement of Expenses by Natural Classification
 Year ended June 30, 2013
 (with summarized financial information for the year ended June 30, 2012)
 (In thousands)

	2013									2012	
	Instruction and departmental research	Sponsored research	Extension and public service	Academic support	Student services	General institutional support	Student aid	Auxiliary enterprises	Independent operations	Total	Total
Operating expenses:											
Expenses:											
Salaries and wages	\$ 200,548	64,046	23,483	28,366	14,119	40,965	3,419	8,374	—	383,320	365,067
Employee fringe benefits	54,878	14,878	6,988	11,184	4,342	15,589	—	2,852	—	110,711	107,598
Employee postretirement benefits	16,003	2,821	1,182	1,463	523	1,988	—	371	—	24,351	19,742
Supplies and general	36,387	37,584	9,990	8,381	6,697	24,338	834	64,755	549	189,515	177,201
Travel	14,983	3,248	1,265	777	850	582	125	144	2	21,976	21,473
Operation and maintenance of plant	24,609	7,319	2,848	5,360	1,290	10,053	—	—	330	51,809	49,877
Information processing	60	7	1	(30)	2,939	8,460	—	—	—	11,437	11,819
Interest expense	2,645	517	—	—	251	37	—	13,975	—	17,425	16,551
Scholarships, fellowships and awards	—	—	—	—	—	—	119,613	—	—	119,613	107,375
Depreciation and accretion	13,443	9,189	2,213	10,490	579	7,238	—	10,960	3	54,115	53,014
Loss on disposals	248	389	26	16	2	272	—	234	—	1,187	4,640
Amortization of bond discount (premium)	24	23	—	—	(45)	—	—	(295)	—	(293)	(169)
Internal service (credits) charges	(2,856)	(62)	30	(672)	(991)	(19,262)	—	(1,161)	—	(24,974)	(26,914)
Expense before scholarship allowance	360,972	139,959	48,026	65,335	30,556	90,260	123,991	100,209	884	960,192	907,274
Reconciliation to statement of activities:											
Scholarship allowance	(1,327)	(486)	(121)	(19)	(15)	—	(117,470)	—	—	(119,438)	(107,298)
Total operating expenses	\$ 359,645	139,473	47,905	65,316	30,541	90,260	6,521	100,209	884	840,754	799,976

Notes:

- (a) Includes salaries and wages of \$24,746, fringe benefits of \$13,502, employee postretirement benefits of \$455, and depreciation expense for plant facilities of \$1,043 during 2013.
- (b) Includes salaries and wages of \$24,613, fringe benefits of \$13,555, employee postretirement benefits of \$344, and depreciation expense for plant facilities of \$955 during 2012.

See accompanying notes to consolidated financial statements.

UNIVERSITY OF DELAWARE
Consolidated Statement of Cash Flows
Year ended June 30, 2013
(with summarized financial information for the year ended June 30, 2012)
(In thousands)

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Change in net assets	\$ 228,735	(51,092)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	55,720	54,487
Loss on disposals	1,187	4,640
Amortization of discounts and premiums on notes and bonds payable and capital lease obligations	(283)	(158)
Net realized and unrealized (gains) losses	(122,072)	38,996
Gifts of land, building, and equipment	(473)	(393)
State capital appropriations	(14,380)	(3,889)
Contributions for endowment	(9,823)	(13,033)
Contributions for buildings	(14,503)	(15,476)
Endowment income restricted for reinvestment	(718)	(633)
Changes in assets and liabilities:		
Accounts and notes receivable	6,631	4,645
Prepaid expenses and inventories	1,189	(1,105)
Contributions receivable	(2,498)	(10,232)
Accounts payable, accrued liabilities, and annuity and life income funds payable	11,278	(1,080)
Deferred revenues and students deposits	614	(770)
Interest rate swap liability	(15,038)	20,053
Asset retirement obligation	944	485
Compensated absences payable and postretirement benefit obligation	(18,513)	74,230
Net cash provided by operating activities	<u>107,997</u>	<u>99,675</u>
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	1,665,970	1,201,224
Purchases of investments	(1,693,039)	(1,193,499)
Acquisitions of property, plant, and equipment	(170,169)	(179,688)
Disbursements of loans to students	(1,594)	(1,633)
Repayments of loans	2,431	2,229
Net cash used in investing activities	<u>(196,401)</u>	<u>(171,367)</u>
Cash flows from financing activities:		
Repayments of principal of notes and bonds payable	(13,139)	(9,773)
Net proceeds from issuance of notes and bonds payable	148,501	—
Reduction in principal of capital leases	(595)	(565)
Termination of interest rate swap agreements	(1,971)	—
Increase in financing obligations	500	—
State capital appropriations	14,380	3,889
Endowment income restricted for reinvestment	718	633
Contributions for endowment	9,823	13,033
Contributions for buildings	14,503	15,476
Advances from federal government for student loans	99	92
(Increase) decrease in restricted deposits	(88,131)	53,663
Net cash provided by financing activities	<u>84,688</u>	<u>76,448</u>
Net (decrease) increase in cash and cash equivalents	(3,716)	4,756
Cash and cash equivalents, beginning of year	45,433	40,677
Cash and cash equivalents, end of year	<u>\$ 41,717</u>	<u>45,433</u>
Supplemental disclosure of cash flow information:		
Interest paid	\$ 17,425	16,865

See accompanying notes to consolidated financial statements.

UNIVERSITY OF DELAWARE

Notes to Consolidated Financial Statements

June 30, 2013

(with comparative information for the prior year)

(1) Summary of Significant Accounting Policies

(a) Description of Operations

The University of Delaware (the University), a privately chartered university with public support, is a Doctoral/Research Institution-Extensive, land-grant, sea-grant, space-grant, and urban-grant institution. The University, with origins in 1743, was chartered by the State of Delaware (the State) in 1833. A Women's College was opened in 1914, and in 1945, the University became permanently co-educational. The main campus is located in Newark, Delaware, a suburban community of 30,000, situated midway between Philadelphia and Baltimore. Also, courses are offered at other locations throughout the State, including Wilmington, Lewes, Dover, Milford, and Georgetown.

The significant accounting principles and practices followed by the University are presented below to assist the reader in analyzing the consolidated financial statements and accompanying notes.

(b) Basis of Presentation

The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles (U.S. GAAP). Accordingly, such information should be read in conjunction with the University's consolidated financial statements for the year ended June 30, 2012, from which the summarized information was derived.

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Restricted gifts, which may be expended only for the purpose indicated by the donor/grantor, are maintained in separate accounts in the University's system. Accordingly, net assets of the University and changes therein are classified and reported as follows:

- Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.
- Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met by actions of the University and/or the passage of time.
- Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the University. Generally, the donors of these assets permit the University to use all of, or part of, the total investment return on related investments for general or specific purposes.

There are three financial statements presented under U.S. GAAP for not-for-profit organizations:

Statement of Financial Position – is a listing of the total assets, total liabilities, and net assets as of the end of a fiscal year.

Statement of Activities – is a summary of the financial activity during a fiscal year and reports the amounts of the changes in unrestricted net assets, temporarily restricted net assets, permanently restricted net assets, and total net assets.

UNIVERSITY OF DELAWARE

Notes to Consolidated Financial Statements

June 30, 2013

(with comparative information for the prior year)

Statement of Cash Flows – is a summary of the cash receipts and cash payments during a fiscal year.

As a supplement to the financial statements, the statement of expenses by natural classification presents expenses by natural classification within functional categories. Operation and maintenance of plant, depreciation and accretion expense, and disposals are allocated based on square footage. Postretirement benefit obligation expense and fringe benefit expense are allocated based on salaries and wages. Interest expense and amortization of bond discount are allocated to the functional classification that benefited from the use of the proceeds of the debt.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as released from restrictions between the applicable classes of net assets.

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of the unrestricted net asset class. Income and realized and unrealized net gains on investments of endowment and similar funds are reported as follows:

- as increases in permanently restricted net assets if the terms of the gift or the University's interpretation of relevant state law require that they be added to the principal of a permanent endowment fund.
- as increases in temporarily restricted net assets if the terms of the gift impose restrictions on the use of the income or the income is not available to be used until appropriated by the University under state law.

(c) *Reclassifications of Funds*

The reclassification of funds includes transfers of operating funds designated by the University for investment in endowment or in plant, and financial transactions between net asset classes.

(d) *Auxiliary Operations*

The operation of auxiliaries is supplementary to the primary educational function of the University. Accordingly, revenues of auxiliary enterprises provide for debt service, and renewal and replacement of equipment. Auxiliary operations primarily include the residence and dining halls, the bookstore, and student health service.

UNIVERSITY OF DELAWARE

Notes to Consolidated Financial Statements

June 30, 2013

(with comparative information for the prior year)

(e) Cash and Cash Equivalents

Cash equivalents include all highly liquid interest-bearing deposits and short-term investments with maturities of three months or less at time of purchase, excluding amounts held for long-term investments as disclosed in note 6.

(f) Restricted Deposits

Restricted deposits as of June 30, 2013 and 2012 consisted of the following (in thousands):

	<u>2013</u>	<u>2012</u>
Unexpended bond proceeds	\$ 125,467	41,333
Debt service reserve funds	16,861	14,008
Other deposits	4,124	2,980
	<u>\$ 146,452</u>	<u>58,321</u>

Unexpended bond proceeds represent the amount of unspent revenue bond proceeds that remain on deposit with the trustee. Under terms of the trust agreement, proceeds are not released to the University until expenditures related to the specific purpose of the bond indenture have occurred. These amounts are generally invested in cash equivalents and short-term U.S. government or commercial securities with maturities that support the anticipated cash flow of the underlying construction projects.

Debt service reserve funds are also held with the trustee. The University transfers funds to the trustee in accordance with bond covenant agreements to meet future bond payments. These funds remain on deposit until scheduled interest payments and scheduled or optional redemption principal payments are made, as disclosed in note 11. These funds are generally invested in cash equivalents.

Other deposits are under the control of the University but are restricted in their use. These funds may be held for federal loan programs or for the benefit of or under regulations promulgated by the federal government. These funds are generally invested in cash equivalents.

(g) Endowment Funds and Other Investments

Investments are stated at estimated fair value, as described in note 3.

(h) Compensated Absences Payable

Compensated absences payable represents vacation time earned by full-time professional and salaried staff employees, but not yet taken as of fiscal year-end. An employee is entitled to receive pay in lieu of vacation upon separation from the University. Employees may accrue a maximum of 25 days to 40 days based upon years of service.

UNIVERSITY OF DELAWARE

Notes to Consolidated Financial Statements

June 30, 2013

(with comparative information for the prior year)

(i) *Operating Versus Nonoperating*

Operating activities consist principally of revenues and expenses related to the University's ongoing educational, research and public service mission, including endowment and other investment income appropriated by the University to support these programs.

(j) *Income Taxes*

The University has been recognized by the Internal Revenue Service (IRS) as exempt from federal income tax under Section 501(c)(3) of the U.S. Internal Revenue Code, except for taxes on income from activities unrelated to its exempt purpose. Accordingly, no provisions for income taxes have been made in the accompanying consolidated financial statements. U.S. GAAP require management to evaluate tax positions taken by the University and recognize a tax liability (or asset) if the University has taken an uncertain tax position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the University, and has concluded that as of June 30, 2013, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the consolidated financial statements. The University is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

(k) *Estimates*

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amount of revenue and expenses during the reporting period. Actual results could differ from these estimates.

(l) *Impact of Recent Accounting Pronouncements*

In May 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2011-04, *Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs* (ASU 2011-04), which does not extend the use of fair value, but rather provides guidance about how fair value should be determined where it is already required or permitted under International Financial Reporting Standards (IFRS) or U.S. GAAP. For U.S. GAAP, most of the changes are clarifications of existing guidance or wording changes to align with IFRS. For public entities, the ASU was effective for periods beginning after December 15, 2011. The adoption of ASU 2011-04 only required additional disclosures and did not have a material impact on the consolidated financial statements.

In December 2011, the FASB issued ASU 2011-11, *Balance Sheet (Topic 210) Disclosure about Offsetting Assets and Liabilities* (ASU 2011-11). The amendments enhance disclosures about financial instruments and derivative instruments that are either offset in accordance with U.S. GAAP or are subject to an enforceable master netting arrangement or similar agreement. The disclosure provisions of ASU 2011-11 are effective for annual reporting periods beginning on or after January 1, 2013, and should be applied retrospectively for all comparative periods presented. In January 2012, the FASB issued ASU 2013-01, *Balance Sheet (Topic 210) Clarifying the Scope of*

UNIVERSITY OF DELAWARE

Notes to Consolidated Financial Statements

June 30, 2013

(with comparative information for the prior year)

Disclosures about Offsetting Assets and Liabilities (ASU 2013-01), which clarifies that the scope of ASU 2011-11 applies to derivatives accounted for in accordance with *Topic 815, Derivatives and Hedging*. Entities with other types of financial assets and financial liabilities subject to a master netting arrangement, or similar agreement, also are affected because the amendments make them no longer subject to the disclosure requirements in ASU 2011-11. The adoption of ASU 2011-11 and ASU 2013-01 will not have a material impact on the consolidated financial statements.

In October 2012, the FASB issued ASU 2012-05, *Statement of Cash Flows (Topic 230) Not-for-Profit Entities: Classification of the Sale Proceeds of Donated Financial Assets in the Statement of Cash Flows*, (ASU 2012-05), which requires a Not-for-Profit (NFP) to classify cash receipts from the sale of donated financial assets consistently with cash donations received in the statement of cash flows if those cash receipts were from the sale of donated financial assets that upon receipt were directed without any NFP-imposed limitations for sale and were converted nearly immediately into cash. Accordingly, the cash receipts from the sale of those financial assets should be classified as cash inflows from operating activities, unless the donor restricted the use of the contributed resources to long-term purposes, in which case those cash receipts should be classified as cash flows from financing activities. Otherwise, cash receipts from the sale of donated financial assets should be classified as cash flows from investing activities by the NFP. ASU 2012-05 is effective prospectively for fiscal years, and interim periods within those years, beginning after June 15, 2013. Retrospective application to all prior periods presented upon the date of adoption is permitted, as is early adoption from the beginning of the fiscal year of adoption. The University does not expect the adoption of this ASU to have a material impact on its consolidated financial statements.

In February 2013, the FASB issued ASU 2013-04, *Liabilities (Topic 405) Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation is Fixed at the Reporting Date* (ASU 2013-04). This ASU applies to all entities that have obligations resulting from joint and several liability arrangements for which the total amount of the obligation within this guidance is fixed at the reporting date and for which no specific guidance exists. It specifies that the obligation be measured at the reporting date as the sum of the amount the reporting entity agreed to pay on the basis of its arrangement amount its co-obligors, plus any additional amount the reporting entity expects to pay on behalf of its co-obligors. The ASU also requires an entity to disclose the nature, amount and other specified information about the obligation. ASU 2013-04 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2013. The University does not expect the adoption of this ASU to have a material impact on its consolidated financial statements.

UNIVERSITY OF DELAWARE

Notes to Consolidated Financial Statements

June 30, 2013

(with comparative information for the prior year)

In April 2013, the FASB issued ASU 2013-06, *Not-for-Profit Entities (Topic 958), Services Received from Personnel of an Affiliate* (ASU 2013-06), which require a recipient NFP entity to recognize all services received from personnel of an affiliate that directly benefit the recipient not-for-profit entity. The ASU is effective prospectively for fiscal years beginning after June 15, 2014, and interim and annual periods thereafter, but allows a recipient NFP entity to apply the amendments using a modified retrospective approach under which all periods presented upon the date of adoption should be adjusted, but no adjustment should be made to the beginning balance of net assets of the earliest period presented. Early adoption is permitted. The University does not expect the adoption of ASU 2013-06 to have a material impact on its consolidated financial statements.

(m) *Reclassifications*

Certain prior year financial information has been reclassified to conform to the current year presentation.

(2) **Subsidiary Operations**

In October 2009, Blue Hen Wind, Inc. was created as a wholly owned, for-profit, subsidiary of the University. Simultaneously, Blue Hen Wind, Inc. entered into a Limited Liability Company Agreement with Gamesa Technology Corporation, Inc. and formed First State Marine Wind, LLC for the purpose of constructing and operating a wind turbine adjacent to the University's Hugh R. Sharp campus in Lewes. At inception, Blue Hen Wind, Inc. had a 49% ownership interest in First State Marine Wind, LLC. Blue Hen Wind, Inc.'s ownership interest has subsequently increased to approximately 67% at June 30, 2013.

The operations of Blue Hen Wind, Inc. are consolidated into the University's financial statements. Operations for the year ended June 30, 2013, resulted in revenues from third parties of \$29,000 and expenses of \$409,000 being recognized. Operations for the year ended June 30, 2012, resulted in revenues from third parties of \$56,000 and expenses of \$250,000 being recognized. Gamesa Technology Corporation, Inc.'s noncontrolling interest in First State Marine Wind, LLC is presented as a separate component of net assets in the consolidated statement of financial position.

In December 2008, 1743 Holdings, LLC was created as a wholly owned subsidiary of the University for the purpose of purchasing and managing a 272-acre site that was formerly occupied by a Chrysler Corporation automobile assembly plant, which is contiguous to the University's 968-acre Newark campus. That property was acquired during fiscal 2010 for a purchase price of \$24,250,000 and is known as the Science, Technology and Advanced Research (STAR) campus.

The operations of 1743 Holdings, LLC are consolidated into the University's financial statements. Operations for the year ended June 30, 2013 resulted in operating expenses of \$884,000, nonoperating expenses of \$496,000 and nonoperating revenue – other of \$4,008,000, which are presented in independent operations and nonoperating activities in the consolidated statement of activities. Operations for the year ended June 30, 2012 resulted in operating expenses of \$679,000 and nonoperating revenue – other of \$6,786,000, which are presented in independent operations and nonoperating activities, respectively, in the consolidated statement of activities.

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The University is the sole owner of Blue Hen Hotel, LLC and therefore the operations of Blue Hen Hotel, LLC are consolidated into the University's financial statements. Shaner Hotel Group Limited Partnership manages the hotel under a management contract that provides for a management fee of 3% of gross operating revenues of the LLC.

Operations of Blue Hen Hotel, LLC are reported as nonoperating activities and for the years ended June 30, 2013 and 2012 resulted in total revenues of \$5,480,000 and \$4,996,000, respectively, and gain of \$912,000 and loss of \$1,370,000, respectively. See note 11 for the impact of a related interest rate swap.

(3) Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability (exit price) in the principal or most advantageous market in an orderly transaction between participants at the measurement date and establishes a framework for measuring fair value.

The three levels of the fair value hierarchy are defined as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include debt and equity securities that are traded in an active exchange market, as well as U.S. Treasury securities.

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets and liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include debt securities with quoted market prices that are traded less frequently than exchange-traded instruments. This category generally includes certain U.S. government and agency mortgage backed securities, corporate-debt securities certain private debt and equity funds, and certain alternative investments.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. This category generally includes certain private debt and equity funds and certain other alternative investments.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

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The above methodology applies in instances in which other accounting pronouncements require or permit fair value measurements; it does not require any new fair value measurements. The carrying amount of cash and cash equivalents, accounts receivable, accounts payable, and accrued liabilities approximate fair value because of the short-term maturity of these financial instruments. The University measures its investments, liabilities related to annuity and life-income funds, interest rate swaps related to its debt, and contributions receivable at inception at fair value in accordance with other accounting pronouncements. Additionally, the University discloses the fair value of its outstanding debt. The valuation methodology for each of these items is described below:

(a) Investments

Investments are recorded at fair value as described above. Additional considerations used to categorize investments include:

U.S. government obligations, stock and convertible securities, international investments, and stock futures held directly by the University are classified as Level 1 since quoted prices in active markets are available. When these types of investments are held as part of commingled funds, they are classified as Level 2; although the commingled fund net asset value is available, these funds are not traded in active public markets. Investments in commingled funds can be redeemed at net asset value on at least a monthly basis. Corporate obligations and obligations of agencies of the U.S. government are classified as Level 2 as they are not traded in an active market but are valued using third-party vendor pricing services by custodian banks.

Valuations for limited partnerships, Limited Liability Companies (LLC), and inflation sensitive assets are based on valuations provided by external investment managers or on audited financial statements when available. The University generally uses valuations as reported by investment managers as a practical expedient to estimate fair value without further adjustment. If the manager's reporting date is for a date prior to June 30, the University adjusts the net asset value for any capital contributions or distributions during the period from the investment manager measurement date to June 30. The University has classified those investments that can be redeemed at net asset value at or near the date (within 90 days) of the consolidated statement of financial position as Level 2. The remaining investments contain illiquid underlying assets, which are not publicly traded and for which pricing inputs are unobservable, which may include situations where there is little, if any, market activity for the asset, and require significant judgment or estimation and, therefore, have been classified as Level 3. While manager estimates of fair value are obtained, the University cannot redeem its investments at these estimates for Level 3 assets. The stated lives of the investments vary and they offer no liquidity until the underlying assets are sold.

Other assets classified as Level 2 consist primarily of municipal obligations held in commingled funds, while those classified as Level 3 consist primarily of collateralized mortgage obligations and restricted real estate.

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(b) *Annuity and Life Income Funds*

The annuity and life income funds asset represents the fair value of assets held in charitable gift annuities, charitable remainder annuity trusts, and charitable remainder unitrusts. These assets consist primarily of corporate obligations, stock and convertible securities, and international investments and have been classified as Level 2 using the same methodology described above for similar types of underlying assets.

The annuity and life income funds payable represents the present value of future annuity payments due under these agreements, as calculated for each annuity using discount rates and actuarial assumptions consistent with American Council of Gift Annuities standards. These liabilities have been classified as Level 3 as the fair value is determined based upon a discounted cash flow methodology, which required significant judgment and estimation.

(c) *Funds Held in Trust by Others*

Funds held in trust by others represent amounts held by third parties where the University receives an income stream in perpetuity, but the assets are required to be held by a trustee. The University does not own the underlying assets, but rather has a beneficial interest in the trust. These trusts are invested in a combination of readily marketable assets, limited partnerships and land and have been classified as Level 3 since the University will never be able to redeem these assets.

(d) *Debt and Related Interest Rate Swaps*

The fair value of the University's debt is presented in note 11. The fair value of variable rate long-term debt approximates the carrying value because these financial instruments bear interest rates, which approximate current market rates for loans with similar maturities and credit quality. The fair value of the University's fixed rate long-term debt is based upon a discounted cash flow model.

The fair value of the University's interest rate swaps related to its debt obligation is based on a third-party valuation independent of the counterparty. Although a number of observable inputs are utilized in determining the fair value of its swaps, the University has classified this liability as Level 3 as the fair value was determined using a pricing model involving significant judgment and estimation.

(e) *Contributions Receivable*

The University values contributions receivable using the present value of future cash flows as described in note 4. Contributions receivable are not measured at fair value subsequent to this initial measurement because the discount rate selected is to remain constant over time rather than adjusted to reflect changing financial conditions.

(f) *Student Loan Programs*

An estimate of the fair value of loans receivable from students under government loan programs cannot be made because the notes are not marketable and can only be assigned to the U.S. government or its designees.

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The following tables present the University's fair value hierarchy for financial instruments that are measured at fair value on a recurring basis as shown on the June 30, 2013 and 2012 consolidated statements of financial position (in thousands):

	June 30, 2013			
	Fair value	Level 1	Level 2	Level 3
Financial assets:				
Investments:				
Money market and other liquid funds	\$ 16,986	16,637	349	—
U.S. government obligations:				
Mortgage-backed securities	42,513	5,539	36,974	—
Treasury obligations	48,250	44,724	3,526	—
Other	14,373	7,149	7,224	—
	<u>105,136</u>	<u>57,412</u>	<u>47,724</u>	<u>—</u>
Corporate obligations	221,064	—	221,064	—
Stock and convertible securities	162,911	159,761	3,150	—
International investments	28,179	45	28,134	—
Limited partnerships and LLCs	840,149	—	324,815	515,334
Inflation sensitive asset fund	29,520	—	29,520	—
Stock futures fund	35,972	—	35,972	—
Real estate investment trust	22,807	—	22,807	—
Other	6,239	—	1,472	4,767
Funds held in trust by others	60,653	—	—	60,653
Total	\$ <u>1,529,616</u>	<u>233,855</u>	<u>715,007</u>	<u>580,754</u>
Financial liabilities:				
Annuity and life income funds payable	\$ 4,986	—	—	4,986
Interest rate swaps	24,478	—	—	24,478
Total	\$ <u>29,464</u>	<u>—</u>	<u>—</u>	<u>29,464</u>

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		June 30, 2012			
		<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial assets:					
Investments:					
Money market and other liquid funds	\$	17,614	17,313	301	—
U.S. government obligations:					
Mortgage-backed securities		40,650	9,316	31,334	—
Treasury obligations		51,327	48,014	3,313	—
Other		5,298	2,757	2,541	—
		<u>97,275</u>	<u>60,087</u>	<u>37,188</u>	<u>—</u>
Corporate obligations		167,715	—	167,715	—
Stock and convertible securities		177,518	174,901	2,617	—
International investments		83,759	81,747	2,012	—
Limited partnerships and LLCs		666,617	—	173,726	492,891
Inflation sensitive asset fund		45,614	—	45,614	—
Stock futures fund		33,117	—	33,117	—
Real estate investment trust		25,568	—	25,568	—
Other		7,464	—	1,758	5,706
Funds held in trust by others		58,209	—	—	58,209
Total	\$	<u>1,380,470</u>	<u>334,048</u>	<u>489,616</u>	<u>556,806</u>
Financial liabilities:					
Annuity and life income funds payable	\$	4,785	—	—	4,785
Interest rate swaps		41,487	—	—	41,487
Total	\$	<u>46,272</u>	<u>—</u>	<u>—</u>	<u>46,272</u>

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The following tables present a reconciliation of the consolidated statements of financial position amounts for financial instruments measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended June 30, 2013 and 2012 (in thousands):

	<u>Limited Partnerships and LLCs</u>	<u>Funds held in trust by others</u>	<u>Other</u>	<u>Total</u>
Financial assets:				
Balance at June 30, 2012	\$ 492,891	58,209	5,706	556,806
Net realized and unrealized gains	42,597	6,363	—	48,960
Purchases	35,166	28,945	217	64,328
Sales	<u>(55,320)</u>	<u>(32,864)</u>	<u>(1,156)</u>	<u>(89,340)</u>
Total at June 30, 2013	\$ <u>515,334</u>	<u>60,653</u>	<u>4,767</u>	<u>580,754</u>
Change in unrealized gains related to financial instruments still held at June 30, 2013				
	\$ 31,414	4,662	—	36,076
	<u>Interest rate swaps</u>	<u>Annuity and life income funds payable</u>	<u>Total</u>	
Financial liabilities:				
Balance at June 30, 2012	\$ 41,487	4,785	46,272	
Net realized and unrealized (gains) losses	(17,009)	147	(16,862)	
Purchases	—	680	680	
Sales	<u>—</u>	<u>(626)</u>	<u>(626)</u>	
Total at June 30, 2013	\$ <u>24,478</u>	<u>4,986</u>	<u>29,464</u>	
Change in unrealized (gains) losses related to financial instruments still held at June 30, 2013				
	\$ (15,038)	147	(14,891)	

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	<u>Limited Partnerships and LLCs</u>	<u>Funds held in trust by others</u>	<u>Other</u>	<u>Total</u>
Financial assets:				
Balance at June 30, 2011	\$ 460,889	60,566	7,135	528,590
Net realized and unrealized gains (losses)	18,904	(753)	—	18,151
Purchases	61,598	26,925	282	88,805
Sales	<u>(48,500)</u>	<u>(28,529)</u>	<u>(1,711)</u>	<u>(78,740)</u>
Total at June 30, 2012	<u>\$ 492,891</u>	<u>58,209</u>	<u>5,706</u>	<u>556,806</u>
Change in unrealized gains (losses) related to financial instruments still held at June 30, 2012				
	\$ 10,606	(3,642)	—	6,964
	<u>Interest rate swaps</u>	<u>Annuity and life income funds payable</u>	<u>Total</u>	
Financial liabilities:				
Balance at June 30, 2011	\$ 21,434	4,721	26,155	
Net realized and unrealized (gains) losses	20,053	(31)	20,022	
Purchases	—	698	698	
Sales	<u>—</u>	<u>(603)</u>	<u>(603)</u>	
Total at June 30, 2012	<u>\$ 41,487</u>	<u>4,785</u>	<u>46,272</u>	
Change in unrealized (gains) losses related to financial instruments still held at June 30, 2012				
	\$ 20,053	(31)	20,022	

Transfers between leveled assets are based upon beginning of year value of the asset. As of June 30, 2013 and 2012 there were no transfers between Levels.

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(4) Contributions Receivable and Conditional Promises

Contributions receivable at June 30, 2013 and 2012 are summarized as follows (in thousands):

	2013	2012
Unconditional promises expected to be collected in:		
Less than one year	\$ 10,015	13,869
One year to five years	24,756	18,404
	\$ 34,771	32,273

The unamortized discount for contributions to be received after one year amounted to \$1,288,000 and \$1,163,000 in 2013 and 2012, respectively. Contributions to be received after one year are discounted at discount rates ranging from 1.5% to 5.0% for the years ended June 30, 2013 and 2012, respectively.

(5) Student Loan Programs

The student loan programs consist primarily of the Perkins Loan and Nursing Student Loan Programs. The U.S. government provides 75% of the funds for the Perkins loans and 90% for Nursing Student loans. The University provides 25% and 10% of the funds, respectively, to support these programs. The portion of the loan program funds that are returnable to the federal government in event of termination of the programs is reflected as advances from federal government for student loans on the consolidated statement of financial position.

(6) Investments

Investments are recorded at fair value as described below and in note 3. Included in investments are endowment funds and other investments. The cost and market value at June 30, 2013 and 2012 were as follows (in thousands):

	2013		2012	
	Cost	Fair value	Cost	Fair value
Money market and other liquid funds	\$ 16,972	16,986	17,614	17,614
U.S. government obligations	104,767	105,136	93,740	97,275
Corporate obligations	219,194	221,064	164,897	167,715
Stock and convertible securities	126,032	162,911	156,686	177,518
International equity investments	34,908	28,179	97,430	83,759
Limited partnerships and LLCs	606,540	840,149	496,909	666,617
Inflation sensitive asset fund	30,823	29,520	44,413	45,614
Stock futures fund	30,614	35,972	33,892	33,117
Real estate investment trust	19,999	22,807	24,380	25,568
Other	6,239	6,239	7,464	7,464
Total	\$ 1,196,088	1,468,963	1,137,425	1,322,261

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Included in the investments table above are \$8,377,000 and \$7,731,000 of annuity and life income funds, which are shown separately on the consolidated statement of financial position at June 30, 2013 and 2012, respectively. Additionally, the University has \$60,653,000 and \$58,209,000 of funds held in trust by others that are shown separately on the consolidated statement of financial position at June 30, 2013 and 2012, respectively, and which are not included in the above table of investments.

The asset allocation of the University's investments involves exposure to a diverse set of markets. The investments within these markets involve various risks such as interest rate, market, sovereign, and credit risks. The University anticipates that the value of its investments may, from time to time, fluctuate substantially as a result of these risks.

The following table presents at June 30, 2013, the attributes of the University's investments in alternative assets that estimate fair value using the net asset value reported by the funds (in thousands):

	<u>Fair value</u>	<u>Estimated remaining lives</u>	<u>Unfunded commitments</u>	<u>Redemption frequency</u>	<u>Redemption notice frequency</u>
Inflation sensitive asset fund	\$ 29,520	N/A	\$ N/A	Monthly	15 days
Stock futures fund	35,972	N/A	N/A	Monthly	30 days
Real estate investment trust	22,807	N/A	N/A	Quarterly	15 days
Limited partnerships and LLCs:					
U.S. corporate debt funds	41,211	N/A	N/A	Monthly	45 days
U.S. equity funds	33,337	N/A	N/A	Monthly	30 days
International equity funds	250,267	N/A	N/A	Monthly	10 days
Multi-strategy fund of funds	197,213	N/A	N/A	Annually	100 days
Long-short hedge fund	29,922	N/A	N/A	Annually	90 days
Private equity	45,502	2 – 8 years	24,795	Not eligible	N/A
Venture capital	37,099	4 – 10 years	9,782	Not eligible	N/A
Hybrid fund of funds	49,283	2 – 8 years	23,445	Not eligible	N/A
Distressed securities	14,507	2 – 9 years	18,745	Not eligible	N/A
Real estate	64,502	1 – 12 years	21,568	Not eligible	N/A
Natural resources	37,454	5 – 11 years	18,445	Not eligible	N/A
Oil and gas	39,852	4 – 8 years	30,302	Not eligible	N/A
	<u>840,149</u>		<u>147,082</u>		
	<u>\$ 928,448</u>		<u>\$ 147,082</u>		

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The following table presents at June 30, 2012, the attributes of the University's investments in alternative assets that estimate fair value using the net asset value reported by the funds (in thousands):

	<u>Fair value</u>	<u>Estimated remaining lives</u>	<u>Unfunded commitments</u>	<u>Redemption frequency</u>	<u>Redemption notice frequency</u>
Inflation sensitive asset fund	\$ 45,614	N/A	\$ N/A	Monthly	15 days
Stock futures fund	33,117	N/A	N/A	Monthly	30 days
Real estate investment trust	25,568	N/A	N/A	Quarterly	15 days
Limited partnerships and LLCs:					
U.S. corporate debt funds	23,640	N/A	N/A	Monthly	45 days
U.S. equity funds	6,469	N/A	N/A	Monthly	30 days
International equity funds	143,617	N/A	N/A	Monthly	10 days
Multi-strategy fund of funds	187,278	N/A	N/A	Annually	100 days
Long-short hedge fund	28,672	N/A	N/A	Annually	90 days
Private equity	45,025	2 – 8 years	29,395	Not eligible	N/A
Venture capital	35,015	4 – 10 years	13,136	Not eligible	N/A
Hybrid fund of funds	53,181	2 – 8 years	6,180	Not eligible	N/A
Distressed securities	23,290	2 – 9 years	17,333	Not eligible	N/A
Real estate	49,159	1 – 12 years	18,626	Not eligible	N/A
Natural resources	37,560	5 – 11 years	13,513	Not eligible	N/A
Oil and gas	33,711	4 – 8 years	11,790	Not eligible	N/A
	<u>666,617</u>		<u>109,973</u>		
	<u>\$ 770,916</u>		<u>\$ 109,973</u>		

Inflation Sensitive Asset Fund

Inflation sensitive assets include liquid investments in assets that are viewed as positively correlated with inflation, including common stocks in energy and other extractive industries, commodities and inflation linked bonds. The investment is made through a commingled fund vehicle.

Stock Futures Fund

The stock futures fund is a pooled fund that uses stock index futures and options in combination with short-term and other liquid debt instruments to approximate the total return of the Standard & Poor's 500 Index. The derivatives are not used to leverage the underlying cash position of this investment, but rather to meet the endowment asset allocation and spending policy targets. The futures contracts and options are stated at fair market value based on their quoted daily settlement prices.

Real Estate Investment Trust

This category is an investment in a common trust fund that invests primarily in securities of entities with activities in or related to the development, operation, and/or ownership of real estate, including real estate investment trusts. The fund may also invest in real estate service companies and non-U.S. companies.

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U.S. Corporate Debt Funds, U.S. Equity Funds, International Equity Funds

These categories are investments that can be redeemed at net asset value at or near the date of the statement of financial position and therefore classified as level 2 assets in the fair value hierarchy tables in note 3.

Multi-Strategy Fund of Funds

This category includes investments in funds of funds that pursue multiple strategies to diversify risks and reduce volatility. The hedge funds that make up these funds of funds invest in a variety of marketable securities, including stocks, bonds, credit-oriented securities, and arbitrage investments. The managers have the ability to shift investments between strategies and between net long and net short positions. The investments in this category are classified as level 3 assets.

Long-Short Hedge Fund

This category includes investments both long and short in U.S. and non-U.S. stocks and other marketable assets. The investment is made through a commingled fund vehicle. The fund is redeemable annually at December 31, and therefore classified as a level 3 asset.

All of the following University partnerships and LLCs receive distributions through the liquidation of the underlying assets of the fund. These investments can never be redeemed with the funds. Distributions from each fund will be received as the underlying investments of the funds are liquidated.

The University is obligated, under certain limited partnership agreements, to make additional capital contributions up to contractual levels. The timing and amounts of the contributions will be determined by the general partner of the respective limited partnership.

Private Equity, Venture Capital, Hybrid Fund of Funds, and Distressed Securities

These categories include illiquid investments in buyout, mezzanine, venture capital, growth equity, and distressed debt held in commingled limited partnership funds and are classified as level 3 assets in the fair value hierarchy tables in note 3.

Real Estate

This category includes illiquid investments in residential and commercial real estate assets, projects, or land held in commingled limited partnership funds. The investments in this category are classified as level 3 assets.

Natural Resources and Oil and Gas

These categories include illiquid assets in timber, oil and gas production, mining, energy, and related businesses held in commingled limited partnership funds and are classified as level 3 assets in the fair value hierarchy tables in note 3.

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Return on investments during the periods was as follows (in thousands):

	2013	2012
Interest and dividends	\$ 13,646	18,725
Net realized and unrealized gains (losses)	128,855	(38,986)
Return (loss) on investments	\$ 142,501	(20,261)

Return on investments is classified on the consolidated statement of activities as follows (in thousands):

	2013	2012
Other investments payout	\$ 6,110	6,294
Sales and services of auxiliary enterprises	64	72
Net realized and unrealized gains (losses)	124,714	(42,459)
Endowment income	11,613	15,832
Return (loss) on investments	\$ 142,501	(20,261)

(7) Endowment Funds

The University endowment consists of approximately 932 individual funds established for a variety of purposes. The endowment funds are subdivided into appropriate net asset classifications. The permanently restricted endowment funds, primarily consisting of funds whose return is unrestricted, represent gifts received under circumstances indicating a stipulation of the donor that principal is not to be expended. Temporarily restricted and unrestricted endowment funds represent funds where there is no requirement to maintain the principal.

(a) Interpretation of Relevant Law

Based upon its interpretation of the provisions of Delaware's enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), the University classifies the portion of donor-restricted endowment funds that is not classified as permanently restricted net assets as temporarily restricted net assets, unless it has previously been appropriated for use by the University in a manner consistent with the standard of prudence prescribed by UPMIFA. At the time of appropriation by the University, and providing there are no additional purpose restrictions in place, the temporarily restricted net assets will be reclassified to unrestricted net assets. As of June 30, 2013 and 2012, the amount of temporarily restricted endowment funds having no purpose restriction was \$370,457,000 and \$342,664,000, respectively. The University classifies as permanently restricted net assets the historical cost value of the original donor-restricted endowment.

(b) Return Objectives and Risk Parameters

The University has adopted investment and spending policies for endowment assets that attempt to provide in perpetuity financial support of the University's educational goals. Toward that end, the University's Board of Trustees, Investment Visiting Committee, and administration have a shared

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mission to maximize the endowment fund's total return consistent with the University's prudent investment risk constraints. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period, as well as board-designated funds. Under this policy approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to achieve an average annual real return of at least 5% over time while assuming an acceptable level of investment risk. Actual returns in any year may vary from that amount. To monitor the effectiveness of the investment strategy of endowment funds, performance goals are established and monitored related to benchmark indices and returns earned by comparable endowment funds.

(c) *Strategies Employed for Achieving Objectives*

To satisfy its long-term rate of return objectives, the University employs a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current income (interest and dividends). The University's investment policy includes a target asset allocation, well diversified among suitable asset classes, that is expected to generate, on average, the level of expected return necessary to meet endowment objectives while assuming a level of risk (volatility) consistent with achieving that return.

(d) *Spending Policy and How the Investment Objectives Relate to Spending Policy*

In accordance with Delaware's enacted version of UPMIFA, the University considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund; (2) the purposes of the organization and the donor-restricted endowment fund; (3) general economic conditions; (4) the possible effect of inflation and deflation; (5) the expected total return from income and the appreciation of investments; (6) other resources of the organization; and (7) the investment policies of the organization.

The University endowment spending policy guidelines target an annual distribution in the range of 4.0% to 5.0% of the endowment pooled portfolio average market value over the 12 trailing quarters through December 31 of the year prior to the new fiscal year. The actual rate is set annually by the Board of Trustees, and was 4.5% and 4.2% at June 30, 2013 and 2012, respectively.

In establishing this policy, the University considered the long-term expected return on its funds. Accordingly, over the long term, the University expects the current spending policy to allow its endowment to grow at a rate in excess of inflation. This is consistent with the University's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

(e) *Funds with Deficiencies*

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the original gift amount maintained as permanently restricted net assets. Deficiencies of this nature were approximately \$9,000 and \$563,000 as of June 30, 2013 and June 30, 2012, respectively. Such deficiencies are recorded in unrestricted net assets. These

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deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions. Subsequent gains that restore the fair value of the assets of the endowment fund to the required level will be classified as an increase in unrestricted net assets.

(f) Net Asset Classification of Endowment Funds

Net asset composition by type of fund consists of the following as of June 30, 2013 (in thousands):

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted endowment funds	\$ (9)	523,056	279,434	802,481
Board-designated endowment funds	299,617	8,415	—	308,032
	\$ 299,608	531,471	279,434	1,110,513

Net asset composition by type of fund consists of the following as of June 30, 2012 (in thousands):

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted endowment funds	\$ (563)	473,394	270,809	743,640
Board-designated endowment funds	278,473	7,548	—	286,021
	\$ 277,910	480,942	270,809	1,029,661

Board-designated temporarily restricted funds represent the income on nonendowed purpose restricted gifts to the University that the Board of Trustees has designated as endowment, but which cannot reasonably be expended within a year.

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Changes in endowment net assets for the year ended June 30, 2013 (in thousands):

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 277,910	480,942	270,809	1,029,661
Investment return:				
Investment income	2,869	8,026	718	11,613
Net (depreciation) appreciation – realized and unrealized	<u>33,076</u>	<u>74,556</u>	<u>(2,055)</u>	<u>105,577</u>
Total investment return	313,855	563,524	269,472	1,146,851
Contributions	—	7	8,776	8,783
Endowment spending payout	(12,099)	(34,458)	—	(46,557)
Other changes	<u>(2,148)</u>	<u>2,398</u>	<u>1,186</u>	<u>1,436</u>
	<u>\$ 299,608</u>	<u>531,471</u>	<u>279,434</u>	<u>1,110,513</u>

Changes in endowment net assets for the year ended June 30, 2012 (in thousands):

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 295,189	526,079	256,369	1,077,637
Investment return:				
Investment income	7,715	7,484	633	15,832
Net (depreciation) appreciation – realized and unrealized	<u>(15,068)</u>	<u>(19,685)</u>	<u>1,107</u>	<u>(33,646)</u>
Total investment return	287,836	513,878	258,109	1,059,823
Contributions	—	171	12,700	12,871
Endowment spending payout	(11,496)	(33,107)	—	(44,603)
Other changes	<u>1,570</u>	<u>—</u>	<u>—</u>	<u>1,570</u>
	<u>\$ 277,910</u>	<u>480,942</u>	<u>270,809</u>	<u>1,029,661</u>

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(8) Annuity and Life-Income Funds

The University held \$8,377,000 and \$7,731,000 in investments related to annuity and life-income funds as of June 30, 2013 and 2012, respectively. A related liability of \$4,986,000 and \$4,785,000 as of June 30, 2013 and 2012, respectively, represents the present value of future annuity payments due under these agreements, and was calculated for each annuity using discount rates and actuarial assumptions consistent with the terms of the gift.

The University's annuity and life income funds include charitable gift annuities, charitable remainder annuity trusts, and charitable remainder unitrusts.

The University is required by the laws of certain states to maintain reserves against charitable gift annuities. Such reserves amounted to \$151,000 as of June 30, 2013 and 2012.

(9) Property, Plant, and Equipment

Land is recorded at cost or appraised value at time of receipt if contributed, including land deeded by the Board of Trustees of Delaware College to the State in the early 1900s and thereafter used by the University, as successor, for the purposes of the University.

Buildings are recorded at cost of initial construction, including buildings on land deeded to the State and thereafter used for the purposes of the University. Costs of major renovations to buildings are capitalized. Costs of equipment in excess of \$5,000 with a useful life expectancy of two or more years are also capitalized.

The University uses the straight-line method of depreciation for its plant assets based on the following estimated useful lives:

	Estimated lives (years)
Land improvements	15
Buildings	40
Equipment and furnishings	2 – 20

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Property, plant, and equipment as of June 30, 2013 and 2012 consisted of the following (in thousands):

	2013	2012
Land and improvements	\$ 93,999	101,346
Buildings	1,415,789	1,223,193
Equipment and furnishings	450,747	423,016
Collections and works of art	8,756	8,872
Capital leasehold	15,235	15,235
Construction in progress	164,359	203,740
Total property, plant, and equipment	2,148,885	1,975,402
Less accumulated depreciation	(827,254)	(779,572)
Total property, plant, and equipment, net	\$ 1,321,631	1,195,830

The University has three major building and renovation projects as of June 30, 2013 budgeted to cost \$126,800,000. At year-end, \$109,456,000 has been disbursed with \$17,344,000 committed to complete these projects.

(10) Financing Obligations

The University has obligations under capital leases that amounted to \$5,985,000 and \$6,557,000 as of June 30, 2013 and 2012, respectively. The University's obligation at June 30, 2013 includes a building lease with Delaware Technology Park for the Delaware Biotechnology Institute, a unit of the University. The lease consists of annual lease payments ranging from \$345,000 to \$900,000 to be paid over a 20-year term.

The aggregate amount of principal and interest payments on the University's obligation under capital leases is due as follows (in thousands):

	Principal	Interest	Total
2014	\$ 607	287	894
2015	642	254	896
2016	682	214	896
2017	717	177	894
2018	761	154	915
Thereafter	2,576	138	2,714
	\$ 5,985	1,224	7,209

In August 2012, 1743 Holdings, LLC entered into a ground lease with a third-party for approximately six acres of land, and the structures thereon, for the purpose of renovating and expanding the existing structures and then leasing the space in the renovated unit to the University for use primarily by the College of Health Sciences. The ground lease has an initial term of 75 years, with a nominal rent while the

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University is occupying the unit. Rent reverts to a market-based rent at the time the University ceases to lease the unit. The space lease was entered into simultaneously with the ground lease and has an initial term of 29 ½ years, with the option of twelve additional 5-year extensions. Construction of the unit is underway, and the University anticipates the renovations to cost approximately \$30,500,000.

These transactions were structured to create the same economic effect as if the University built and owned the building, and as such, the University has reflected the costs associated with the renovation of the unit as construction in progress in the consolidated statement of financial position, and also recorded a corresponding financing obligation of \$12,000,000 at June 30, 2013.

Occupying the unit is expected to begin in January 2014, at that time rent payments are to begin. The estimated future minimum rental payments are as follows (in thousands):

2014	\$	999
2015		1,998
2016		1,998
2017		1,998
2018		1,998
Thereafter		49,959
		49,959
	\$	58,950

(11) Notes and Bonds Payable

Indebtedness at June 30, 2013 and 2012 consisted of the following (in thousands):

		2013	2012
Series 2004B Revenue Bonds (a)	\$	33,375	39,720
Series 2005 Revenue Bonds (b)		34,615	43,750
Series 2009A Revenue Bonds (c)		—	68,600
Series 2009B Revenue Bonds (d)		49,305	55,085
Series 2010A Revenue Bonds(e)		119,580	119,580
Series 2010B Revenue Bonds (f)		11,080	11,080
Series 2013A Revenue Bonds (g)		119,210	—
Series 2013B Revenue Bonds (h)		29,755	—
Series 2013C Revenue Bonds (i)		57,475	—
Blue Hen Hotel LLC Bonds (j)		8,700	9,055
University Early Learning Center Line of Credit (k)		3,027	3,251
		466,122	350,121
Premiums on notes and bonds payable		22,927	3,872
Notes and bonds payable	\$	489,049	353,993

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(a) *Series 2004B Revenue Bonds*

In April 2004, the University issued \$40,835,000 of Series 2004B Variable Rate Demand Revenue Bonds. The Series 2004B Bonds were used to construct a parking garage, to demolish existing University dormitories, to construct three new dormitory buildings, and for other capital improvements.

The Series 2004B Bonds initially bear interest at a Daily Rate (0.07% at June 30, 2013) and will continue to bear interest at a Daily Rate until converted to bear interest at a Weekly, Flexible, Term, or Fixed Rate to maturity. The interest rate to be in effect for a particular period of time will be reset by the Remarketing Agent and will never exceed 12% per annum. A 3.25% interest cost through fiscal year 2035 is anticipated based on an existing interest rate exchange agreement, with additional costs of remarketing and a Standby Bond Purchase Agreement (SBPA) with a scheduled termination date of April 5, 2015. The Bonds are secured by a pledge of gross revenues received by the University from the operations of all project facilities including housing, dining, parking, and other revenue producing facilities. The Series 2004B Bonds mature on November 1, 2034, but are subject to optional redemption and tender for purchase prior to maturity. On May 1, 2013, \$5,195,000 from 2013A Bonds was used to refund a portion of the Series 2004B Bonds.

(b) *Series 2005 Revenue Bonds*

In July 2005, the University issued \$49,945,000 of Series 2005 Variable Rate Demand Revenue Bonds. \$37,880,000 of the Series 2005 Bonds were used to complete the construction of three new dormitory buildings, the demolition of some existing University dormitories, and other capital improvements started with proceeds of the Series 2004B Revenue Bonds. In addition, \$12,065,000 was used to advance refund a portion of the Series 1997 Bonds.

The Series 2005 Bonds initially bear interest at a Daily Rate (0.05% at June 30, 2013) and will continue to bear interest at a Daily Rate until converted to bear interest at a Weekly, Flexible, Term, or Fixed Rate to maturity. The interest rate to be in effect for a particular period of time will be reset by the Remarketing Agent and will never exceed 12% per annum. A 3.87% interest cost through fiscal year 2036 is anticipated on the \$37,880,000 of project funds and 3.75% interest cost through fiscal year 2022 on the \$12,065,000, both based on existing interest rate exchange agreements, with additional costs of remarketing and a SBPA with scheduled termination date of May 31, 2016 at which time it may be terminated, extended or replaced. The Bonds are secured by a pledge of gross revenues received by the University from the operations of all project facilities including housing, dining, parking, and other revenue producing facilities. The Series 2005 Bonds mature on November 1, 2035, but are subject to optional redemption and tender for purchase prior to maturity. On May 1, 2013, \$7,505,000 from 2013A Bonds was used to refund a portion of the Series 2005 Bonds.

(c) *Series 2009A Revenue Bonds*

In March 2009, the University issued \$71,310,000 of Series 2009A Variable Rate Revenue Bonds in term mode with a termination date of May 31, 2011. On June 1, 2011, replacement term mode bonds were issued for \$68,600,000 with a mandatory remarketing date of June 4, 2013, at which time, the

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bonds could be converted to any mode consistent with and as permitted by the Supplemental Agreement to the Trust Agreement for the 2009A bonds. These bonds were issued for the purpose of refinancing a taxable bank demand note, which was entered into on July 10, 2008, the proceeds of which the University used to redeem its Auction Rate Revenue Bonds Series 2007.

The Series 2009A Bonds issued June 1, 2011 initially bear interest at a Term Rate of 0.85% and will continue to bear interest at a Term Rate until converted to bear interest at a Daily, Weekly, Flexible, or Fixed Rate to maturity. The interest rate to be in effect for a particular Interest Period when the Term Rate is in effect, will be set by the Remarketing Agent as the minimum per annum rate of interest that is necessary to market the Series 2009A Bonds at a price equal to 100% of their principal amount plus accrued interest. The initial interest period extended until June 4, 2013 with interest payments on each June 1 and December 1. On June 4, 2013, the University refunded all 2009A bonds outstanding.

(d) Series 2009B Revenue Bonds

In December 2009, the University issued \$64,000,000 of Series 2009B Revenue Bonds in fixed rate mode with the sole purpose of refunding the Series 1998, 2001A, and 2001B Variable Rate Demand Bonds and terminating related interest rate exchange agreements as discussed above.

The Series 2009B Bonds will bear interest rates ranging from 2% to 4%, maturing over various dates through November 2026, and are secured by a pledge of gross revenues received by the University from the operations of all project facilities including housing, dining, parking, and other revenue producing facilities.

(e) Series 2010A Revenue Bonds

In November 2010, the University issued \$119,580,000 of Series 2010A Revenue Bonds in fixed rate mode with the purposes of providing funds for certain project facilities. The American Recovery and Reinvestment Act of 2009 (ARRA) permitted the University to issue the 2010A Bonds as “Build America Bonds” to finance capital expenditures for the purposes for which it could have issued tax-exempt bonds and to elect to receive payments from U.S. Treasury equal to 35% of the corresponding interest payable on 2010A Bonds (the Subsidy Payments). For the year ended June 30, 2013, the University received Subsidy Payments of \$2,348,000, which are included in other operating revenue on the consolidated statement of activities. Interest income on these bonds is taxable to the bond holder. The Series 2010A Bonds are subject to mandatory redemption from November 1, 2028 through November 1, 2040, but are subject to optional redemption and tender for purchase prior to maturity.

The Series 2010A Bonds will bear the fixed interest rate of 5.866% (3.8129% after Subsidy Payments are received) and are secured by a pledge of gross revenues received by the University from the operations of all project facilities including housing and other revenue producing facilities.

(f) Series 2010B Revenue Bonds

In November 2010, the University issued \$12,080,000 of Series 2010B Revenue Bonds in fixed rate mode with the purpose of providing funds for certain project facilities.

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The Series 2010B Bonds will bear interest rates ranging from 0.65% to 3.796%, maturing on November 1 from 2012 to 2019. Interest income on these bonds is taxable to the bond holder. The Bonds are subject to optional redemption and tender for purchase prior to maturity.

(g) Series 2013A Revenue Bonds

In March 2013 (settlement in April) the University issued \$119,210,000 of Series 2013A Revenue Bonds in fixed rate mode to fund certain capital projects, refund portions of the 2004B, 2005, and 2009A issues, and terminate the maturities of interest rate swap agreements related to the refunded bonds.

The Series 2013A Bonds will bear interest rates ranging from 3.00% to 5.00%, maturing on November 1, from 2014 to 2033. In addition there is a 5.00% term bond maturity in the amount of \$27,825,000 on November 1, 2043. The Bonds are subject to optional redemption and tender for purchase prior to maturity.

(h) Series 2013B Revenue Bonds

In March 2013 (settlement in April) the University issued \$29,755,000 of Series 2013B Federally Taxable Revenue Bonds in fixed rate mode to fund certain capital projects.

The Series 2013B Bonds will bear interest rates ranging from 0.488% to 2.997%, maturing from 2014 to 2026. In addition there is a 3.831% term bond in the amount of \$6,770,000 maturing on November 1, 2033 and a 3.981% Term Bond in the amount of \$13,555,000 maturing on November 1, 2043. The Bonds are subject to optional redemption and tender for purchase prior to maturity.

(i) Series 2013C Revenue Bonds

In March 2013 (settlement in April) the University issued \$57,475,000 of Series 2013C Variable Rate Revenue Bonds with a mandatory remarketing date of May 1, 2016, at which time the Bonds will be converted to any mode consistent with and as permitted by the Supplemental Agreement to the Trust Agreement for the 2013C Bonds. The bond proceeds together with a University Equity contribution of approximately \$4,295,500 was used to refund the remaining Series 2009A that were not refunded by the Series 2013A Bonds described above.

The Series 2013C Bonds will initially bear interest at a Term Rate of 0.70% and will continue to bear interest at a term rate until converted to bear interest at a Daily, Weekly, Flexible, or Fixed Rate to maturity. The interest rate to be in effect for a particular Interest Period when the Term Rate is in effect, will be set by the Remarketing Agent as the minimum per annum rate of interest that is necessary to market the Series 2013C Bonds at a price equal to 100% of their principal amount plus accrued interest. The initial period extends until May 1, 2016 with interest payments on each May 1 and November 1.

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(j) ***Blue Hen Hotel LLC Bonds***

In September 2001, the Blue Hen Hotel, LLC, a Company wholly owned (note 2) by the University and consolidated into the University's financial statements, issued \$11,500,000 of Blue Hen Hotel, LLC Variable Rate Demand Bonds, Series 2001 (Series 2001 Bonds), which were also guaranteed by the University. The Series 2001 Bonds funded the design, construction, and start-up operating costs of the hotel.

The Series 2001 Bonds will initially bear interest at a Weekly Rate (0.23% at June 30, 2013) and will continue to bear interest at a Weekly Rate until converted to bear interest at a Daily, Flexible, Term, or Fixed Rate to maturity. The interest rate to be in effect for a particular period of time will be reset by the Remarketing Agent and will never exceed 18% per annum. A 5.50% interest cost through September 1, 2027 is anticipated based on an existing interest rate exchange agreement, with additional costs of remarketing and a SBPA that was renewed on November 15, 2012 with a scheduled termination date of December 12, 2014. The swap agreement counterparty has the right to terminate the agreement under certain market conditions in which the daily weighted average of the one-month LIBOR equals or exceeds 9.00% for the previous six-month period. If such right is exercised, the bond interest would revert to the market rate for weekly traded variable rate demand bonds.

The Series 2001 Bonds mature on September 1, 2027, but are subject to optional redemption and tender for purchase prior to maturity.

(k) ***Early Learning Center Line of Credit***

In December 2008, the University obtained a five-year extension to the \$5,000,000 line of credit that was originally opened in December 2003 to renovate the University Early Learning Center facility. The interest rate is a variable rate of 65% of the Bank's National Commercial Rate (calculated to be 2.60% at June 30, 2013) and there is an outstanding balance of \$3,027,000 at June 30, 2013.

The University has entered into SBPAs for the variable rate demand bonds of the Series 2004B and 2005 Bonds with Bank of America and TD Bank respectively to provide liquidity for the purchase of the bonds should the remarketing agent be unable to sell the bonds on the open market. The SBPAs provide for the banks to purchase any outstanding bonds not remarketed for a period of up to 90 days at variable interest rates as defined in the SBPAs. Remarketing efforts on the open market would continue during the 90-day period. Should efforts to remarket any or all of the bonds be unsuccessful throughout the 90-day period, the University would be required to use available cash resources to redeem the bonds from the SBPA provider.

The University's debt agreements require that the University meet certain financial, and other, covenants. The University was in compliance with these covenants at June 30, 2013 and 2012.

The carrying amount of variable rate long-term debt approximates fair value because these financial instruments bear interest at rates, which approximate current market rates for loans with similar maturities and credit quality. The fair value of fixed and variable rate Revenue Bonds (par amount of \$454,395,000) approximates \$482,983,000. Such amount has been estimated by discounting the future cash outflows associated with such debt by current market rates for loans with similar maturities and credit quality.

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Certain long-term debt obligations expose the University to cash flow risk related to changes in interest rates. Management believes it is prudent and cost effective to hedge some of its exposure to interest rate risk. To achieve this objective, management has interest rate swap agreements for approximately \$142,340,000 (including \$8,700,000 related to the Blue Hen Hotel, LLC, note 2) of long-term debt obligations as of June 30, 2013. In accordance with FASB standards, not-for-profit organizations recognize the gain or loss on a hedging instrument as a change in net assets in the period of change. Accordingly, for the year ended June 30, 2013, the University has recognized an unrealized gain of \$15,038,000 (including a gain of \$863,000 related to the Blue Hen Hotel, LLC) in the consolidated statement of activities for the increase in fair value of its interest rate swaps and a corresponding decrease in the fair value of its interest rate swap liability in the consolidated statement of financial position.

The aggregate amount of principal payments on the University's notes and bonds payable are due as follows (in thousands):

2014	\$	6,014
2015		12,709
2016		11,094
2017		11,509
2018		11,754
Thereafter		413,042
	\$	<u>466,122</u>

(12) Derivative Instruments

The University employs derivatives in the form of interest rate swap agreements to manage market risk associated with outstanding debt (in thousands).

	<u>Statement of financial position location</u>	<u>Location of gain (loss)</u>	<u>Fair value 2013</u>	<u>Fair value 2012</u>	<u>Amount of gain (loss) 2013</u>	<u>Amount of gain (loss) 2012</u>
Interest rate swap agreements	Interest rate swap liabilities	Net realized and unrealized gains	\$ 24,478	41,487	15,038	(20,053)

Interest rate swaps with a fair value of \$1,971,000 were terminated on March 19, 2013. The termination along with the gain reported in the table above resulted in a net decrease in the liability of \$17,009,000 as of June 30, 2013.

A portion of the total interest rate swap liabilities reported on the consolidated statement of financial position, \$22,495,000 at June 30, 2013, contains provisions that require the University's debt and the counterparty to maintain an investment grade credit rating from one or both of the major credit rating agencies. A downgrade of the University or the counterparty's rating may require that party to provide collateralization above a predetermined threshold on all rate swaps in net liability positions. The University's current rating of AA+ by Standard & Poor's would have to drop five levels or more to a rating

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of A – or below, at which time the University might be required to post collateral. To date, the University has not posted collateral for any rate swap agreements.

(13) Employee Benefit Plans

The University's 403(b) Retirement Annuity Program is available to substantially all faculty and professional employees. This plan is administered through Fidelity Investments (Fidelity) and Teachers Insurance and Annuity Association (TIAA) – College Retirement Equities Fund (CREF). The University's contribution for this program is fixed at 11 percent of annual base salary for eligible employees who contribute a minimum of four percent of their annual salary. The policy of the University is to pay its share of the annual premium accrued in connection with the University Retirement Annuity Program. As a result, there are no unfunded benefits. Pension plan expense for the University's 403(b) Retirement Annuity Program was \$27,542,000 in 2013 and \$26,330,000 in 2012.

Salaried and hourly staff employees participate in the Delaware State Employees' Pension Plan (the State Plan), a cost sharing defined benefit plan. The State Plan (established in 1970), is one of nine plans encompassed within the Delaware Public Employees' Retirement System (<http://www.delawarepensions.com/financials.shtml>). Under the state pension statute, a mandatory pre-tax contribution of three percent of salary in excess of \$6,000 per year plus five percent of salary in excess of the social security wage base is required. The policy of the University is to pay its share of the annual premium accrued in connection with the State Plan. As a result, there are no unfunded benefits. Pension plan expense for the State Plan was \$11,419,000 and \$10,520,000 in 2013 and 2012, respectively.

The State Plan financial statements and actuarial reports for June 30, 2012 (most recent available) do not include separate reportable information for each participant organization in the plan. However, the following information was derived from the data available:

- The University has 1,346 active participants in the State Plan. The State Plan, in total, has 61,820 participants, 35,427 of which are active participants.
- The University's contribution to the State Plan in fiscal year June 30, 2012 of \$10,520,000 was approximately 7.14% of the \$147,454,000 total annual required plan employer contributions to the plan.
- At June 30, 2012, the State Plan had a 91.5% funded ratio of the actuarial accrued liability, and the accrued benefit funding ratio was 100.2% at this same point in time.
- The funding objective of the State Plan is to establish contribution rates that, over time, will remain level as a percent of payroll. The contribution rate was developed to provide for current cost (i.e., normal cost expressed as a level percent of payroll) plus level percent of payroll amortizations of each layer of the unfunded liability over a specified period. The participant organizations to the State Plan have consistently funded the full amounts required based on the actuarial valuations and specific statutory provisions.

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In addition, the University also offers two additional voluntary retirement benefit plans:

The Voluntary 403(b) Retirement Plan, administered through Fidelity and TIAA-CREF, is available to all eligible full and part-time employees who wish to make additional contributions to their retirement savings. Participation is voluntary and does not require a minimum contribution. The University makes no contributions to this plan, incurs no expense for the operation of this plan and has no unfunded liability.

The Voluntary 457(b) Deferred Compensation Plan, administered through Fidelity TIAA-CREF, is available to all eligible full and part-time employees who are already making the maximum allowable contribution to the Voluntary 403(b) Retirement Plan and wish to make additional contributions to their retirement savings. The University makes no contributions to this plan, incurs no expense for the operation of this plan and has no unfunded liability.

In addition to retirement benefits, the University also provides postretirement benefits primarily for medical insurance to retired employees who are not eligible under the State Plan. The University recognizes the funded status (i.e., the difference between the fair value of plan assets and the accumulated postretirement benefit obligation) of its postretirement benefit plan in the consolidated statement of financial position. Also, the University measures the fair value of plan assets and benefit obligations as of the date of the fiscal year-end consolidated statement of financial position. As of June 30, 2013, the University has not funded these benefits.

Net periodic postretirement benefit cost for 2013 and 2012 includes the following components (in thousands):

	2013	2012
Service cost	\$ 9,588	7,513
Interest cost	13,050	12,573
Amortization of unrecognized loss	2,157	—
Net periodic postretirement benefit cost	\$ 24,795	20,086

The accumulated postretirement benefit obligation recognized in the consolidated statement of financial position at June 30, 2013 and 2012 is as follows (in thousands):

	2013	2012
Accrued postretirement liability	\$ 230,195	210,759
Unrecognized net loss	34,543	72,931
Accumulated postretirement benefit obligation	\$ 264,738	283,690

UNIVERSITY OF DELAWARE

Notes to Consolidated Financial Statements

June 30, 2013

(with comparative information for the prior year)

Changes in the accumulated postretirement plan benefit obligation and funding status for 2013 and 2012 are as follows (in thousands):

	<u>2013</u>	<u>2012</u>
Benefit obligation at beginning of year	\$ 283,690	209,491
Service cost	9,588	7,513
Interest cost	13,050	12,573
Amortization of unrecognized loss	2,157	—
Actuarial (gain) or loss	(38,387)	59,466
Disbursements	<u>(5,360)</u>	<u>(5,353)</u>
Benefit obligation at end of year	264,738	283,690
Fair value of plan assets at beginning of year	—	—
Employer contributions	5,360	5,353
Benefits paid	(5,360)	(5,353)
Fair value of plan assets at end of year	<u>—</u>	<u>—</u>
Funded status at end of year	\$ <u>264,738</u>	<u>283,690</u>

The University expects to contribute \$7,317,000 to the plan for the year ended June 30, 2014.

The accumulated postretirement benefit obligation was determined using a discount rate of 5.40% and 4.90% in 2013 and 2012, respectively. The health care cost trend rates used reflect the differences between pre-65 and post-65 claims were 7.60% and 5.00%, respectively, in 2013, and 8.00% and 6.50%, respectively, in 2012. This rate gradually decreases to 5.00% by the year 2019 for pre-65 claims and remains constant at 5.00% for post-65 claims.

The impact of a one-percentage-point change in the assumed healthcare cost trend rate, while holding all other assumptions constant, would be as follows (in thousands):

	<u>Increase</u>	<u>Decrease</u>
Effect on service cost and interest cost components of net periodic postretirement benefit cost	\$ 5,577	(4,237)
Effect on benefit obligation as of June 30, 2013	50,814	(40,264)

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At June 30, 2013, the University's expected future benefit payments for future service are as follows (in thousands):

Year ended June 30:			
2014	\$	7,317	
2015		8,054	
2016		8,760	
2017		9,603	
2018		10,397	
2019 through 2023		65,628	

The effect of federal subsidies enacted by the Medicare Prescription Drug Improvement and Modernization Act of 2003 has been reflected in the measurement of the accumulated postretirement benefit obligation or net periodic postretirement benefit cost.

(14) Asset Retirement Obligations

The University has asset retirement obligations arising from regulatory requirements to perform certain asset retirement activities. When an asset retirement obligation is identified, the University records the fair value of the obligation as a liability. The liability is accreted to its present value and accretion expense is recognized. The corresponding asset retirement costs are capitalized as part of the carrying amount of the related long-lived asset and depreciated over the period of expected remediation.

The University had asset retirement obligations of \$22,111,000 and \$20,889,000 as of June 30, 2013 and 2012, respectively. The following table reconciles the obligation as of June 30, 2013 and 2012 (in thousands):

		2013	2012
Balance at beginning of year	\$	20,889	20,185
Additional obligations incurred		1,154	1,365
Obligations settled in current period		(694)	(1,316)
Changes in estimates, including timing		221	131
Accretion expense		542	524
Balance at end of year	\$	22,112	20,889

(15) Operating Leases

The University has entered into a series of leasing transactions related to the redevelopment of the University's 272 acre STAR campus. The property which comprises the STAR campus was acquired in November 2009 for the purpose of expanding the University's overall campus and to provide a site for, among other things, high technology, medical, and educational partnerships between the University, federal and state government, and leaders in various technology, medical and educational fields.

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In March 2012, 1743 Holdings, LLC entered into a ground lease with a third-party for approximately 50 acres of unimproved land on the southern portion of the STAR campus. The lease has an initial term of 25 years and may be extended for up to 4 consecutive additional terms of 5 years each. Base rent for the initial term of the lease is nominal, and was paid upon execution of the lease. In a related transaction, the University entered into a grant agreement with the Delaware Economic Development Authority to offset certain costs affiliated with infrastructure and other related costs on the STAR campus. As of June 30, 2013, \$2,981,000 has been drawn against the grant.

In August 2012, 1743 Holdings, LLC entered into an additional ground lease with a third-party for an additional nine acres of land, and the structures thereon, adjacent to the unit to be occupied by the College of Health Sciences. The lease was entered into for the purpose of renovating and expanding the existing structures and leasing the units to entities external to the University, and to the extent possible, entities that are related to health sciences. This ground lease has an initial term of 75 years. Rent is based upon formulas contained within the lease, considers factors such as gross rentable square footage of improvements, and approximate market rent. As it is early in the construction phase of these units, it is not currently possible to reasonably estimate the future minimum rental income from this lease.

In December 2012, 1743 Holdings, LLC entered into a ground lease with a third-party for approximately 43 acres of unimproved land on the north-west portion of the STAR campus. The lease has an initial term of 75 years and may be extended for up to 4 consecutive additional terms of 5 years each. Rent is based upon formulas contained within the lease, considers factors such as gross building square footage of constructed improvements, and approximate market rent.

The land and structures subject to the ground leases noted above are included in the consolidated statement of financial position at \$12,887,000 and \$1,824,000, respectively.

The future minimum rental payments to be received under the ground leases noted above and can reasonably be estimated are as follows (in thousands):

Year ended June 30:		
2014	\$	—
2015		—
2016		600
2017		600
2018		600
Thereafter		233,222

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Notes to Consolidated Financial Statements

June 30, 2013

(with comparative information for the prior year)

(16) Net Assets

Temporarily restricted net assets include the following at June 30, 2013 and 2012 (in thousands):

	<u>2013</u>	<u>2012</u>
Contributions receivable	\$ 34,771	32,273
Annuity and life income funds	617	832
Accumulated gains on permanent endowment funds	531,471	480,942
Other time and purpose restrictions	20,447	19,624
	<u>\$ 587,306</u>	<u>533,671</u>

Generally, the donors of these assets permit the University to use all or part of the income earned and net appreciation on related investments for general or specific purposes, such as scholarships, faculty salaries, or other operational support.

Permanently restricted net assets include the following at June 30, 2013 and 2012 (in thousands):

	<u>2013</u>	<u>2012</u>
Permanent loan funds	\$ 323	311
Annuity and life income funds	2,774	2,115
Funds held in trust by others	60,653	58,209
Permanent endowment funds	279,434	270,809
	<u>\$ 343,184</u>	<u>331,444</u>

(17) Scholarship Allowance

The University provides financial assistance to eligible students to partially offset the direct costs of tuition, on-campus housing, and meal contracts. These scholarship allowances are presented as a reduction of tuition and fees and sales and services of auxiliary enterprises.

Scholarships are funded from unrestricted resources, as well as funds from donors, federal and state governments, and endowment income restricted to use for student financial assistance.

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The table below identifies this financial assistance by source and by student classification for the year ended June 30, 2013 (in thousands):

	<u>Undergraduate</u>	<u>Graduate</u>	<u>Total</u>
Unrestricted	\$ 45,355	54,950	100,305
Federal grants	665	1,017	1,682
State grants	10,517	46	10,563
Private gifts	2,751	486	3,237
Endowment	3,605	46	3,651
Total	<u>\$ 62,893</u>	<u>56,545</u>	<u>119,438</u>

An additional \$6,521,000 of University-provided financial assistance was utilized by students for books, supplies, and off-campus living expenses.

(18) Fundraising Costs

Fundraising costs were approximately \$11,531,000 and \$10,844,000 for the years ended June 30, 2013 and 2012, respectively.

(19) Related Party Transactions

The University may, from time to time, do business with companies that may be associated, either directly or indirectly, with members of the University's Board of Trustees or senior management. Although not material, the University believes that these transactions are executed on terms comparable to those available from unrelated parties and are in the best interest of the University.

(20) Contingencies

The University is party to certain claims and litigation arising in the ordinary course of business. In the opinion of management, the resolution of such claims and litigation will not materially affect the University's financial position, statement of activities, or cash flows.

(21) Subsequent Events

In connection with the preparation of the consolidated financial statements, the University evaluated subsequent events after the statement of financial position date of June 30, 2013 through October 28, 2013, which was the date the consolidated financial statements were issued.

UNIVERSITY OF DELAWARE
Schedule of Expenditure of Federal Awards
Year ended June 30, 2013

Program title	CFDA number	Direct (D) or pass-through (I)	Pass-through entity name	Pass-through number	Program Expenditures		Total
					Non-ARRA	ARRA	
Research and Development Cluster:							
United States Department of Agriculture Programs:							
Agricultural Research_Basic and Applied Research	10.001	D			\$ 393,449	—	393,449
Plant and Animal Disease, Pest Control, and Animal Care	10.025	D			100,712	—	100,712
Forestry Incentives Program	10.064	D			31,821	—	31,821
Grants for Agricultural Research, Special Research Grants	10.200	D			51,253	—	51,253
Cooperative Forestry Research	10.202	D			121,456	—	121,456
Payments to Agricultural Experiment Stations Under the Hatch Act	10.203	D			1,478,026	—	1,478,026
Grants for Agricultural Research_Competitive Research Grants	10.206	D			91,723	—	91,723
Animal Health and Disease Research	10.207	D			13,300	—	13,300
Food and Agricultural Sciences National Needs Graduate Fellowship Grants	10.210	D			(1,884)	—	(1,884)
Agricultural and Rural Economic Research	10.250	D			1,479	—	1,479
Integrated Programs	10.303	D			119,253	—	119,253
International Science and Education Grants	10.305	D			69,522	—	69,522
Specialty Crop Research Initiative	10.309	D			162,636	—	162,636
Agriculture and Food Research Initiative (AFRI)	10.310	D			3,068,889	—	3,068,889
Biomass Research and Development Initiative Competitive Grants Program (BRDI)	10.312	D			19,890	—	19,890
Forestry Research	10.652	D			54,339	—	54,339
Cooperative Forestry Assistance	10.664	D			45,521	—	45,521
Soil and Water Conservation	10.902	D			34,009	—	34,009
United States Department of Agriculture	10-58-1926-2-309	D			(3)	—	(3)
Agricultural Research_Basic and Applied Research	10.001	I	US Biological Applied Research Consortium	12A00121	5,603	—	5,603
Plant and Animal Disease, Pest Control, and Animal Care	10.025	I	Maryland Dept of Natural Resources	KOOP2401151	4,363	—	4,363
Wildlife Services	10.028	I	Wildlife Management Institute	2010-03	4,759	—	4,759
Specialty Crop Block Grant Program – Farm Bill	10.170	I	Delaware Department of Agriculture	SCBGP-FB-12-10	1,656	—	1,656
Specialty Crop Block Grant Program – Farm Bill	10.170	I	Delaware Department of Agriculture	SCBGP-FB-10-04	8,085	—	8,085
Specialty Crop Block Grant Program – Farm Bill	10.170	I	Delaware Department of Agriculture	SCBGP-FB-10-06	14,688	—	14,688
Specialty Crop Block Grant Program – Farm Bill	10.170	I	Delaware Department of Agriculture	SCBGP-FB-11-04	9,449	—	9,449
Specialty Crop Block Grant Program – Farm Bill	10.170	I	Delaware Department of Agriculture	SCBGP-FB-11-05	8,315	—	8,315
Specialty Crop Block Grant Program – Farm Bill	10.170	I	Delaware Department of Agriculture	SCBGP-FB-12-01	3,297	—	3,297
Specialty Crop Block Grant Program – Farm Bill	10.170	I	Delaware Department of Agriculture	12-25-B-1059	5,149	—	5,149
Subtotal 10.170					50,639	—	50,639
Grants for Agricultural Research, Special Research Grants	10.200	I	Cornell University	64042-9730	7,883	—	7,883
Grants for Agricultural Research, Special Research Grants	10.200	I	Connecticut, University of	7062	6,714	—	6,714
Grants for Agricultural Research, Special Research Grants	10.200	I	Cornell University	64042-9697	(1,219)	—	(1,219)
Grants for Agricultural Research, Special Research Grants	10.200	I	Rutgers, State University of New Jersey	4478	12,194	—	12,194
Grants for Agricultural Research, Special Research Grants	10.200	I	California-Davis, University of	SA7598	(75)	—	(75)
Subtotal 10.200					25,497	—	25,497
Grants for Agricultural Research_Competitive Research Grants	10.206	I	Southern California, University of	135496	39,175	—	39,175
Grants for Agricultural Research_Competitive Research Grants	10.206	I	Maryland, University of	Z541310	34,073	—	34,073
Grants for Agricultural Research_Competitive Research Grants	10.206	I	North Carolina State University	2008-1433-01	10,585	—	10,585
Grants for Agricultural Research_Competitive Research Grants	10.206	I	Tennessee, University of	102485	145	—	145
Grants for Agricultural Research_Competitive Research Grants	10.206	I	Maryland, University of	Z521912	(2)	—	(2)
Subtotal 10.206					83,976	—	83,976
Sustainable Agriculture Research and Education	10.215	I	Vermont, University of	SNE12-02	8,578	—	8,578
Sustainable Agriculture Research and Education	10.215	I	Vermont, University of	SNE 11-02	3,990	—	3,990
Sustainable Agriculture Research and Education	10.215	I	Vermont, University of	ONE12-163	11,322	—	11,322
Sustainable Agriculture Research and Education	10.215	I	Vermont, University of	ONE12-157	4,387	—	4,387
Sustainable Agriculture Research and Education	10.215	I	Vermont, University of	LNE12-314	96,411	—	96,411
Subtotal 10.215					124,688	—	124,688
Integrated Programs	10.303	I	The Ohio State University	60025287	68,131	—	68,131
Integrated Programs	10.303	I	Cornell University	61356-9474	4,092	—	4,092
Integrated Programs	10.303	I	Maryland, University of	Z531007	26,482	—	26,482
Subtotal 10.303					98,705	—	98,705
Homeland Security_Agricultural	10.304	I	Cornell University	54039-8573	(1,465)	—	(1,465)
Homeland Security_Agricultural	10.304	I	Cornell University	67826-9927	14,523	—	14,523
Subtotal 10.304					13,058	—	13,058
Organic Agriculture Research and Extension Initiative	10.307	I	Pennsylvania State University	4074-UD-USDA-5656	34,363	—	34,363
Specialty Crop Research Initiative	10.309	I	Delaware Department of Agriculture	SCBGP-FB-11-07	4,847	—	4,847
Specialty Crop Research Initiative	10.309	I	Delaware Department of Agriculture	SCBGP-FB-11-02	4,911	—	4,911

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Schedule of Expenditure of Federal Awards
Year ended June 30, 2013

Program title	CFDA number	Direct (D) or pass-through (I)	Pass-through entity name	Pass-through number	Program Expenditures		Total
					Non-ARRA	ARRA	
Specialty Crop Research Initiative	10.309	I	Delaware Department of Agriculture	SCBGP-FB-11-01	\$ 2,927	—	2,927
Specialty Crop Research Initiative	10.309	I	Maryland, University of	Z546701	79,235	—	79,235
Subtotal 10.309					91,920	—	91,920
Agriculture and Food Research Initiative (AFRI)	10.310	I	Mississippi State University	191400-322094-01	4,517	—	4,517
Agriculture and Food Research Initiative (AFRI)	10.310	I	Connecticut, University of	7109	28,446	—	28,446
Agriculture and Food Research Initiative (AFRI)	10.310	I	Rutgers, State University of New Jersey	3973	1,373	—	1,373
Agriculture and Food Research Initiative (AFRI)	10.310	I	Nebraska, University of	25-6239-0235-307	91,295	—	91,295
Agriculture and Food Research Initiative (AFRI)	10.310	I	North Carolina State University	2011-0494-15	95,816	—	95,816
Subtotal 10.310					221,447	—	221,447
SNAP Partnership Grant	10.577	I	Delaware Dept of Health & Social Service	13-017	48,668	—	48,668
Environmental Quality Incentives Program	10.912	I	Pennsylvania State University	4784-UD-UDSA-2226	2,288	—	2,288
Environmental Quality Incentives Program	10.912	I	National Fish & Wildlife Foundation	2008-0110-011	(2,552)	—	(2,552)
Subtotal 10.912					(264)	—	(264)
Total for United States Department of Agriculture Programs					6,662,813	—	6,662,813
Department of Commerce Programs:							
Geodetic Surveys and Services (Geodesy and Applications of the National Geodetic Reference System)	11.400	D			46,085	—	46,085
Sea Grant Support	11.417	D			1,359,482	—	1,359,482
Coastal Zone Management Estuarine Research Reserves	11.420	D			20,113	—	20,113
Meteorologic and Hydrologic Modernization Development	11.467	D			159,136	—	159,136
Center for Sponsored Coastal Ocean Research_Coastal Ocean Program	11.478	D			347,345	—	347,345
Measurement and Engineering Research and Standards	11.609	D			2,292,477	—	2,292,477
ARRA-Measurement and Engineering Research and Standards	11.609	D			—	327,634	327,634
Subtotal 11.609					2,292,477	327,634	2,620,111
Department of Commerce	11-DG133E11SE2030	D			14,720	—	14,720
Department of Commerce	11-DG-133E-12-SE-0672	D			81,668	—	81,668
Department of Commerce	11-N00014-10-1-0345	D			33,741	—	33,741
Integrated Ocean Observing System (IOOS)	11.012	I	Rutgers, State University of New Jersey	S1570029	71,680	—	71,680
Interjurisdictional Fisheries Act of 1986	11.407	I	GARDEN STATE SEAFOOD ASSOCIATION	EAI33F10CN0326	13,781	—	13,781
Sea Grant Support	11.417	I	Academy of Natural Sciences, Phila.	694-7900-7553	7,812	—	7,812
Coastal Zone Management Estuarine Research Reserves	11.420	I	Delaware Department of Natural Resources	12A01205	24,949	—	24,949
Coastal Zone Management Estuarine Research Reserves	11.420	I	Delaware Department of Natural Resources	12A01219	25,036	—	25,036
Coastal Zone Management Estuarine Research Reserves	11.420	I	Delaware Department of Natural Resources	12A01366	49,441	—	49,441
Subtotal 11.420					99,426	—	99,426
National Oceanic and Atmospheric Administration (NOAA) Cooperative Institutes	11.432	I	Delaware Department of Natural Resources	11A00567	3,915	—	3,915
Unallied Management Projects	11.454	I	Phoel Associates, Inc.	11A00366	(1,478)	—	(1,478)
Meteorologic and Hydrologic Modernization Development	11.467	I	Maryland Emergency Management Agency	13A00423	136,644	—	136,644
Unallied Science Program	11.472	I	Delaware Department of Natural Resources	STATE-0000065323	16,190	—	16,190
Coastal Services Center	11.473	I	Monmouth University	MU-301352-13254	55,119	—	55,119
Center for Sponsored Coastal Ocean Research_Coastal Ocean Program	11.478	I	South Carolina, University of	11-1828-21600-FB86	50,744	—	50,744
Center for Sponsored Coastal Ocean Research_Coastal Ocean Program	11.478	I	Maryland, University of	CA 08-10	455	—	455
Subtotal 11.478					51,199	—	51,199
Department of Commerce	11-26-0521-0129-003	I	Nebraska, University of	26-0521-0129-003	3,463	—	3,463
Department of Commerce	11-SA11-UOD01	I	Global Science & Technology Inc	SA11-UOD01	117,614	—	117,614
Department of Commerce	11-SA12-UOD01	I	Global Science & Technology Inc	SA12-UOD01	52,544	—	52,544
Total for Department of Commerce Programs					4,982,676	327,634	5,310,310
Department of Defense Programs:							
Department of Defense	12.000	D			3,463	—	3,463
Basic and Applied Scientific Research	12.300	D			3,428,327	—	3,428,327
Military Medical Research and Development	12.420	D			2,132,550	—	2,132,550
Basic Scientific Research	12.431	D			4,649,960	—	4,649,960
Basic, Applied, and Advanced Research in Science and Engineering	12.630	D			685,587	—	685,587
Air Force Defense Research Sciences Program	12.800	D			1,825,813	—	1,825,813
Research and Technology Development	12.910	D			951,526	—	951,526
Department of Defense	12-H98230-12-C-0291	D			162,572	—	162,572
Department of Defense	12-N00014-10-C-0171	D			(3,392)	—	(3,392)
Department of Defense	12-N00167-11-C-0006	D			117,207	—	117,207
Department of Defense	12-W56HZV-07-C-0142	D			3,985,546	—	3,985,546
Department of Defense	12-W912HQ-09-C-0031	D			243,446	—	243,446
Department of Defense	12-W912HQ-10-C-0057	D			360,817	—	360,817

UNIVERSITY OF DELAWARE
 Schedule of Expenditure of Federal Awards
 Year ended June 30, 2013

Program title	CFDA number	Direct (D) or pass-through (I)	Pass-through entity name	Pass-through number	Program Expenditures		Total
					Non-ARRA	ARRA	
Department of Defense Collaborative Research and Development	12-W91CRB-12-P-0056	D			\$ 113,566	—	113,566
	12.114	I	University of Nevada, Reno	UNR 11-35	(1)	—	(1)
Basic and Applied Scientific Research	12.300	I	California-San Diego University of	10285749	55,470	—	55,470
Basic and Applied Scientific Research	12.300	I	Woods Hole Oceanographic Institute	A100750	252,246	—	252,246
Basic and Applied Scientific Research	12.300	I	Johns Hopkins University	105972	102,033	—	102,033
Basic and Applied Scientific Research	12.300	I	Phase Sensitive Innovations, Inc.	08000079	199,221	—	199,221
Basic and Applied Scientific Research	12.300	I	Rutgers, State University of New Jersey	S1746345	39,770	—	39,770
Basic and Applied Scientific Research	12.300	I	Woods Hole Oceanographic Institute	A100848	80,466	—	80,466
Basic and Applied Scientific Research	12.300	I	Scripps Institute of Oceanography	10276959	(9,060)	—	(9,060)
Subtotal 12.300					720,146	—	720,146
Navy Command, Control, Communications, Computers, Intelligence, Surveillance, and Reconnaissance	12.335	I	Massachusetts Institute of Technology	5710003357	4,324	—	4,324
Military Construction, National Guard	12.400	I	Iowa, University of	1000617707	432,455	—	432,455
Basic Scientific Research	12.431	I	Colorado School of Mines	400231	273,347	—	273,347
Basic Scientific Research	12.431	I	New Mexico, University of	271413-87J5	7,351	—	7,351
Basic Scientific Research	12.431	I	South Dakota State University	3TG025	11,288	—	11,288
Subtotal 12.431					291,986	—	291,986
Basic, Applied, and Advanced Research in Science and Engineering	12.630	I	Delaware State University	11-006JNA	33,899	—	33,899
Air Force Defense Research Sciences Program	12.800	I	Washington, University of	748056	57,531	—	57,531
Air Force Defense Research Sciences Program	12.800	I	EM Photonics, Inc.	12A01693	29,999	—	29,999
Air Force Defense Research Sciences Program	12.800	I	UES, INC.	S-875-110-013	111,541	—	111,541
Air Force Defense Research Sciences Program	12.800	I	EM Photonics, Inc.	11A00064	93,324	—	93,324
Air Force Defense Research Sciences Program	12.800	I	Rice University	R17536	207,064	—	207,064
Air Force Defense Research Sciences Program	12.800	I	USAF Office of Scientific Research	FA9550-13-1-0027	65,884	—	65,884
Air Force Defense Research Sciences Program	12.800	I	Universal Technology Corporation	12-S7105-02-C1	60,377	—	60,377
Air Force Defense Research Sciences Program	12.800	I	Washington, University of	744218	468,803	—	468,803
Subtotal 12.800					1,094,523	—	1,094,523
Research and Technology Development	12.910	I	Georgia Institute of Technology	49,989	—	—	49,989
Research and Technology Development	12.910	I	Virginia Polytechnic Institute	450005-19650	(43)	—	(43)
Research and Technology Development	12.910	I	Michigan, University of	3002205416b	54,385	—	54,385
Research and Technology Development	12.910	I	Drexel University	204111UD	46,522	—	46,522
Research and Technology Development	12.910	I	Massachusetts, University of	09-005334 A 00	(5)	—	(5)
Subtotal 12.910					150,848	—	150,848
Department of Defense	12-0000336655	I	Battelle	0000336655	39,994	—	39,994
Department of Defense	12-03-81	I	Systems and Materials Research Corp	03-81	9,840	—	9,840
Department of Defense	12-08001137	I	Scalable Networking Technologies	08001137	(159)	—	(159)
Department of Defense	12-09000853	I	Kubota Research Associates, Inc.	09000853	17,738	—	17,738
Department of Defense	12-10000953	I	Acellent Technologies, Inc.	10000953	149,328	—	149,328
Department of Defense	12-11A00313	I	EM Photonics, Inc.	11A00313	24,212	—	24,212
Department of Defense	12-11A01572	I	DIAPedia, LLC	11A01572	12,392	—	12,392
Department of Defense	12-12-0392S	I	ADA Technologies, Inc.	12-0392S	23,993	—	23,993
Department of Defense	12-12-39	I	SURVICE Engineering	12-39	34,975	—	34,975
Department of Defense	12-12A00438	I	Spectrum Magnetics LLC	12A00438	47,477	—	47,477
Department of Defense	12-12A00861	I	3D SYSTEMS Corporation	12A00861	59,975	—	59,975
Department of Defense	12-12A01103	I	Massachusetts Institute of Technology	12A01103	5,534	—	5,534
Department of Defense	12-13A00012	I	EM Photonics, Inc.	13A00012	71,739	—	71,739
Department of Defense	12-13A00142	I	Aurion, Inc.	13A00142	95,761	—	95,761
Department of Defense	12-20009197	I	Telcordia Technologies, Inc.	20009197	646	—	646
Department of Defense	12-20013032	I	Telcordia Technologies, Inc.	20013032	241	—	241
Department of Defense	12-2010-0007	I	DS/CI	2010-0007	46,976	—	46,976
Department of Defense	12-206-115-P-A	I	Air Products and Chemicals, Inc.	206-115-P-A	746,023	—	746,023
Department of Defense	12-27099	I	Louisiana State University	27099	(696)	—	(696)
Department of Defense	12-3002205416	I	Michigan, University of	3002205416	21,292	—	21,292
Department of Defense	12-400487	I	Colorado School of Mines	400487	53,140	—	53,140
Department of Defense	12-541371 OP	I	Shaw Environmental & Infrastructure	541371 OP	21,334	—	21,334
Department of Defense	12-GTS-S-11-243	I	General Technical Services, LLC	GTS-S-11-243	13,557	—	13,557
Department of Defense	12-GTS-S-12-287	I	General Technical Services, LLC	GTS-S-12-287	37,906	—	37,906
Department of Defense	12-HR0011-10-3-0007	I	Intel Corporation	HR0011-10-3-0007	4,637	—	4,637
Department of Defense	12-HR0011-10-C-0080-002A	I	SiOnyx Inc.	HR0011-10-C-0080-002A	51,741	—	51,741
Department of Defense	12-PO #80227 434009	I	Fibertek, Inc.	PO #80227 434009	22,642	—	22,642
Department of Defense	12-PO No. S-875-110-006	I	UES, INC.	PO No. S-875-110-006	325,896	—	325,896
Department of Defense	12-PO# 9500009858	I	BBN Technologies	PO# 9500009858	150,399	—	150,399
Department of Defense	12-PO# C13-127861	I	CACI Technologies, Inc.	PO# C13-127861	9,273	—	9,273

UNIVERSITY OF DELAWARE
Schedule of Expenditure of Federal Awards
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Program title	CFDA number	Direct (D) or pass-through (I)	Pass-through entity name	Pass-through number	Program Expenditures		
					Non-ARRA	ARRA	Total
Department of Defense	12-RM101A-C	I	Oregon State University	RM101A-C	\$ 92,908	—	92,908
Department of Defense	12-W15QKN-12-C-0157-UD	I	Touchstone Research Laboratory, Ltd	W15QKN-12-C-0157-UD	49,956	—	49,956
Total Department of Defense Programs					23,625,838	—	23,625,838
Central Intelligence Agency Programs:							
Central Intelligence Agency	13-2010*0671824*000	D			224,394	—	224,394
Central Intelligence Agency	13-2010*1266710*000	D			68,964	—	68,964
Total Central Intelligence Agency Programs					293,358	—	293,358
Department of Interior Programs:							
Fish, Wildlife, and Parks Programs on Indian Lands	15.039	D			21,582	—	21,582
Minerals Management Service (MMS) Environmental Studies Program (ESP)	15.423	D			33,677	—	33,677
Visitor Facility Enhancements – Vehicle Pullouts, Interpretive Trails, and Kiosks	15.654	D			20,197	—	20,197
Migratory Bird Monitoring, Assessment and Conservation	15.655	D			256,476	—	256,476
Assistance to State Water Resources Research Institutes	15.805	D			75,543	—	75,543
U.S. Geological Survey, Research and Data Collection	15.808	D			15,103	—	15,103
National Cooperative Geologic Mapping Program	15.810	D			90,952	—	90,952
Cooperative Research and Training Programs – Resources of the National Park System	15.945	D			44,586	—	44,586
Department of Interior	15-G12PX01247	D			83,713	—	83,713
Department of Interior	15-J8819-10-0113	D			815	—	815
Wildlife Restoration	15.611	I	Delaware Department of Natural Resources	05010002384	(171)	—	(171)
Wildlife Restoration	15.611	I	Delaware Department of Natural Resources	05010002394	(199)	—	(199)
Wildlife Restoration	15.611	I	Delaware Department of Natural Resources	13A00272	7,467	—	7,467
Subtotal 15.611					7,097	—	7,097
State Wildlife Grants	15.634	I	Delaware Department of Natural Resources	132161	20,983	—	20,983
State Wildlife Grants	15.634	I	Delaware Department of Natural Resources	65335	99,176	—	99,176
Subtotal 15.634					120,159	—	120,159
Migratory Bird Joint Ventures	15.637	I	University of Scranton	121561	21,690	—	21,690
Migratory Bird Conservation	15.647	I	US Fish and Wildlife Service	09000366	5,661	—	5,661
Migratory Bird Monitoring, Assessment and Conservation	15.655	I	Delaware Department of Natural Resources	12A00915	76,478	—	76,478
Migratory Bird Monitoring, Assessment and Conservation	15.655	I	Delaware Department of Natural Resources	12A01212	16,649	—	16,649
Subtotal 15.655					93,127	—	93,127
National Center for Preservation Technology and Training	15.923	I	Rochester Institute of Technology	31185-01	532	—	532
Department of Interior	15-11A00224	I	Applied Coastal Research and Engineering	11A00224	5,163	—	5,163
Total Department of Interior Programs					896,073	—	896,073
Department of Justice Programs:							
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	D			81,816	—	81,816
Second Chance Act Prisoner Reentry Initiative	16.812	I	Criminal Justice Council	CZ12-553	2,304	—	2,304
Total Department of Justice Programs					84,120	—	84,120
Department of State Programs:							
Environmental and Scientific Partnerships and Programs	19.017	I	National Academy of Science	PGA-P210859	68,416	—	68,416
Total Department of State Programs					68,416	—	68,416
Department of Transportation Programs:							
Federal Transit Capital Investment Grants	20.500	D			114,756	—	114,756
Federal Transit Technical Assistance	20.512	D			671,675	—	671,675
Clean Fuels	20.519	D			104,347	—	104,347
University Transportation Centers Program	20.701	D			221,484	—	221,484
Department of Transportation	20-DTMA1H10007	D			21,919	—	21,919
Highway Research and Development Program	20.200	I	Lehigh University	542621-78002	28,113	—	28,113
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	12A01583	57,562	—	57,562
Highway Research and Development Program	20.200	I	Rutgers, State University of New Jersey	SUBCNT AGR# 00004504	63,547	—	63,547
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	13A01248	11,326	—	11,326
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	13A00040	126,485	—	126,485
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	12A01645	24,822	—	24,822
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	12A01642	75,852	—	75,852
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	12A01640	28,226	—	28,226
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	12A01608	71	—	71
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	12A01604	23,599	—	23,599
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	12A01602	44,126	—	44,126
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	09000104	624	—	624
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	12A01581	31,653	—	31,653
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	10000616	3,148	—	3,148

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Program title	CFDA number	Direct (D) or pass-through (I)	Pass-through entity name	Pass-through number	Program Expenditures		Total
					Non-ARRA	ARRA	
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	11A01477	\$ 15,622	—	15,622
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	11A01479	26,411	—	26,411
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	11A01485	5,768	—	5,768
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	11A01466	59,508	—	59,508
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	11A01545	89,499	—	89,499
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	12A00081	29,537	—	29,537
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	12A00189	18,205	—	18,205
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	12A00269	57,586	—	57,586
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	12A01444	12,268	—	12,268
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	12A01576	10,864	—	10,864
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	12A01579	9,612	—	9,612
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	12A01580	3,570	—	3,570
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	09001448	226,105	—	226,105
Subtotal 20.200					1,083,709	—	1,083,709
Railroad Research and Development	20.313	I	National Academy of Science	SAFETY-23	8,320	—	8,320
Federal Transit Metropolitan Planning Grants	20.505	I	Wilmington Area Planning Council	MPO11.04.02	3,168	—	3,168
State Planning and Research	20.515	I	Delaware Department of Transportation	11A01457	113,974	—	113,974
State Planning and Research	20.515	I	Delaware Department of Transportation	12A00089	78,482	—	78,482
State Planning and Research	20.515	I	Delaware Department of Transportation	11A00611	7,875	—	7,875
State Planning and Research	20.515	I	Delaware Department of Transportation	11A00137	3,420	—	3,420
State Planning and Research	20.515	I	Delaware Department of Transportation	11A00133	833	—	833
State Planning and Research	20.515	I	Delaware Department of Transportation	11A00039	6,670	—	6,670
State Planning and Research	20.515	I	Delaware Department of Transportation	11A00024	51,417	—	51,417
State Planning and Research	20.515	I	Delaware Department of Transportation	13A00529	106,151	—	106,151
Subtotal 20.515					368,822	—	368,822
Federal Highway Safety Data Improvements Incentive Grants	20.603	I	Delaware Department of Transportation	13A00798	10,478	—	10,478
University Transportation Centers Program	20.701	I	Rutgers, State University of New Jersey	4649	151,926	—	151,926
America's Marine Highway Grants	20.816	I	Rochester Institute of Technology	31258-01	36,064	—	36,064
Department of Transportation	20-PROJECT# 2776	I	Modjeski and Masters, Inc.	PROJECT# 2776	1,986	—	1,986
Total Department of Transportation Programs					2,798,654	—	2,798,654
National Aeronautics and Space Administration Programs:							
National Aeronautics and Space Administration	43.000	D			(1)	—	(1)
Aerospace Education Services Program	43.001	D			678,037	—	678,037
Education	43.008	D			373,340	—	373,340
National Aeronautics and Space Administration	43-NNX07AT51A	D			101,614	—	101,614
National Aeronautics and Space Administration	43-NNX08A147G	D			22,490	—	22,490
National Aeronautics and Space Administration	43-NNX08AN448G	D			(60)	—	(60)
National Aeronautics and Space Administration	43-NNX08AQ01G	D			60,534	—	60,534
National Aeronautics and Space Administration	43-NNX08AQ18G	D			6,834	—	6,834
National Aeronautics and Space Administration	43-NNX08AR70G	D			(46)	—	(46)
National Aeronautics and Space Administration	43-NNX08AT76G	D			36,690	—	36,690
National Aeronautics and Space Administration	43-NNX08AW02A	D			(638)	—	(638)
National Aeronautics and Space Administration	43-NNX08BA62G	D			22,198	—	22,198
National Aeronautics and Space Administration	43-NNX09AB05A	D			165,207	—	165,207
National Aeronautics and Space Administration	43-NNX09AF33G	D			195,093	—	195,093
National Aeronautics and Space Administration	43-NNX09AG31G	D			31,256	—	31,256
National Aeronautics and Space Administration	43-NNX09AH79G	D			21,003	—	21,003
National Aeronautics and Space Administration	43-NNX09AK24G	D			61,529	—	61,529
National Aeronautics and Space Administration	43-NNX10AE44G	D			189,413	—	189,413
National Aeronautics and Space Administration	43-NNX10AN63H	D			685,298	—	685,298
National Aeronautics and Space Administration	43-NNX11AC40G	D			135,721	—	135,721
Aerospace Education Services Program	43.001	I	Smithsonian Astrophysical Observatory	GO2-13007B	17,874	—	17,874
Aerospace Education Services Program	43.001	I	Wisconsin-Madison, University of	383K316	33,202	—	33,202
Aerospace Education Services Program	43.001	I	Massachusetts, University of	13305	13,749	—	13,749
Aerospace Education Services Program	43.001	I	California-Berkeley, University of	00006185	48,270	—	48,270
Subtotal 43.001					113,095	—	113,095
Education	43.008	I	Delaware State University	12-001JNA	25,909	—	25,909
National Aeronautics and Space Administration	43-1287615	I	Jet Propulsion Laboratory	1287615	27,807	—	27,807
National Aeronautics and Space Administration	43-12A00668	I	Von Braun Center for Science & Innovatio	12A00668	31,938	—	31,938
National Aeronautics and Space Administration	43-1439326	I	Jet Propulsion Laboratory	1439326	4,993	—	4,993
National Aeronautics and Space Administration	43-1447935	I	Jet Propulsion Laboratory	1447935	25,655	—	25,655

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Program title	CFDA number	Direct (D) or pass-through (I)	Pass-through entity name	Pass-through number	Program Expenditures		Total
					Non-ARRA	ARRA	
National Aeronautics and Space Administration	43-D99031L	I	SOUTHWEST RESEARCH INSTITUTE	D99031L	\$ 30,875	—	30,875
National Aeronautics and Space Administration	43-HST-GO-12929.01-A	I	Space Telescope Science Institute	HST-GO-12929.01-A	17,311	—	17,311
National Aeronautics and Space Administration	43-PO# 304824	I	ILC Dover, Inc.	PO# 304824	3,381	—	3,381
Total National Aeronautics and Space Administration Programs					3,066,476	—	3,066,476
National Endowment for the Humanities Programs:							
Promotion of the Humanities_Division of Preservation and Access	45.149	D			121,335	—	121,335
Total National Endowment for the Humanities Programs					121,335	—	121,335
National Science Foundation Programs:							
Engineering Grants	47.041	D			4,161,126	—	4,161,126
Mathematical and Physical Sciences	47.049	D			4,266,004	—	4,266,004
Geosciences	47.050	D			3,829,002	—	3,829,002
Computer and Information Science and Engineering	47.070	D			2,382,835	—	2,382,835
Biological Sciences	47.074	D			4,176,522	—	4,176,522
Social, Behavioral, and Economic Sciences	47.075	D			651,328	—	651,328
Education and Human Resources	47.076	D			1,976,148	—	1,976,148
Polar Programs	47.078	D			661,237	—	661,237
International Science and Engineering (OISE)	47.079	D			143,914	—	143,914
Office of Cyberinfrastructure	47.080	D			3,336,815	—	3,336,815
ARRA-Trans-NSF Recovery Act Research Support	47.082	D			—	2,713,533	2,713,533
National Science Foundation	47.000	I			2,369	—	2,369
Engineering Grants	47.041	I	Arizona State University	12-726	90,706	—	90,706
Engineering Grants	47.041	I	Minnesota, University of	A0000994102	115,166	—	115,166
Engineering Grants	47.041	I	Arizona State University	12-726B	283,079	—	283,079
Engineering Grants	47.041	I	Massachusetts, University of	04-002341 F 00	102,573	—	102,573
Engineering Grants	47.041	I	University of Nevada, Reno	UNR 11-85	(2,420)	—	(2,420)
Engineering Grants	47.041	I	New Hampshire, University of	12-050	89,797	—	89,797
Subtotal 47.041					678,901	—	678,901
Mathematical and Physical Sciences	47.049	I	Rochester, University of	414386-G	9,270	—	9,270
Geosciences	47.050	I	Consortium for Ocean Leadership	SAF12-05	28,175	—	28,175
Geosciences	47.050	I	Georgia, University of	RR100-621/4944446	1,630	—	1,630
Geosciences	47.050	I	Arizona Geological Survey	AR-0753154	19,992	—	19,992
Geosciences	47.050	I	Clemson University	1661-206-2009300	24,581	—	24,581
Geosciences	47.050	I	Southern California, University of	161531	31,992	—	31,992
Geosciences	47.050	I	Southern California, University of	157588	28,328	—	28,328
Geosciences	47.050	I	Consortium for Ocean Leadership	T336A92	3,178	—	3,178
Subtotal 47.050					137,876	—	137,876
Computer and Information Science and Engineering	47.070	I	Harvey Mudd College	1112-2064-02	14,237	—	14,237
Biological Sciences	47.074	I	Georgetown University	RX4220-414-UD	12,805	—	12,805
Biological Sciences	47.074	I	East Carolina University	A13-0001-5001 V2	61,019	—	61,019
Biological Sciences	47.074	I	Cold Spring Harbor Laboratory	22770113	(2,013)	—	(2,013)
Biological Sciences	47.074	I	Samuel Robert Noble Foundation	2012-934-002	175,169	—	175,169
Biological Sciences	47.074	I	Clemson University	1654-206-2009240	73,254	—	73,254
Biological Sciences	47.074	I	Mississippi State University	191400-322935-01	30,110	—	30,110
Subtotal 47.074					350,344	—	350,344
Education and Human Resources	47.076	I	Michigan State University	61-2567UD	69,542	—	69,542
Education and Human Resources	47.076	I	Maryland, University of	Z457902	319,518	—	319,518
Education and Human Resources	47.076	I	Michigan State University	RC101209UD	6,044	—	6,044
Education and Human Resources	47.076	I	Temple University	330162-18110	23,556	—	23,556
Education and Human Resources	47.076	I	Drexel University	235733	446,394	—	446,394
Education and Human Resources	47.076	I	Drexel University	235568-3115-UD	4,779	—	4,779
Education and Human Resources	47.076	I	Stevens Institute of Technology	12A01641	846	—	846
Education and Human Resources	47.076	I	Maryland, University of	1239758-C	105,071	—	105,071
Education and Human Resources	47.076	I	Maryland, University of	1043262B	94,554	—	94,554
Education and Human Resources	47.076	I	Purdue University	4101-31775	74,882	—	74,882
Subtotal 47.076					1,145,186	—	1,145,186
Polar Programs	47.078	I	Wisconsin-Madison, University of	272K042	179,339	—	179,339
ARRA-Trans-NSF Recovery Act Research Support	47.082	I	Utah, University of	10015177	—	65,649	65,649
ARRA-Trans-NSF Recovery Act Research Support	47.082	I	California-Riverside, University of	S-000505	—	34,126	34,126
ARRA-Trans-NSF Recovery Act Research Support	47.082	I	Tennessee, University of	A10-0145-S001	—	20,473	20,473

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Program title	CFDA number	Direct (D) or pass-through (I)	Pass-through entity name	Pass-through number	Program Expenditures		
					Non-ARRA	ARRA	Total
ARRA-Trans-NSF Recovery Act Research Support	47.082	I	Wisconsin-Madison, University of	224K836	\$ —	97,048	97,048
ARRA-Trans-NSF Recovery Act Research Support	47.082	I	George Washington University	10-S01	—	72,284	72,284
Subtotal 47.082					—	289,580	289,580
National Science Foundation	47-BL-4829793	I	Indiana University	BL-4829793	32,759	—	32,759
Total National Science Foundation Programs					28,135,212	3,003,113	31,138,325
Environmental Protection Agency Programs:							
Science To Achieve Results (STAR) Research Program	66.509	D			211,158	—	211,158
P3 Award: National Student Design Competition for Sustainability	66.516	D			8,826	—	8,826
Pesticide Environmental Stewardship Regional Grants	66.714	D			24,475	—	24,475
Nonpoint Source Implementation Grants	66.460	I	Academy of Natural Sciences, Phila.	603-0162-7553	2,844	—	2,844
Chesapeake Bay Program	66.466	I	Pennsylvania State University	4055-UD-USFWF-1931	83,693	—	83,693
Environmental Protection Agency	66-09-16	I	Delaware Department of Natural Resources	09-16	3,188	—	3,188
Environmental Protection Agency	66-12A00384	I	Delaware Department of Natural Resources	12A00384	45,965	—	45,965
Environmental Protection Agency	66-13A00179	I	Delaware Department of Natural Resources	13A00179	14,992	—	14,992
Environmental Protection Agency	66-13A00506	I	Delaware Department of Natural Resources	13A00506	61,795	—	61,795
Environmental Protection Agency	66-RM-83436001-0	I	Center For The Inland Bays	RM-83436001-0	2,804	—	2,804
Total Environmental Protection Agency Programs					459,740	—	459,740
Department of Energy Programs:							
ARRA-Office of Science Financial Assistance Program	81.049	D			—	4,168,334	4,168,334
Office of Science Financial Assistance Program	81.049	D			4,420,057	—	4,420,057
Subtotal 81.049					4,420,057	4,168,334	8,588,391
Renewable Energy Research and Development	81.087	D			4,062,921	—	4,062,921
Defense Nuclear Nonproliferation Research	81.113	D			304,412	—	304,412
Advanced Research and Projects Agency – Energy Financial Assistance Program	81.135	D			503,700	—	503,700
ARRA-Advanced Research and Projects Agency – Energy Financial Assistance Program	81.135	D			—	830,855	830,855
Subtotal 81.135					503,700	830,855	1,334,555
Department of Energy	81-205379	D			99,655	—	99,655
Department of Energy	81-B602076	D			43,469	—	43,469
Office of Science Financial Assistance Program	81.049	I	Intel Corporation	CW1924111	157,900	—	157,900
ARRA-Conservation Research and Development	81.086	I	WhiteOptics LLC	10000175	—	72,844	72,844
ARRA-Renewable Energy Research and Development	81.087	I	Arizona Geological Survey	DEGS-EE0002850	—	27,979	27,979
Renewable Energy Research and Development	81.087	I	Electron Energy Corporation	11A00124	256,244	—	256,244
Renewable Energy Research and Development	81.087	I	Imperium Aviation Fuels, LLC	11A01373	37,496	—	37,496
Renewable Energy Research and Development	81.087	I	Research Foundation of SUNY, The	59372	78,184	—	78,184
Renewable Energy Research and Development	81.087	I	Stanford University	60220235-60257748-S1077-Q	46,814	—	46,814
Renewable Energy Research and Development	81.087	I	W. L. Gore & Associates, Inc.	DE-FC36-08G018052	43,918	—	43,918
Renewable Energy Research and Development	81.087	I	GE Global Research	PO# 700176075	(1,365)	—	(1,365)
Renewable Energy Research and Development	81.087	I	California-Riverside, University of	S-000534	256,008	—	256,008
Renewable Energy Research and Development	81.087	I	Delaware State University	10-010MH	151,197	—	151,197
Subtotal 81.087					868,496	27,979	896,475
Fossil Energy Research and Development	81.089	I	Virginia Polytechnic Institute	10001389	60,082	—	60,082
ARRA-Advanced Research and Projects Agency – Energy Financial Assistance Program	81.135	I	Virginia Polytechnic Institute	429290-19650	—	(2,193)	(2,193)
ARRA-Advanced Research and Projects Agency – Energy Financial Assistance Program	81.135	I	Massachusetts Institute of Technology	5710002809	—	205,486	205,486
Subtotal 81.135					—	203,293	203,293
Department of Energy	81-112782	I	Los Alamos National Laboratory	112782	(40)	—	(40)
Department of Energy	81-1186723	I	Sandia National Labs	1186723	130,748	—	130,748
Department of Energy	81-11A00208	I	Educational Advancement Alliance, Inc.	11A00208	(7,202)	—	(7,202)
Department of Energy	81-12A01663	I	Electron Energy Corporation	12A01663	21,597	—	21,597
Department of Energy	81-162509-1	I	Los Alamos National Laboratory	162509-1	69,006	—	69,006
Department of Energy	81-MCA05100511DECEEP	I	Center for Climate Strategies, Inc.	MCA05100511DECEEP	14	—	14
Total Department of Energy Programs					10,734,815	5,303,305	16,038,120
Department of Education Programs:							
Education Research, Development and Dissemination	84.305	D			1,298,329	—	1,298,329
Research in Special Education	84.324	D			1,870,501	—	1,870,501
Special Education Technology and Media Services for Individuals with Disabilities	84.327	D			71,528	—	71,528
Early Reading First	84.359	D			942,556	—	942,556
Baccalaureate Degrees in Science, Technology, Engineering, Mathematics, and Critical Foreign Languages and Master's Degrees in Science, Technology, Engineering,							

UNIVERSITY OF DELAWARE
Schedule of Expenditure of Federal Awards
Year ended June 30, 2013

Program title	CFDA number	Direct (D) or pass-through (I)	Pass-through entity name	Pass-through number	Program Expenditures		
					Non-ARRA	ARRA	Total
Mathematics, and Critical Foreign Languages	84.381	D			\$ 73,560	—	73,560
National Institute on Disability and Rehabilitation Research	84.133	I	Thomas Jefferson University	080-26000-R84002	2,449	—	2,449
Star Schools	84.203	I	Delaware Department of Education	S13-35	17,313	—	17,313
Education Research, Development and Dissemination	84.305	I	Vanderbilt University	21858-S1	46,989	—	46,989
State Fiscal Stabilization Fund (SFSF) – Investing in Innovation (i3) Fund, Recovery Act	84.396	I	Pennsylvania, University of	556113	61,764	—	61,764
National Writing Project	84.928	I	National Writing Project Corporation	99-DE01	23,438	—	23,438
Department of Education	84-C13-132	I	Delaware Department of Education	C13-132	27,607	—	27,607
Total Department of Education Programs					4,436,034	—	4,436,034
Department of Health & Human Services Programs:							
Research Related to Deafness and Communication Disorders	93.173	D			464,011	—	464,011
Mental Health Research Grants	93.242	D			1,208,338	—	1,208,338
Drug Abuse and Addiction Research Programs	93.279	D			742,055	—	742,055
National Institutes of Health Loan Repayment Program for Clinical Researchers	93.280	D			661,256	—	661,256
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286	D			300,935	—	300,935
Trans-NIH Research Support	93.310	D			512,221	—	512,221
Nursing Research	93.361	D			119,866	—	119,866
National Center for Research Resources	93.389	D			1,269,247	—	1,269,247
Academic Research Enhancement Award	93.390	D			(76)	—	(76)
Cancer Treatment Research	93.395	D			755	—	755
Head Start	93.600	D			328,001	—	328,001
ARRA-Trans-NIH Recovery Act Research Support	93.701	D			—	149,665	149,665
ARRA-National Center for Research Resources, Recovery Act Construction Support	93.702	D			—	1,816,198	1,816,198
Cell Biology and Biophysics Research	93.821	D			(267)	—	(267)
Heart and Vascular Diseases Research	93.837	D			565,359	—	565,359
Blood Diseases and Resources Research	93.839	D			241,797	—	241,797
Arthritis, Musculoskeletal and Skin Diseases Research	93.846	D			1,264,134	—	1,264,134
Diabetes, Endocrinology and Metabolism Research	93.847	D			7,777	—	7,777
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	D			220,484	—	220,484
Biomedical Research and Research Training	93.859	D			9,518,429	—	9,518,429
Population Research	93.864	D			39,239	—	39,239
Child Health and Human Development Extramural Research	93.865	D			2,584,438	—	2,584,438
Aging Research	93.866	D			284,334	—	284,334
Vision Research	93.867	D			530,496	—	530,496
Medical Library Assistance	93.879	D			145,054	—	145,054
Center for Medical Rehabilitation Research	93.929	D			(5,198)	—	(5,198)
Department of Health & Human Services	93.000	I			4,387	—	4,387
Innovations in Applied Public Health Research	93.061	I	customKYNetics, Inc.	3022-001	98,653	—	98,653
Innovations in Applied Public Health Research	93.061	I	Johns Hopkins University	2001383962	127,737	—	127,737
Subtotal 93.061					226,390	—	226,390
Public Health Emergency Preparedness	93.069	I	Department of Health and Human Services	12-444	18,389	—	18,389
Food and Drug Administration_Research	93.103	I	Icetech, Inc.	11A00765	(29,766)	—	(29,766)
Oral Diseases and Disorders Research	93.121	I	Rice University	R22231	164,779	—	164,779
Oral Diseases and Disorders Research	93.121	I	Rice University	R22232	172,371	—	172,371
Subtotal 93.121					337,150	—	337,150
Injury Prevention and Control Research and State and Community Based Programs	93.136	I	Delaware Dept of Health & Social Service	12-464	24,435	—	24,435
NIEHS Superfund Hazardous Substances_Basic Research and Education	93.143	I	Columbia University	2(Acct.#5-76948)	9,960	—	9,960
Human Genome Research	93.172	I	European Molecular Biology Laboratory	1 U41 HG006104-01	84,419	—	84,419
Disabilities Prevention	93.184	I	Univ of Illinois at Chicago	12A00476	6,146	—	6,146
Mental Health Research Grants	93.242	I	Minnesota, University of	A000285206	1,205	—	1,205
Mental Health Research Grants	93.242	I	Children's Hospital of Philadelphia	951143RSUB	63,956	—	63,956
Subtotal 93.242					65,161	—	65,161
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	I	DE Dept of Children, Youth & Family	PBH(UD-TGCT)FY12-12230	8,654	—	8,654
Occupational Safety and Health Program	93.262	I	Johns Hopkins University	2001392656	10,783	—	10,783
Alcohol Research Programs	93.273	I	Wayne State University	WSU11015-A1	22,784	—	22,784
Alcohol Research Programs	93.273	I	Rochester, University of	415853-G	19,306	—	19,306
Subtotal 93.273					42,090	—	42,090
Centers for Disease Control and Prevention_ Investigations and Technical Assistance	93.283	I	Delaware Dept of Health & Social Service	12-087	2	—	2
Centers for Disease Control and Prevention_ Investigations and Technical Assistance	93.283	I	Delaware Dept of Health & Social Service	12-273	15,415	—	15,415
Centers for Disease Control and Prevention_ Investigations and Technical Assistance	93.283	I	Delaware Dept of Health & Social Service	13-201	49,070	—	49,070
Centers for Disease Control and Prevention_ Investigations and Technical Assistance	93.283	I	Delaware Dept of Health & Social Service	13-248	46,192	—	46,192
Subtotal 93.283					110,679	—	110,679

UNIVERSITY OF DELAWARE
Schedule of Expenditure of Federal Awards
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Program title	CFDA number	Direct (D) or pass-through (I)	Pass-through entity name	Pass-through number	Program Expenditures		
					Non-ARRA	ARRA	Total
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286	I	Colorado, University of	000058842	\$ 13,286	—	13,286
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286	I	Colorado, University of	1550235	11,685	—	11,685
Subtotal 93.286					24,971	—	24,971
Cancer Detection and Diagnosis Research	93.394	I	Texas Tech University	13A00973	25,291	—	25,291
Cancer Biology Research	93.396	I	The Commonwealth Medical College	006059	31,020	—	31,020
Cancer Biology Research	93.396	I	Rice University	R70481	26,037	—	26,037
Cancer Biology Research	93.396	I	Rice University	R70161	7,976	—	7,976
Subtotal 93.396					65,033	—	65,033
The Patient Protection and Affordable Care Act of 2010 (Affordable Care Act) authorizes							
Coordinated Chronic Disease prevention and Health Promotion Program	93.544	I	Delaware Dept of Health & Social Service	13-291	46,679	—	46,679
State Survey and Certification of Health Care Providers and Suppliers	93.777	I	Delaware Dept of Health & Social Service	12A00320	69,715	—	69,715
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	I	Department of Health and Human Services	12-412	(3,137)	—	(3,137)
Heart and Vascular Diseases Research	93.837	I	Thomas Jefferson University	080-04000-S07201	16,797	—	16,797
Blood Diseases and Resources Research	93.839	I	North Carolina, University of	5-31781	91,892	—	91,892
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	I	Pennsylvania State University	2286-UD-DHHS-5032	26,100	—	26,100
Biomedical Research and Research Training	93.859	I	National Institutes of Health	201015151-01	132,338	—	132,338
Biomedical Research and Research Training	93.859	I	Georgia, University of	RR5-49-258,3500818	(24)	—	(24)
Biomedical Research and Research Training	93.859	I	Vanderbilt University	VUMC2247-R	(16,815)	—	(16,815)
Biomedical Research and Research Training	93.859	I	Compact Membrane Systems, Inc.	11A00658	30,920	—	30,920
Biomedical Research and Research Training	93.859	I	Pittsburgh, University of	0029564 (122354-3)	178,764	—	178,764
Biomedical Research and Research Training	93.859	I	Pittsburgh, University of	0002343 (119594-3)	9,546	—	9,546
Biomedical Research and Research Training	93.859	I	Delaware State University	12-007-JNA	557,418	—	557,418
Subtotal 93.859					892,147	—	892,147
Child Health and Human Development Extramural Research	93.865	I	customKYnetics, Inc.	3018-001	(3,011)	—	(3,011)
Child Health and Human Development Extramural Research	93.865	I	Washington University, St Louis	WU-13-85	128,567	—	128,567
Child Health and Human Development Extramural Research	93.865	I	Toronto, University of	489416	81,301	—	81,301
Child Health and Human Development Extramural Research	93.865	I	Monell Chemical Senses Center	30013	135,032	—	135,032
Child Health and Human Development Extramural Research	93.865	I	Johns Hopkins University	2001531192	83,981	—	83,981
Child Health and Human Development Extramural Research	93.865	I	Simbex	10001152	30,388	—	30,388
Child Health and Human Development Extramural Research	93.865	I	Washington University, St Louis	WU-12-131	46,093	—	46,093
Subtotal 93.865					502,351	—	502,351
Vision Research	93.867	I	Indiana University	BL-4635567-UD	55,148	—	55,148
Vision Research	93.867	I	Washington University, St Louis	WU-12-112	167,187	—	167,187
Subtotal 93.867					222,335	—	222,335
National Bioterrorism Hospital Preparedness Program	93.889	I	Delaware Dept of Health & Social Service	13-168	175,102	—	175,102
Grants to States for Operation of Offices of Rural Health	93.913	I	Delaware Dept of Health & Social Service	12-280	11,626	—	11,626
Grants to States for Operation of Offices of Rural Health	93.913	I	Delaware Dept of Health & Social Service	13-309	2,730	—	2,730
Subtotal 93.913					14,356	—	14,356
HIV Emergency Relief Project Grants	93.914	I	Delaware Dept of Health & Social Service	13-257	26,892	—	26,892
Geriatric Education Centers	93.969	I	Thomas Jefferson University	080-36000-M05905	9,358	—	9,358
Geriatric Education Centers	93.969	I	Thomas Jefferson University	080-36000-M05906	43,616	—	43,616
Subtotal 93.969					52,974	—	52,974
Total Department of Health & Human Services Programs					24,171,060	1,965,863	26,136,923
Corporation for National and Community Service Programs:							
Corporation for National and Community Service	94-950037RSUB	I	Children's Hospital of Philadelphia	950037RSUB	(765)	—	(765)
Corporation for National and Community Service	94-950983RSUB	I	Children's Hospital of Philadelphia	950983RSUB	(229)	—	(229)
Total Corporation for National and Community Service Programs					(994)	—	(994)
Department of Homeland Security Programs:							
Department of Homeland Security	97-H98230-08-C-0374	D			(184)	—	(184)
Centers for Homeland Security	97.061	I	Alaska-Fairbanks, University of	FP902801	9,864	—	9,864
Department of Homeland Security	97-11A00717	I	EnDyna, Inc.	11A00717	19,652	—	19,652
Total Department of Homeland Security Programs					29,332	—	29,332
Unidentified Programs:							
Unknown Agency	99-0000330785	I	Battelle	0000330785	27,092	—	27,092
Unknown Agency	99-0000330786	I	Battelle	0000330786	24,995	—	24,995

UNIVERSITY OF DELAWARE
 Schedule of Expenditure of Federal Awards
 Year ended June 30, 2013

Program title	CFDA number	Direct (D) or pass-through (I)	Pass-through entity name	Pass-through number	Program Expenditures		Total
					Non-ARRA	ARRA	
Unknown Agency	99-12A01402	I	EM Photonics, Inc.	12A01402	\$ 138,525	—	138,525
Unknown Agency	99-1313	I	Chip Design Systems	1313	17,993	—	17,993
Unknown Agency	99-13A00112	I	EM Photonics, Inc.	13A00112	10,538	—	10,538
Total for Unidentified Programs					219,143	—	219,143
Total Research and Development Cluster					110,784,101	10,599,915	121,384,016
Non-clustered Programs:							
United States Department of Agriculture Programs:							
United States Department of Agriculture	10.000	D			85,504	—	85,504
Agricultural Research_Basic and Applied Research	10.001	D			187,415	—	187,415
Plant and Animal Disease, Pest Control, and Animal Care	10.025	D			29,552	—	29,552
Integrated Programs	10.303	D			5,625	—	5,625
Cooperative Extension Service	10.500	D			3,483,126	—	3,483,126
Environmental Quality Incentives Program	10.912	D			182,222	—	182,222
Technical Agricultural Assistance	10.960	D			(102)	—	(102)
United States Department of Agriculture	10-58-1926-2-292	D			17,994	—	17,994
Plant and Animal Disease, Pest Control, and Animal Care	10.025	I	Delaware Department of Agriculture	12A01109	110,306	—	110,306
Plant and Animal Disease, Pest Control, and Animal Care	10.025	I	Delaware Department of Agriculture	13-9610-1265	45,077	—	45,077
Subtotal 10.025					155,383	—	155,383
Specialty Crop Block Grant Program – Farm Bill	10.170	I	Delaware Department of Agriculture	SCBGP-FB-10-05	6,345	—	6,345
Specialty Crop Block Grant Program – Farm Bill	10.170	I	Delaware Department of Agriculture	SCBGP-FB-10-08	9,256	—	9,256
Specialty Crop Block Grant Program – Farm Bill	10.170	I	Delaware Department of Agriculture	SCBGP-FB-11-06	1,766	—	1,766
Specialty Crop Block Grant Program – Farm Bill	10.170	I	Delaware Department of Agriculture	SCBGP-FB-09-7	905	—	905
Specialty Crop Block Grant Program – Farm Bill	10.170	I	Delaware Department of Agriculture	SCBGP-FB-09-5	7,766	—	7,766
Specialty Crop Block Grant Program – Farm Bill	10.170	I	Delaware Department of Agriculture	SCBGP-FB-09-4	1,044	—	1,044
Specialty Crop Block Grant Program – Farm Bill	10.170	I	Delaware Department of Agriculture	SCBG-FB-09-6	1,138	—	1,138
Specialty Crop Block Grant Program – Farm Bill	10.170	I	Delaware Department of Agriculture	SCBGP-FB-09-8	5,901	—	5,901
Specialty Crop Block Grant Program – Farm Bill	10.170	I	Delaware Department of Agriculture	SCBGP-09-F	6,197	—	6,197
Specialty Crop Block Grant Program – Farm Bill	10.170	I	Delaware Department of Agriculture	12-25-B-1452	1,486	—	1,486
Subtotal 10.170					41,804	—	41,804
Integrated Programs	10.303	I	Florida, University of	UF09177	6,966	—	6,966
Integrated Programs	10.303	I	Pennsylvania State University	3640-UD-USDA-8446	(4)	—	(4)
Integrated Programs	10.303	I	Oregon State University	C0358A-B	166	—	166
Subtotal 10.303					7,128	—	7,128
Specialty Crop Research Initiative	10.309	I	Delaware Department of Agriculture	SCBGP-FB-11-03	1,822	—	1,822
Specialty Crop Research Initiative	10.309	I	Delaware Department of Agriculture	SCBGP-FB-12-07	2,817	—	2,817
Subtotal 10.309					4,639	—	4,639
Agriculture and Food Research Initiative (AFRI)	10.310	I	Western University of Health Sciences	12A00095	6,765	—	6,765
ARRA-Trade Adjustment Assistance for Farmers Training Coordination Program (TAAF)	10.315	I	Minnesota, University of	H001344202	—	231,587	231,587
Cooperative Extension Service	10.500	I	Kansas State University	S13090	5,609	—	5,609
Cooperative Extension Service	10.500	I	Kansas State University	S13137	22,104	—	22,104
Cooperative Extension Service	10.500	I	Kansas State University	S12083	7,772	—	7,772
Cooperative Extension Service	10.500	I	Kansas State University	S12039	70,493	—	70,493
Cooperative Extension Service	10.500	I	Nebraska, University of	25-6329-0059-804	26,047	—	26,047
Cooperative Extension Service	10.500	I	National 4-H Council	12A00583	12,350	—	12,350
Cooperative Extension Service	10.500	I	Kansas State University	S12225	39,857	—	39,857
Cooperative Extension Service	10.500	I	National 4-H Council	13A00650	5,305	—	5,305
Subtotal 10.500					189,537	—	189,537
Total United States Department of Agriculture Programs					4,396,592	231,587	4,628,179
Department of Commerce Programs:							
Sea Grant Support	11.417	D			23,498	—	23,498
Coastal Services Center	11.473	D			86	—	86
Measurement and Engineering Research and Standards	11.609	D			23,435	—	23,435
Department of Commerce	11-WC-133R-12-SE-2188	D			19,812	—	19,812
Integrated Ocean Observing System (IOOS)	11.012	I	Rutgers, State University of New Jersey	S1570035	613,959	—	613,959
Coastal Zone Management Estuarine Research Reserves	11.420	I	Delaware Department of Natural Resources	13A00007	4,481	—	4,481
National Oceanic and Atmospheric Administration (NOAA) Cooperative Institutes	11.432	I	Rutgers, State University of New Jersey	S1408949	(8)	—	(8)
National Oceanic and Atmospheric Administration (NOAA) Cooperative Institutes	11.432	I	Rutgers, State University of New Jersey	S1408950	54	—	54
National Oceanic and Atmospheric Administration (NOAA) Cooperative Institutes	11.432	I	Earth Resource Technology	8405-UDEL1	12,650	—	12,650
Subtotal 11.432					12,696	—	12,696

UNIVERSITY OF DELAWARE
 Schedule of Expenditure of Federal Awards
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Program title	CFDA number	Direct (D) or pass-through (I)	Pass-through entity name	Pass-through number	Program Expenditures		Total
					Non-ARRA	ARRA	
Congressionally Identified Awards and Projects	11.469	I	National Geographic Society	NA12SEC0080021.01	\$ 87,470	—	87,470
Broadband Technology Opportunities Program (BTOP)	11.557	I	State of Delaware DTI	11A00168	24,147	—	24,147
Broadband Technology Opportunities Program (BTOP)	11.557	I	State of Delaware DTI	11A00172	25,336	—	25,336
Subtotal 11.557					49,483	—	49,483
Total Department of Commerce Programs					834,920	—	834,920
Department of Defense Programs:							
Procurement Technical Assistance For Business Firms	12.002	D			177,863	—	177,863
Military Medical Research and Development	12.420	D			(450)	—	(450)
Basic Scientific Research	12.431	D			18,020	—	18,020
Mathematical Sciences Grants Program	12.901	D			1,338	—	1,338
Department of Defense	12-H98230-09-C-0890	D			440,179	—	440,179
Department of Defense	12-NAFBA1-13-M-0173	D			15,538	—	15,538
Total Department of Defense Programs					652,488	—	652,488
Housing & Urban Development Programs:							
Emergency Shelter Grants Program	14.231	I	New Castle County	2011059108	863	—	863
Private Enforcement Initiatives	14.418	I	Community Legal Aid Society	13A00996	27,491	—	27,491
Total Housing and Urban Development Programs					28,354	—	28,354
Department of Interior Programs:							
National Cooperative Geologic Mapping Program	15.810	D			19,701	—	19,701
Total Department of Interior Programs					19,701	—	19,701
Department of Justice Programs:							
Grants to Combat Domestic Violence, Dating Violence, Sexual Assault, and Stalking on Campus	16.525	D			108,024	—	108,024
Education, Training, and Enhanced Services to End Violence Against Women with Disabilities	16.529	I	Delaware Coalition Against Domestic Viol	2010-FW-AX-K004	33,515	—	33,515
Juvenile Mentoring Program	16.726	I	National 4-H Council	12A00156	68,601	—	68,601
Juvenile Mentoring Program	16.726	I	National 4-H Council	13A00601	21,776	—	21,776
Subtotal 16.726					90,377	—	90,377
Total Department of Justice Programs					231,916	—	231,916
Department of State Programs:							
Investing in People in The Middle East and North Africa	19.021	D			236,927	—	236,927
U.S. Ambassadors Fund for Cultural Preservation	19.025	D			208,722	—	208,722
Professional Exchanges Annual Open Grant	19.415	D			4,298	—	4,298
Middle East Partnership Initiative (MEPI)	19.500	D			402,797	—	402,797
Professional Exchanges Annual Open Grant	19.415	I	American Councils for Intl Education	S-ECAPY-11-CA-140(KF)	295,071	—	295,071
Total Department of State Programs					1,147,815	—	1,147,815
Department of Transportation Programs:							
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	11A01517	45,380	—	45,380
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	12A01532	148,914	—	148,914
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	12A01534	201,887	—	201,887
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	12A01643	6,176	—	6,176
Subtotal 20.200					402,357	—	402,357
Highway Training and Education	20.215	I	Delaware Department of Transportation	11A01456	138,025	—	138,025
State Planning and Research	20.515	I	Delaware Department of Transportation	12A00455	43,947	—	43,947
State Planning and Research	20.515	I	Delaware Department of Transportation	13A00266	90,982	—	90,982
State Planning and Research	20.515	I	Delaware Department of Transportation	11A00178	920	—	920
State Planning and Research	20.515	I	Delaware Department of Transportation	11A00143	1,842	—	1,842
Subtotal 20.515					137,691	—	137,691
Alcohol Open Container Requirements	20.607	I	Delaware Office of Highway Safety	13A00824	28,288	—	28,288
Alcohol Open Container Requirements	20.607	I	Delaware Office of Highway Safety	13A00850	1,237	—	1,237
Alcohol Open Container Requirements	20.607	I	Delaware Office of Highway Safety	11A00607	(4,041)	—	(4,041)
Subtotal 20.607					25,484	—	25,484
National Highway Transportation Safety Administration (NHTSA) Discretionary Safety Grants	20.614	I	Delaware Office of Highway Safety	13A00566	4,260	—	4,260
Total Department of Transportation Programs					707,817	—	707,817
Federal Communications Commission Programs:							

UNIVERSITY OF DELAWARE
Schedule of Expenditure of Federal Awards
Year ended June 30, 2013

Program title	CFDA number	Direct (D) or pass-through (I)	Pass-through entity name	Pass-through number	Program Expenditures		
					Non-ARRA	ARRA	Total
Federal Communications Commission	32-12A00768	D			\$ 29,208	—	29,208
Total Federal Communications Commission Programs					29,208	—	29,208
National Aeronautics and Space Administration Programs:							
National Aeronautics and Space Administration	43-NNG05GO92H	D			27	—	27
National Aeronautics and Space Administration	43-NNX08AT36H	D			8,394	—	8,394
National Aeronautics and Space Administration	43-NNX09AR85H	D			10,224	—	10,224
National Aeronautics and Space Administration	43-DOE-C10-22	I	Delaware Department of Education	DOE-C10-22	66,299	—	66,299
Total National Aeronautics and Space Administration Programs					84,944	—	84,944
National Endowment for the Arts Programs:							
Promotion of the Arts_Partnership Agreements	45.025	I	Delaware Division of The Arts	12A01148	17,500	—	17,500
Total National Endowment for the Arts Programs					17,500	—	17,500
National Endowment for the Humanities Programs:							
Promotion of the Humanities_Division of Preservation and Access	45.149	D			135,408	—	135,408
Promotion of the Humanities_Federal/State Partnership	45.129	I	Delaware Humanities Forum	10OPP3005	2,998	—	2,998
Promotion of the Humanities_Federal/State Partnership	45.129	I	Delaware Humanities Forum	10REG3007	7,667	—	7,667
Promotion of the Humanities_Federal/State Partnership	45.129	I	Delaware Humanities Forum	13OPP1009	2,293	—	2,293
Promotion of the Humanities_Federal/State Partnership	45.129	I	Delaware Humanities Forum	13REG1004	5,000	—	5,000
Subtotal 45.129					17,958	—	17,958
Promotion of the Humanities_Challenge Grants	45.130	I	Delaware Humanities Forum	10OPP3012	1,289	—	1,289
Promotion of the Humanities_Digital Humanities Initiative	45.169	I	Delaware Humanities Forum	13OPP1008	2,450	—	2,450
Total National Endowment for the Humanities Programs					157,105	—	157,105
Institute of Museum and Library Services:							
21st Century Museum Professionals	45.307	D			111,823	—	111,823
Total Institute of Museum and Library Services					111,823	—	111,823
Small Business Administration Programs:							
8(a) Business Development Program	59.006	D			60,709	—	60,709
Small Business Development Center	59.037	D			852,340	—	852,340
Federal and State Technology Partnership Program	59.058	D			29,852	—	29,852
Total Small Business Administration Programs					942,901	—	942,901
Environmental Protection Agency Programs:							
Science To Achieve Results (STAR) Fellowship Program	66.514	D			7,483	—	7,483
Chesapeake Bay Program	66.466	I	Town of Bridgeville	12A01302	29,464	—	29,464
Environmental Protection Agency	66-12A00730	I	Delaware Department of Natural Resources	12A00730	48,404	—	48,404
Environmental Protection Agency	66-12A00893	I	Delaware Department of Natural Resources	12A00893	40,433	—	40,433
Environmental Protection Agency	66-13A00318	I	Delaware Department of Natural Resources	13A00318	106,963	—	106,963
Environmental Protection Agency	66-166735	I	Delaware Department of Natural Resources	166735	1,446	—	1,446
Total Environmental Protection Agency Programs					234,193	—	234,193
Department of Energy Programs:							
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	81.117	D			211,965	—	211,965
Total Department of Energy Programs					211,965	—	211,965
Department of Education Programs:							
Graduate Assistance in Areas of National Need	84.200	D			90,114	—	90,114
Assistive Technology	84.224	D			65,559	—	65,559
Transition to Teaching	84.350	D			182,489	—	182,489
Transition Programs for Students with Intellectual Disabilities into Higher Education	84.407	D			499,438	—	499,438
National Institute on Disability and Rehabilitation Research	84.133	I	TransCen Inc.	12A01666	598	—	598
Twenty-First Century Community Learning Centers	84.287	I	Delaware Department of Education	21ST CCLC 48-12/17-13	5,230	—	5,230
Twenty-First Century Community Learning Centers	84.287	I	Delaware Department of Education	DSMP-05-12	63,955	—	63,955
Twenty-First Century Community Learning Centers	84.287	I	Delaware Department of Education	DSMP05-11/DSMP-01-12	79,688	—	79,688
Twenty-First Century Community Learning Centers	84.287	I	Delaware Department of Education	21ST CCLC 14-12	55,353	—	55,353
Twenty-First Century Community Learning Centers	84.287	I	Delaware Department of Education	21ST CCLC 55-12/23-13	6,305	—	6,305
Twenty-First Century Community Learning Centers	84.287	I	Delaware Department of Education	21ST CCLC 46-12/15-13	4,251	—	4,251
Twenty-First Century Community Learning Centers	84.287	I	Delaware Department of Education	21ST CCLC 38-12/09-13	2,975	—	2,975
Twenty-First Century Community Learning Centers	84.287	I	Delaware Department of Education	21ST CCLC 38-11/7-12	139,095	—	139,095
Twenty-First Century Community Learning Centers	84.287	I	Delaware Department of Education	21ST CCLC 34-12/05-13	44,716	—	44,716
Twenty-First Century Community Learning Centers	84.287	I	Delaware Department of Education	21ST CCLC 22-12	48,855	—	48,855

UNIVERSITY OF DELAWARE
Schedule of Expenditure of Federal Awards
Year ended June 30, 2013

Program title	CFDA number	Direct (D) or pass-through (I)	Pass-through entity name	Pass-through number	Program Expenditures		
					Non-ARRA	ARRA	Total
Twenty-First Century Community Learning Centers	84.287	I	Delaware Department of Education	21ST CCLC 20-12	\$ 114,865	—	114,865
Twenty-First Century Community Learning Centers	84.287	I	Delaware Department of Education	21ST CCLC 6-11	(812)	—	(812)
Subtotal 84.287					564,476	—	564,476
Special Education – State Personnel Development	84.323	I	Delaware Department of Education	S12-11	7,011	—	7,011
Special Education – State Personnel Development	84.323	I	Delaware Department of Education	SPDG MG 03-11	4,997	—	4,997
Subtotal 84.323					12,008	—	12,008
Mathematics and Science Partnerships	84.366	I	Delaware Department of Education	DSMP01-13	2,505	—	2,505
Improving Teacher Quality State Grants	84.367	I	Delaware Department of Education	SAHE 1-12 1-13	70,065	—	70,065
Improving Teacher Quality State Grants	84.367	I	Delaware Department of Education	Title II SAHE 1-10	1,318	—	1,318
Improving Teacher Quality State Grants	84.367	I	National Writing Project Corporation	99-DE01-SEED2012	2,037	—	2,037
Improving Teacher Quality State Grants	84.367	I	Capital School District	12A00177	(1)	—	(1)
Improving Teacher Quality State Grants	84.367	I	Delaware Department of Education	Title II SAHE 1-11	200,638	—	200,638
Subtotal 84.367					274,057	—	274,057
Department of Education	84-12A00235	I	Laurel School District	12A00235	(1)	—	(1)
Department of Education	84-13A00061	I	Woodbridge School District	13A00061	14,033	—	14,033
Department of Education	84-13A00063	I	Cape Henlopen School District	13A00063	14,921	—	14,921
Department of Education	84-13A00072	I	Sussex Technical	13A00072	5,377	—	5,377
Department of Education	84-13A00073	I	Capital School District	13A00073	17,816	—	17,816
Department of Education	84-13A00141	I	New Castle County Vocational School Dist	13A00141	29,724	—	29,724
Department of Education	84-13A00259	I	Seaford School District	13A00259	5,708	—	5,708
Department of Education	84-13A01083	I	Laurel School District	13A01083	5,316	—	5,316
Department of Education	84-DOE-C12-245	I	Delaware Department of Education	DOE-C12-245	79,650	—	79,650
Total Department of Education Programs					1,863,788	—	1,863,788
Department of Health & Human Services Programs:							
Maternal and Child Health Federal Consolidated Programs							
Disabilities Prevention	93.110	D			69,962	—	69,962
Alcohol Research Programs	93.184	D			227,261	—	227,261
Drug Abuse and Addiction Research Programs	93.273	D			24,571	—	24,571
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.279	D			33,534	—	33,534
Advanced Education Nursing Traineeships	93.286	D			10,000	—	10,000
Developmental Disabilities Projects of National Significance	93.358	D			316,697	—	316,697
University Centers for Excellence in Developmental Disabilities Education, Research, and Service	93.631	D			55,529	—	55,529
Blood Diseases and Resources Research	93.632	D			537,170	—	537,170
Arthritis, Musculoskeletal and Skin Diseases Research	93.839	D			10,016	—	10,016
Biomedical Research and Research Training	93.846	D			54,269	—	54,269
Child Health and Human Development Extramural Research	93.859	D			300,709	—	300,709
Aging Research	93.865	D			160,940	—	160,940
Department of Health & Human Services	93.866	D			204,100	—	204,100
Public Health and Social Services Emergency Fund	93-11A01416	D			(3)	—	(3)
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	93.003	I	Delaware Dept of Health & Social Service	13-109	20,631	—	20,631
Maternal and Child Health Federal Consolidated Programs	93.104	I	DE Dept of Children, Youth & Family	PBHS(UD-BEST)FY11-11791	257,670	—	257,670
Maternal and Child Health Federal Consolidated Programs	93.110	I	Department of Health and Human Services	12-278	432	—	432
Maternal and Child Health Federal Consolidated Programs	93.110	I	Public Health Services	12-204	206,690	—	206,690
Subtotal 93.110					207,122	—	207,122
Traumatic Brain Injury State Demonstration Grant Program	93.234	I	Delaware Dept of Health & Social Service	10-380	(294)	—	(294)
Grants for Dental Public Health Residency Training	93.236	I	Delaware Dept of Health & Social Service	13-348	7,690	—	7,690
Grants for Dental Public Health Residency Training	93.236	I	Delaware Dept of Health & Social Service	13-176	4,268	—	4,268
Subtotal 93.236					11,958	—	11,958
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	I	Delaware Dept of Health & Social Service	041312	85,088	—	85,088
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	I	Delaware Dept of Health & Social Service	041389	141,847	—	141,847
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	I	Delaware Dept of Health & Social Service	041311	106,715	—	106,715
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	I	Delaware Dept of Health & Social Service	041189	44,578	—	44,578
Subtotal 93.243					378,228	—	378,228
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505	I	Delaware Dept of Health & Social Service	12-348	18,820	—	18,820
Health Care Innovation Awards (HCIA)	93.610	I	Christiana Care Health Services	601745	25,373	—	25,373
Developmental Disabilities Basic Support and Advocacy Grants	93.630	I	NC Council on Developmental Disabilities	13A00121	71,164	—	71,164
Grants to States for Operation of Offices of Rural Health	93.913	I	Delaware Dept of Health & Social Service	12-325	12,290	—	12,290
Department of Health & Human Services	93-031220	I	Delaware Dept of Health & Social Service	031220	4,621	—	4,621

UNIVERSITY OF DELAWARE
 Schedule of Expenditure of Federal Awards
 Year ended June 30, 2013

Program title	CFDA number	Direct (D) or pass-through (I)	Pass-through entity name	Pass-through number	Program Expenditures		Total
					Non-ARRA	ARRA	
Department of Health & Human Services	93-031320	I	Delaware Dept of Health & Social Service	031320	\$ 107,986	—	107,986
Department of Health & Human Services	93-041211	I	Delaware Dept of Health & Social Service	041211	72,881	—	72,881
Department of Health & Human Services	93-041212	I	Delaware Dept of Health & Social Service	041212	70,596	—	70,596
Department of Health & Human Services	93-10000401	I	Children and Families First DE, Inc.	10000401	(52,903)	—	(52,903)
Department of Health & Human Services	93-12-445	I	Delaware Dept of Health & Social Service	12-445	15,450	—	15,450
Department of Health & Human Services	93-12A00288	I	Delaware Dept of Health & Social Service	12A00288	226,723	—	226,723
Department of Health & Human Services	93-12A00798	I	Assoc of Univ Centers on Disabilities	12A00798	38,046	—	38,046
Department of Health & Human Services	93-13A00955	I	Assoc of Univ Centers on Disabilities	13A00955	14,316	—	14,316
Department of Health & Human Services	93-DD-1110	I	Developmental Disabilities Plan Co	DD-1110	2,154	—	2,154
Total Department of Health & Human Services Programs					3,507,587	—	3,507,587
Corporation for National and Community Service Programs: Learn and Serve America_School and Community Based Programs	94.004	D			7,028	—	7,028
AmeriCorps	94.006	I	Delaware Dept of Health & Social Service	10001218	4,944	—	4,944
AmeriCorps	94.006	I	Public Allies	OP004-94.006-11-PADE	(360)	—	(360)
AmeriCorps	94.006	I	Public Allies	OP004-94.006-12-SITE	27,522	—	27,522
AmeriCorps	94.006	I	Public Allies	OP004-94.006-13-PADE	312,443	—	312,443
Subtotal 94.006					344,549	—	344,549
Total Corporation for National and Community Service Programs					351,577	—	351,577
Department of Homeland Security Programs: Emergency Management Performance Grants	97.042	I	Delaware Emergency Management Agency	EPMG-12-006	15,474	—	15,474
Department of Homeland Security	97-CCP11-002	I	Delaware Emergency Management Agency	CCP11-002	6,241	—	6,241
Department of Homeland Security	97-EPMG-12-005	I	Delaware Emergency Management Agency	EPMG-12-005	74,442	—	74,442
Department of Homeland Security	97-HMGP-1896-DR-DE-001	I	Federal Emergency Management Agency	HMGP-1896-DR-DE-001	36,382	—	36,382
Total Department of Homeland Security Programs					132,539	—	132,539
Unidentified Programs: Unknown Agency	99-11A00028	D			12,550	—	12,550
Total Unidentified Programs					12,550	—	12,550
Total Non-clustered Programs					15,677,283	231,587	15,908,870
Head Start Cluster: Department of Health & Human Services Programs: Head Start	93.600	D			2,497,411	—	2,497,411
ARRA-Early Head Start	93.709	D			—	493	493
Head Start	93.600	I	Delaware Department of Education	Head Start – MG48-12	3,144	—	3,144
Head Start	93.708	I	Delaware Department of Education	S13-11	86,329	—	86,329
Total Head Start Cluster					2,586,884	493	2,587,377
Highway Safety Cluster: Department of Transportation Programs: Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	I	Delaware Office of Highway Safety	13A00556	751	—	751
Total Highway Safety Cluster					751	—	751
School Improvement Grants Cluster: Department of Education Programs: School Improvement Grants	84.377	I	Seaford School District	12A00126	(2)	—	(2)
Total School Improvement Grants Cluster					(2)	—	(2)
SNAP Cluster: United States Department of Agriculture Programs: State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	I	Delaware Dept of Health & Social Service	110820	252,156	—	252,156
Total SNAP Cluster					252,156	—	252,156
Special Education Cluster (IDEA): Department of Education Programs: Special Education _Grants to States	84.027	I	Delaware Department of Education	IDEA B MG 20-12	4,882	—	4,882
Special Education _Grants to States	84.027	I	Delaware Department of Education	IDEA B MG	857	—	857
Special Education _Grants to States	84.027	I	Delaware Department of Education	DOE-C12-259	68,639	—	68,639
Special Education _Grants to States	84.027	I	Delaware Department of Education	DOE-C12-269	50,264	—	50,264
Subtotal 84.027					124,642	—	124,642
Special Education_Preschool Grants	84.173	I	Delaware Department of Education	IDEA 619 MG 17-11	792	—	792
Total Special Education Cluster (IDEA)					125,434	—	125,434

UNIVERSITY OF DELAWARE
Schedule of Expenditure of Federal Awards
Year ended June 30, 2013

Program title	CFDA number	Direct (D) or pass-through (I)	Pass-through entity name	Pass-through number	Program Expenditures		Total
					Non-ARRA	ARRA	
Student Financial Assistance Cluster:							
Department of Education Programs:							
Federal Supplemental Educational Opportunity Grants	84.007	D			\$ 615,735	—	615,735
Federal Work-Study Program	84.033	D			670,156	—	670,156
Federal Perkins Loan Program_Federal Capital Contributions	84.038	D			1,556,632	—	1,556,632
Federal Pell Grant Program	84.063	D			8,944,009	—	8,944,009
Federal Direct Student Loans	84.268	D			95,197,930	—	95,197,930
Total Student Financial Assistance Cluster					106,984,462	—	106,984,462
TRIO Cluster:							
Department of Education Programs:							
TRIO Student Support Services	84.042	D			321,080	—	321,080
TRIO Upward Bound	84.047	D			266,124	—	266,124
TRIO_McNair Post-Baccalaureate Achievement	84.217	D			113,961	—	113,961
Total TRIO Cluster					701,165	—	701,165
Total Expenditures of Federal Awards					\$ 237,112,234	10,831,995	247,944,229

See accompanying notes to schedule of expenditures of federal awards.

UNIVERSITY OF DELAWARE

Notes to Schedule of Expenditures of Federal Awards

June 30, 2013

(1) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the SEFA) summarizes the expenditures of the University of Delaware (the University) under programs of the federal government for the year ended June 30, 2013. Because the SEFA presents only a selected portion of the operations of the University, it is not intended to, and does not, present the financial position, changes in net assets, and cash flows.

For the purposes of the SEFA, federal awards include all grants, contracts, and similar agreements entered into directly between the University and agencies and departments of the federal government and all subawards to the University by nonfederal organizations pursuant to federal grants, contracts, and similar agreements. Federal awards are included in contracts and other exchange transactions on the accompanying consolidated statement of activities.

(2) Basis of Accounting

The accompanying SEFA is presented using the accrual basis of accounting.

Certain expenditures are recognized using cost accounting principles contained in the U.S. Office of Management and Budget (OMB) Circular A-21, *Cost Principles for Educational Institutions*. Under these cost principles, certain types of expenditures are not allowable or are limited as to reimbursement.

(3) Federal Student Loan Programs

Loans made by the University to eligible students under federal student loan programs and loans issued to students of the University by the federal Department of Education during the year ended June 30, 2013 are summarized as follows:

Loans made by the University:	
Perkins	\$ 1,556,632
Nursing	—
	<u>1,556,632</u>
	<u><u>\$ 1,556,632</u></u>
Loans made by the Department of Education:	
Direct loans	\$ 95,197,930

The Perkins and Nursing Student Loan programs are administered directly by the University, and balances and transactions relating to these programs are included in the University's consolidated financial statements. The balance of loans outstanding under the Perkins Loan program was \$12,456,072 and the balance of loans outstanding under the Nursing Student Loan program was \$458,276 at June 30, 2013, respectively.

The University is responsible only for the performance of certain administrative duties with respect to the Direct Loans, and accordingly, these loans are not included in its consolidated financial statements and it is not practical to determine the balance of loans outstanding to students and former students of the University under these programs.

UNIVERSITY OF DELAWARE

Notes to Schedule of Expenditures of Federal Awards

June 30, 2013

(4) Subrecipient Pass-Through

During the year ended June 30, 2013, the University sub-granted Federal awards from the following programs:

<u>Agency/program/grant title</u>	<u>CFDA number</u>	<u>Expenditures</u>
U.S. Department of Agriculture:		
Plant and Animal Disease, Pest Control, and Animal Care	10.025	\$ 7,960
Grants for Agricultural Research_ Competitive Research	10.206	9,746
Integrated Programs	10.303	3,939
Agriculture and Food Research Initiative (AFRI)	10.310	1,415,604
Cooperative Extension Service	10.500	429,811
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	181,039
Environmental Quality Incentives Program	10.912	9,945
Department of Commerce:		
Sea Grant Support	11.417	71,299
Meteorologic and Hydrologic Modernization Development	11.467	137,438
Measurement and Engineering Research and Standards	11.609	153,270
Department of Defense:		
Department of Defense	12.000	2,113,271
Basic and Applied Scientific Research	12.300	21,621
Military Medical Research and Development	12.420	716,776
Basic, Applied, and Advanced Research in Science and Engineering	12.630	162,720
Air Force Defense Research Sciences Program	12.800	228,669
Department of Interior:		
U.S. Geological Survey_ Research and Data Collection	15.808	12,854
Department of Justice:		
Grants to Combat Domestic Violence, Dating Violence, Sexual Assault, and Stalking on Campus	16.525	24,671
National Aeronautics and Space Administration:		
National Aeronautics and Space Administration	43.000	31,380
Aerospace Education Services Program	43.001	36,865

UNIVERSITY OF DELAWARE

Notes to Schedule of Expenditures of Federal Awards

June 30, 2013

<u>Agency/program/grant title</u>	<u>CFDA number</u>	<u>Expenditures</u>
National Endowment for the Humanities:		
Promotion of the Humanities_Division of Preservation and Access	45.149	\$ 32,862
National Science Foundation:		
Engineering Grants	47.041	4,194
Mathematical and Physical Sciences	47.049	98,892
Geosciences	47.050	(5,367)
Computer and Information Science and Engineering	47.070	24,275
Biological Sciences	47.074	974,583
Social, Behavioral, and Economic Sciences	47.075	36,325
Education and Human Resources	47.076	161,093
Polar Programs	47.078	28,900
Office of Cyberinfrastructure	47.080	956,145
ARRA-Trans-NSF Recovery Act Research Support	47.082	1,123,637
Department of Energy:		
Office of Science Financial Assistance Program	81.049	2,160,356
Renewable Energy Research and Development	81.087	1,232,475
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis	81.117	7,230
Advanced Research and Projects Agency – Energy Financial Assistance Program	81.135	446,867
Department of Education:		
Education Research, Development and Dissemination	84.305	400,830
Research in Special Education	84.324	1,314,645
Department of Health and Human Services:		
Department of Health & Human Services	93.000	7,114
Research Related to Deafness and Communication Disorders	93.173	24,811
Mental Health Research Grants	93.242	12,998
Trans-NIH Research Support	93.310	127,484
National Center for Research Resources	93.389	39,062
Head Start	93.600	735,921
ARRA-Trans-NIH Recovery Act Research Support	93.701	31,710
Arthritis, Musculoskeletal and Skin Diseases Research	93.846	160,226
Biomedical Research and Research Training	93.859	2,279,287
Child Health and Human Development Extramural Research	93.865	280,137
Aging Research	93.866	8,598
		<u>\$ 18,474,168</u>



KPMG LLP
1601 Market Street
Philadelphia, PA 19103-2499

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*

The Board of Trustees
University of Delaware:

We have audited, in accordance with the 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 University of Delaware (the University), which comprise the consolidated statement of financial position as of June 30, 2013, and the related consolidated statements of activities, expenses by natural classification, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 28, 2013.

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 over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated 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 the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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



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

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.

KPMG LLP

Philadelphia, Pennsylvania
October 28, 2013



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Independent Auditors' Report on Compliance for Each Major Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*

The Board of Trustees
University of Delaware:

Report on Compliance for Each Major Federal Program

We have audited the University of Delaware (the University)'s compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* (the 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, 2013. The University's major federal programs are identified in the summary of auditors' 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 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 of Delaware 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, 2013.



Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2013-001, 2013-002 and 2013-003. Our opinion on each major federal program is not modified with respect to these matters.

The University's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The University's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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 audits over compliance, we considered the University's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the major federal programs and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. 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 a material weakness. However, material weaknesses may exist that have not been identified. We identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 2013-001, 2013-002 and 2013-003 that we consider to be significant deficiencies.

The University's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The University's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.



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, 2013, and have issued our report thereon dated October 28, 2013 which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. We have not performed any procedures with respect to the audited consolidated financial statements subsequent to October 28, 2013. 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.

KPMG LLP

Philadelphia, Pennsylvania
February 28, 2014

UNIVERSITY OF DELAWARE

Schedule of Findings and Questioned Costs

Year ended June 30, 2013

(1) Summary of Auditors' Results

- (a) The type of report issued on the consolidated financial statements: **Unmodified.**
- (b) Significant deficiencies in internal controls were disclosed by the audit of the consolidated financial statements: **None reported.** Material weaknesses: **None.**
- (c) Noncompliance that is material to the consolidated financial statements: **None.**
- (d) Significant deficiencies in internal controls over major programs: **Yes (2013-001, 2013-002 and 2013-003)** Material weaknesses: **None.**
- (e) The type of report issued on compliance for major programs: **Unmodified.**
- (f) Any audit findings that are required to be reported under Section 510(a) of OMB Circular A-133: **Yes (2013-001, 2013-002 and 2013-003)**
- (g) Major programs:

Research and Development Cluster: Various Agencies and Departments

Student Financial Assistance Cluster:

CFDA No. 84.007, 84.033, 84.038, 84.063, 84.268, and 93.364

Cooperative Extension Program:

CFDA No. 10.500

- (h) Dollar threshold used to distinguish between Type A and Type B programs: **\$3,000,000**
- (i) Auditee qualified as a low-risk auditee under Section 530 of OMB Circular A-133: **Yes**

(2) Findings Related to the Consolidated Financial Statements Reported in Accordance with *Government Auditing Standards*

No findings reported.

(3) Findings and Questioned Costs Related to Federal Awards

See findings 2013-001, 2013-002 and 2013-003.

UNIVERSITY OF DELAWARE

Schedule of Findings and Questioned Costs

Year ended June 30, 2013

Reference Number: 2013-001
Federal Agency: U.S. Department of Education
Program Name (CFDA #): Student Financial Assistance Cluster: Federal Pell Grant Program (CFDA No. 84.063)
Federal Award Year: July 1, 2012 to June 30, 2013
Federal Award Number: P063P110066
Compliance Requirement: Reporting

Criteria

In accordance with 34 CFR Section 690.83, all schools receiving Pell grants submit Pell payment data to the Department through the Common Origination and Disbursement (COD) System (*OMB No. 1845-0039*). Institutions must report student payment data within 30 calendar days after the school makes a payment; or becomes aware of the need to make an adjustment to previously reported student payment data or expected student payment data. Schools may do this by reporting once every 30 calendar days, bi-weekly, weekly or may set up their own system to ensure that changes are reported in a timely manner.

Condition

KPMG notes that the University of Delaware did not submit Pell payment data to the COD within 30 calendar days for two (2) students (whose Pell disbursements totaled \$4,675) for the Spring 2013 semester. Our sample consisted of Pell disbursements during the year ended June 30, 2013 for 40 students totaling \$198,700.

Questioned Costs

There were no questioned costs related to this finding.

Cause

As part of the University's adoption of a new 15-day reporting policy for Federal Pell effective April 1, 2013, the University implemented a weekly reconciliation instead of a monthly reconciliation of financial disbursements to ascertain timely submission of disbursement to COD. In connection with the implementation, the University made system changes within their PeopleSoft system to transition to the new reconciliation process. However, during this process, these 2 students' Pell disbursements were inadvertently excluded in the PeopleSoft reporting.

Effect

If a student's Pell disbursement is not properly reported to the COD in a timely manner, the student may appear eligible for additional Pell and ultimately be overawarded, especially if the student transfers to another institution mid-year.

Recommendation

We recommend the University continue to monitor its new process to reconcile the data submitted to the COD to University records at the individual student level to ensure the disbursements are properly reported to the COD at least every 30 calendar days.

Views of Responsible Officials

See accompanying corrective action plan.

UNIVERSITY OF DELAWARE

Schedule of Findings and Questioned Costs

Year ended June 30, 2013

Reference Number: 2013-002
Federal Agency: U.S. Department of Education
Program Name (CFDA #): Student Financial Aid Cluster: Direct Loans (CFDA No. 84.268)
Federal Award Year: July 1, 2012 to June 30, 2013
Federal Award Number: P268K120066
Compliance Requirement: Disbursements To or On Behalf of Students

Criteria

The institution must notify the student, or parent in writing of (1) the date and amount of the disbursement, and (2) the student’s right, or parent’s right to cancel all or a portion of that loan or loan disbursement and have the loan proceeds returned to the holder of that loan or the TEACH Grant payments returned to ED; and (3) the procedure and time by which the student or parent must notify the institution that he or she wishes to cancel the loan, TEACH Grant, or TEACH Grant disbursement. The notification requirement for loan funds applies only if the funds are disbursed by EFT payment or master check (34 CFR section 668.165). Institutions that implement an affirmative confirmation process (as described in 34 CFR section 668.165 (a)(6)(i)) must make this notification to the student or parent no earlier than 30 days before, and no later than 30 days after, crediting the student’s account at the institution with Direct Loan, FPL funds, or TEACH Grants. Institutions that do not implement an affirmative confirmation process must notify a student no earlier than 30 days before, but no later than 7 days after, crediting the student’s account and must give the student 30 days (instead of 14) to cancel all or part of the loan.

Condition

The University does not have an affirmative confirmation response process in notifying their students, thereby requiring them to notify their students within 30 days before or 7 days after crediting the student’s account. KPMG notes for 36 out of the sample of 40 students selected, the University notified the students 8 days after crediting the students’ account, which was one day late.

Cause

The University was delayed in monitoring the disbursements at the beginning of the Spring 2013 semester and therefore the notifications were sent a day late.

Effect

Student may not be notified of their disbursements and rights to cancel loans within the appropriate timeframe.

Questioned Costs

There were no questioned costs related to this finding.

Recommendation

We recommend the University continue to implement its process to reasonably ensure that the notification of disbursements and cancellation rights is performed within the required timeframes.

Views of Responsible Officials

See accompanying corrective action plan.

UNIVERSITY OF DELAWARE

Schedule of Findings and Questioned Costs

Year ended June 30, 2013

Reference Number: 2013-003
Federal Agency: U.S. Department of Education
Program Name (CFDA #): Student Financial Aid Cluster: Direct Loans (CFDA No. 84.268)
Federal Award Year: July 1, 2012 to June 30, 2013
Federal Award Number: P268K120066
Compliance Requirement: Enrollment Reporting

Criteria

Under the Direct Loan program, schools must complete and return within 30 days the Enrollment Reporting roster file [formerly the Student Status Confirmation Report (SSCR)] placed in their Student Aid Internet Gateway (SAIG) (*OMB No. 1845-0002*) mailboxes sent by ED via NSLDS (*OMB No. 1845-0035*). The institution determines how often it receives the Enrollment Reporting roster file with the default set at every 2 months, but the minimum is twice a year. Once received, the institution must update for changes in student status, report the date the enrollment status was effective, enter the new anticipated completion date, and submit the changes electronically through the batch method or the NSLDS website. Institutions are responsible for timely reporting, whether they report directly or via a third-party servicer.

Unless the school expects to complete its next roster within 60 days, the school must notify the lender or the guaranty agency within 30 days, if it discovers that a student who received a loan either did not enroll or ceased to be enrolled on at least a half-time basis (Direct Loan, 34 CFR section 685.309).

Condition

KPMG recommended in the prior year that the University develop and implement policies and procedures to reasonably ensure the accuracy of its reporting of student data to the National Student Loan Clearinghouse (NSLC). The University's corrective action plan in the prior year indicated that policies and procedures would be implemented by April 2013 to ensure the accuracy of the student status reporting.

KPMG notes there were two (2) instances out of the sample of 40 students' status changes that were not reported accurately to the National Student Loan Data System (NSLDS). Both instances related to students who were still enrolled but who changed credits during a semester that resulted in their enrollment classification changing (for example, full time to half time). In addition, KPMG notes there were two (2) instances out of the sample of 40 students' status changes that were not reported to NSLDS within the required 60 day period. However, KPMG notes that these instances occurred prior to the University's corrective action plan being addressed in April 2013.

Questioned Costs

Questioned costs related to this finding are not readily determinable.

Cause

The University entered into an agreement with the NSLC in reporting student status changes to NSLDS. On a periodic basis, the status of all students is reported to the NSLC, which in return reports any changes in student status from the prior report. In some instances, the report generated to submit to the NSLC is inaccurate, resulting in a status change not being accurately reported by the NSLC to the NSLDS or not being reported within the required timeframes.

UNIVERSITY OF DELAWARE

Schedule of Findings and Questioned Costs

Year ended June 30, 2013

Effect

Inaccurate or late enrollment reporting may result in students' loans not entering repayment timely.

Recommendation

We recommend the University continue to develop and implement its policies and procedures to reasonably ensure the accuracy and timeliness of its reporting of student data to the NSLC.

Views of Responsible Officials

See accompanying corrective action plan.



University of Delaware
Management Responses and Corrective Action Plan
Schedule of Findings and Questioned Costs
A-133 Single Audit
Year ended June 30, 2013

Finding 2013-01: Federal Pell Grant Program Reporting

Recommendation:

We recommend the University continue to monitor its new process to reconcile the data submitted to the COD to University records at the individual student level to ensure the disbursements are properly reported to the COD at least every 30 calendar days.

University of Delaware Corrective Action Plan:

As noted in the finding, the University instituted a weekly reconciliation process in order to meet the more stringent 15 day reporting requirement. As of March 2013, reports and reconciliations were enhanced so that all Pell transactions, even those that the COD did not process properly, are identified and reported within the 15 day pay period.

Completion Date:

Implemented in March 2013.

Contact Person: Melissa J. Stone, Director of Student Financial Services, 302-831-8189

Finding 2013-02: Disbursements To or On Behalf of Students

Recommendation:

We recommend the University continue to implement its process to reasonably ensure that the notification of disbursements and cancellation rights is performed within the required timeframes.

University of Delaware Corrective Action Plan:

Communications were scheduled to run once a week to meet the 7 day requirement. The one day delay occurred due to unforeseen timing in the scheduling of disbursement and communications at the start of the Spring 2013 semester.

As of February 2014, the communication process has been updated to run daily to ensure communications will not exceed the 7 day limit for disclosure to the borrower.

Completion Date:

Implemented in February 2014.

Contact Person: Melissa J. Stone, Director of Student Financial Services, 302-831-8189

Finding 2013-03: Enrollment Reporting

Recommendation:

We recommend the University develop and implement policies and procedures to reasonably ensure the accuracy of its reporting of student data to the NSLC.

University of Delaware Corrective Action Plan:

As noted in the finding, although enrollment reporting occurs with the National Student Clearinghouse within the timeframes required, student status changes appeared to not always accurately reflect the appropriate status.

In order to ensure the proper status is reported to meet requirements, the University's Student Financial Services department has been working with Registrar's Office to quality control check the enrollment reports produced. The quality checks are performed every 30 days by Student Financial Services, and discrepancies, if any, are evaluated and corrected. Additionally, programming changes were made in April 2013 to the reports to ensure proper classifications are reported, especially late status changes.

Completion Date:

Implemented in April 2013.

As discussed in the finding, the instances of noncompliance noted were prior to the implementation of the Correction Action Plan described above.

Contact Person: Melissa J. Stone, Director of Student Financial Services, 302-831-8189

Reporting Contact:

Evelyn Zerenner
Assistant Vice President, University Finance
University of Delaware
302-831-2107

Chief Institutional Officer:

Patrick T. Harker
President
University of Delaware

February 19, 2014