



UNIVERSITY OF DELAWARE

Consolidated Financial Statements and
Information on Federal Awards

June 30, 2014

(With Independent Auditors' Reports Thereon)

UNIVERSITY OF DELAWARE

Table of Contents

	Page
Independent Auditors' Report	1
Consolidated Statement of Financial Position, June 30, 2014 with comparative amounts for 2013	3
Consolidated Statement of Activities, Year ended June 30, 2014 with comparative totals for 2013	4
Consolidated Statement of Expenses by Natural Classification, Year ended June 30, 2014 with comparative totals for 2013	5
Consolidated Statement of Cash Flows, Year ended June 30, 2014 with comparative amounts for 2013	6
Notes to Consolidated Financial Statements	7
Schedule of Expenditures of Federal Awards, Year ended June 30, 2014	43
Notes to Schedule of Expenditures of Federal Awards	57
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	60
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, <i>Audits of States, Local Governments, and Non-Profit Organizations</i>	62
Schedule of Findings and Questioned Costs, Year ended June 30, 2014	65
Corrective Action Plan	70



KPMG LLP
1601 Market Street
Philadelphia, PA 19103-2499

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, 2014, 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, 2014, 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 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 28, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013 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 15, 2014 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 15, 2014, except note 21, for which the date is March 27, 2015

UNIVERSITY OF DELAWARE

Consolidated Statement of Financial Position

June 30, 2014

(with summarized financial information as of June 30, 2013)

(In thousands)

Assets	2014	2013
Cash and cash equivalents	\$ 22,879	41,717
Accounts and notes receivable	27,629	38,637
Prepaid expenses and inventories	5,062	4,624
Restricted deposits	92,352	146,452
Contributions receivable	39,171	34,771
Student loan receivables	13,623	13,286
Endowment funds and other investments	1,695,137	1,460,586
Annuity and life income funds	9,206	8,377
Funds held in trust by others	67,867	60,653
Property, plant, and equipment, net of depreciation	1,393,097	1,321,631
Total assets	\$ 3,366,023	3,130,734
Liabilities and Net Assets		
Accounts payable and accrued liabilities	\$ 84,682	88,820
Deferred revenues and student deposits	5,392	8,943
Financing obligations	35,610	17,985
Notes and bonds payable	477,821	489,049
Interest rate swap liabilities	24,359	24,478
Annuity and life income funds payable	4,625	4,986
Compensated absences payable	14,337	13,904
Postretirement benefit obligation	277,120	264,738
Advances from federal government for student loans	15,238	15,094
Asset retirement obligation	20,541	22,112
Total liabilities	959,725	950,109
Unrestricted	1,356,991	1,248,794
Unrestricted – noncontrolling interest in First State Marine Wind, LLC	1,241	1,341
Temporarily restricted	679,073	587,306
Permanently restricted	368,993	343,184
Total net assets	2,406,298	2,180,625
Total liabilities and net assets	\$ 3,366,023	3,130,734

See accompanying notes to consolidated financial statements.

UNIVERSITY OF DELAWARE
Consolidated Statement of Activities
Year ended June 30, 2014
(with summarized financial information for the year ended June 30, 2013)
(In thousands)

	2014			2013	
	Unrestricted	Temporarily restricted	Permanently restricted	Total	Total
Operating revenue:					
Tuition and fees (less scholarships and fellowships of \$131,010 during 2014, \$117,508 during 2013)	\$ 381,515	—	—	381,515	370,912
Contributions	24,971	3,902	—	28,873	23,483
Contracts and other exchange transactions	170,948	—	—	170,948	172,725
State operating appropriations	117,044	—	—	117,044	115,072
Endowment spending payout	48,187	—	—	48,187	46,557
Other investments payout (includes net realized gain of \$4,357 during 2014, \$4,141 during 2013)	6,307	50	—	6,357	6,110
Activities of educational departments	17,486	—	—	17,486	16,466
Sales and services of auxiliary enterprises (less scholarships and fellowships of \$2,114 during 2014, \$1,930 during 2013)	121,734	—	—	121,734	116,795
Other revenue	15,964	—	—	15,964	16,300
Total operating revenue	<u>904,156</u>	<u>3,952</u>	<u>—</u>	<u>908,108</u>	<u>884,420</u>
Operating expenses:					
Educational and general:					
Instruction and departmental research	372,045	—	—	372,045	359,645
Sponsored research	135,143	—	—	135,143	139,473
Extension and public service	49,907	—	—	49,907	47,905
Academic support	65,631	—	—	65,631	65,316
Student services	31,886	—	—	31,886	30,541
General institutional support	95,286	—	—	95,286	90,260
Student aid	6,044	—	—	6,044	6,521
Total educational and general expenses	<u>755,942</u>	<u>—</u>	<u>—</u>	<u>755,942</u>	<u>739,661</u>
Auxiliary enterprises	104,961	—	—	104,961	100,209
Independent operations	606	—	—	606	884
Total operating expenses	<u>861,509</u>	<u>—</u>	<u>—</u>	<u>861,509</u>	<u>840,754</u>
Change in net assets from operating activities	42,647	3,952	—	46,599	43,666
Nonoperating activities:					
Net realized and unrealized gains	57,769	115,501	9,328	182,598	139,489
Decrease in postretirement benefit obligation	1,873	—	—	1,873	38,387
Endowment income	1,899	8,306	636	10,841	11,613
Endowment spending payout	(48,187)	—	—	(48,187)	(46,557)
Contributions for endowment and life income funds	—	239	17,135	17,374	9,823
Contributions for buildings and program activities	4,400	2,353	—	6,753	17,001
State capital appropriations	7,244	—	—	7,244	14,380
Hotel operations – net	233	—	—	233	49
Wind turbine operations – net	(300)	—	—	(300)	(380)
Net change in asset retirement obligation liability	2,159	—	—	2,159	(425)
Other	28	195	(1,737)	(1,514)	1,689
Reclassifications of funds	(2,046)	1,599	447	—	—
Net assets released from restrictions	40,378	(40,378)	—	—	—
Change in net assets	<u>108,097</u>	<u>91,767</u>	<u>25,809</u>	<u>225,673</u>	<u>228,735</u>
Net assets at beginning 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>
Net assets at end of year	<u>\$ 1,358,232</u>	<u>679,073</u>	<u>368,993</u>	<u>2,406,298</u>	<u>2,180,625</u>

See accompanying notes to consolidated financial statements.

UNIVERSITY OF DELAWARE
Consolidated Statement of Expenses by Natural Classification
Year ended June 30, 2014
(with summarized financial information for the year ended June 30, 2013)
(In thousands)

	2014									2013	
	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	\$ 201,117	61,244	24,095	27,936	14,766	41,034	3,127	8,333	—	381,652	383,320
Employee fringe benefits	57,187	14,739	7,392	11,123	4,545	16,747	—	2,875	—	114,608	110,711
Employee postretirement benefits	13,106	1,947	874	1,086	400	1,512	—	277	—	19,202	24,351
Supplies and general	40,869	37,588	11,265	7,073	7,048	22,601	929	66,208	240	193,821	189,515
Travel	16,451	3,126	1,230	1,082	1,048	848	69	109	2	23,965	21,976
Operation and maintenance of plant	26,895	8,183	2,976	6,002	1,409	13,106	—	—	142	58,713	(a) 51,809 (b)
Information processing	91	—	—	(1)	2,804	9,094	—	—	—	11,988	11,437
Interest expense	3,277	350	6	120	219	193	—	17,944	—	22,109	17,425
Scholarships, fellowships and awards	—	—	—	—	—	—	132,301	—	—	132,301	119,613
Depreciation and accretion	17,199	8,616	1,914	12,111	701	10,630	—	10,921	209	62,301	54,115
Loss on disposals	303	223	148	7	7	106	—	12	13	819	1,187
Amortization of bond discount (premium)	20	23	—	—	(63)	—	—	(455)	—	(475)	(293)
Internal service (credits) charges	(2,659)	(66)	42	(858)	(993)	(20,574)	—	(1,263)	—	(26,371)	(24,974)
Expense before scholarship allowance	373,856	135,973	49,942	65,681	31,891	95,297	136,426	104,961	606	994,633	960,192
Reconciliation to statement of activities:											
Scholarship allowance	(1,811)	(830)	(35)	(50)	(5)	(11)	(130,382)	—	—	(133,124)	(119,438)
Total operating expenses	\$ 372,045	135,143	49,907	65,631	31,886	95,286	6,044	104,961	606	861,509	840,754

Notes:

- (a) Includes salaries and wages of \$26,401, fringe benefits of \$14,648, employee postretirement benefits of \$354, and depreciation expense for plant facilities of \$2,013 during 2014.
(b) 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.

See accompanying notes to consolidated financial statements.

UNIVERSITY OF DELAWARE

Consolidated Statement of Cash Flows

Year ended June 30, 2014

(with summarized financial information for the year ended June 30, 2013)

(In thousands)

	2014	2013
Cash flows from operating activities:		
Change in net assets	\$ 225,673	228,735
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	64,961	55,720
Loss on disposals	819	1,187
Amortization of discounts and premiums on notes and bonds payable and capital lease obligations	(465)	(283)
Net realized and unrealized gains	(178,876)	(122,072)
Gifts of land, building, and equipment	(974)	(473)
State capital appropriations	(7,244)	(14,380)
Contributions for endowment	(17,374)	(9,823)
Contributions for buildings	(2,353)	(14,503)
Endowment income restricted for reinvestment	(636)	(718)
Changes in assets and liabilities:		
Accounts and notes receivable	11,008	6,631
Prepaid expenses and inventories	(438)	1,189
Contributions receivable	(4,400)	(2,498)
Accounts payable, accrued liabilities, and annuity and life income funds payable	7,037	11,278
Deferred revenues and students deposits	(3,551)	614
Interest rate swap liability	(119)	(15,038)
Asset retirement obligation	(1,598)	944
Compensated absences payable and postretirement benefit obligation	12,815	(18,513)
Net cash provided by operating activities	104,285	107,997
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	1,702,888	1,665,970
Purchases of investments	(1,766,606)	(1,693,039)
Acquisitions of property, plant, and equipment	(129,281)	(170,169)
Disbursements of loans to students	(2,530)	(1,594)
Repayments of loans	2,193	2,431
Net cash used in investing activities	(193,336)	(196,401)
Cash flows from financing activities:		
Repayments of principal of notes and bonds payable	(10,740)	(13,139)
Net proceeds from issuance of notes and bonds payable	—	148,501
Reduction in principal of capital leases	(898)	(595)
Termination of interest rate swap agreements	—	(1,971)
Increase in financing obligations	—	500
State capital appropriations	7,244	14,380
Endowment income restricted for reinvestment	636	718
Contributions for endowment	17,374	9,823
Contributions for buildings	2,353	14,503
Advances from federal government for student loans	144	99
Decrease (increase) in restricted deposits	54,100	(88,131)
Net cash provided by financing activities	70,213	84,688
Net decrease in cash and cash equivalents	(18,838)	(3,716)
Cash and cash equivalents, beginning of year	41,717	45,433
Cash and cash equivalents, end of year	\$ 22,879	41,717
Supplemental disclosure of cash flow information:		
Interest paid	\$ 22,159	17,425

See accompanying notes to consolidated financial statements.

UNIVERSITY OF DELAWARE

Notes to Consolidated Financial Statements

June 30, 2014

(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. Courses are also 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, 2013, 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, 2014

(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.

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, 2014

(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, 2014 and 2013 consisted of the following (in thousands):

	<u>2014</u>	<u>2013</u>
Unexpended bond proceeds	\$ 69,952	125,467
Debt service reserve funds	18,689	16,861
Other deposits	<u>3,711</u>	<u>4,124</u>
	<u>\$ 92,352</u>	<u>146,452</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, 2014

(with comparative information for the prior year)

(i) *Nonoperating Activities*

Nonoperating activities include investment gains, net of endowment distributions for operations; contributions and appropriations for endowment and plant purposes; the operations of subsidiaries ancillary to the University's mission; changes in postretirement benefit and asset retirement obligations; and nonrecurring or unusual transactions.

(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, 2014, 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 December 2011, the Financial Accounting Standards Board (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 were effective for annual reporting periods beginning on or after January 1, 2013. In January 2012, the FASB issued ASU 2013-01, *Balance Sheet (Topic 210) Clarifying the Scope of 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 were affected because the amendments made them no longer subject to the disclosure requirements in ASU 2011-11. The adoption of ASU 2011-11 and ASU 2013-01 did not have a material impact on the consolidated financial statements.

UNIVERSITY OF DELAWARE

Notes to Consolidated Financial Statements

June 30, 2014

(with comparative information for the prior year)

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 was 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 was permitted, as was early adoption from the beginning of the fiscal year of adoption. The adoption of this ASU did not 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.

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.

UNIVERSITY OF DELAWARE

Notes to Consolidated Financial Statements

June 30, 2014

(with comparative information for the prior year)

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The core principle of this ASU is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that core principle, a five step process is prescribed: identify the contract with a customer; identify the performance obligations in the contracts; determine the transaction price; allocate the transaction price to the performance obligations in the contract; and recognize revenue when (or as) the entity satisfies a performance obligation. For public entities, the ASU is effective for annual reporting periods beginning after December 15, 2016. Early application is not permitted. The University is currently evaluating the impact of this ASU 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 69% at June 30, 2014.

The operations of Blue Hen Wind, Inc. are consolidated into the University's financial statements. Operations for the year ended June 30, 2014, resulted in revenues from third parties of \$70,000 and expenses of \$370,000 being recognized. Operations for the year ended June 30, 2013, resulted in revenues from third parties of \$29,000 and expenses of \$409,000 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, 2014 resulted in operating expenses of \$606,000, nonoperating expenses of \$1,714,000 and nonoperating revenue – other of \$1,125,000, which are presented in independent operations and nonoperating activities in the consolidated statement of activities. 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.

UNIVERSITY OF DELAWARE

Notes to Consolidated Financial Statements

June 30, 2014

(with comparative information for the prior year)

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, 2014 and 2013 resulted in total revenues of \$5,674,000 and \$5,480,000, respectively, and a net gain of \$358,000 and \$912,000, 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.

UNIVERSITY OF DELAWARE

Notes to Consolidated Financial Statements

June 30, 2014

(with comparative information for the prior year)

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 net asset value 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 net asset value are obtained, the University cannot redeem in the near term its investments at these estimates for Level 3 assets. The stated lives of the investments vary and they may 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.

UNIVERSITY OF DELAWARE

Notes to Consolidated Financial Statements

June 30, 2014

(with comparative information for the prior year)

(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.

UNIVERSITY OF DELAWARE

Notes to Consolidated Financial Statements

June 30, 2014

(with comparative information for the prior year)

(g) Other Financial Instruments

The fair value of cash and cash equivalents, student and other accounts receivable, prepaid expenses, accounts payable and accrued liabilities approximate their respective carrying amounts because of the short-term maturity of these financial instruments.

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, 2014 and 2013 consolidated statements of financial position (in thousands):

		June 30, 2014			
		Fair value	Level 1	Level 2	Level 3
Financial assets:					
Investments:					
Money market and other liquid funds	\$	46,606	46,263	343	—
U.S. government obligations:					
Mortgage-backed securities		50,213	5,411	44,802	—
Treasury obligations		30,159	26,674	3,485	—
Other		7,536	6,536	1,000	—
		87,908	38,621	49,287	—
Corporate obligations		231,113	—	231,113	—
Stock and convertible securities		362,858	135,479	227,379	—
International investments		3,342	55	3,287	—
Limited partnerships and LLCs		965,744	—	383,532	582,212
Real estate investment trust		1,242	—	1,242	—
Other		5,530	—	1,692	3,838
Funds held in trust by others		67,867	—	—	67,867
Total	\$	1,772,210	220,418	897,875	653,917
Financial liabilities:					
Annuity and life income funds payable	\$	4,625	—	—	4,625
Interest rate swaps		24,359	—	—	24,359
Total	\$	28,984	—	—	28,984

UNIVERSITY OF DELAWARE

Notes to Consolidated Financial Statements

June 30, 2014

(with comparative information for the prior year)

	June 30, 2013			
	<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	\$ 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>

UNIVERSITY OF DELAWARE

Notes to Consolidated Financial Statements

June 30, 2014

(with comparative information for the prior year)

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, 2014 and 2013 (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, 2013	\$ 515,334	60,653	4,767	580,754
Net realized and unrealized gains	55,877	10,197	—	66,074
Purchases	82,710	24,148	212	107,070
Sales	<u>(71,709)</u>	<u>(27,131)</u>	<u>(1,141)</u>	<u>(99,981)</u>
Total at June 30, 2014	<u>\$ 582,212</u>	<u>67,867</u>	<u>3,838</u>	<u>653,917</u>
Change in unrealized gains related to financial instruments still held at June 30, 2014				
	\$ 54,384	6,520	—	60,904
	<u>Interest rate swaps</u>	<u>Annuity and life income funds payable</u>	<u>Total</u>	
Financial liabilities:				
Balance at June 30, 2013	\$ 24,478	4,986	29,464	
Net realized and unrealized (gains)	(119)	(222)	(341)	
Purchases	—	126	126	
Sales	<u>—</u>	<u>(265)</u>	<u>(265)</u>	
Total at June 30, 2014	<u>\$ 24,359</u>	<u>4,625</u>	<u>28,984</u>	
Change in unrealized (gains) losses related to financial instruments still held at June 30, 2014				
	\$ (119)	(222)	(341)	

UNIVERSITY OF DELAWARE

Notes to Consolidated Financial Statements

June 30, 2014

(with comparative information for the prior year)

	<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>(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)	

Transfers between leveled assets are based upon beginning of year value of the asset. As of June 30, 2014 and 2013 there were no transfers between Levels.

UNIVERSITY OF DELAWARE

Notes to Consolidated Financial Statements

June 30, 2014

(with comparative information for the prior year)

(4) Contributions Receivable and Conditional Promises

Contributions receivable at June 30, 2014 and 2013 are summarized as follows (in thousands):

	2014	2013
Unconditional promises expected to be collected in:		
Less than one year	\$ 10,950	10,015
One year to five years	28,221	24,756
	\$ 39,171	34,771

The unamortized discount for contributions to be received after one year amounted to \$1,307,000 and \$1,288,000 in 2014 and 2013, respectively. Contributions to be received after one year are discounted at discount rates ranging from 1.5% to 3.4% and 1.5% to 5.0% for the years ended June 30, 2014 and 2013, 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, 2014 and 2013 were as follows (in thousands):

	2014		2013	
	Cost	Fair value	Cost	Fair value
Money market and other liquid funds	\$ 46,563	46,606	16,972	16,986
U.S. government obligations	86,547	87,908	104,767	105,136
Corporate obligations	225,806	231,113	219,194	221,064
Stock and convertible securities	319,859	362,858	126,032	162,911
International equity investments	2,945	3,342	34,908	28,179
Limited partnerships and LLCs	645,898	965,744	606,540	840,149
Inflation sensitive asset fund	—	—	30,823	29,520
Stock futures fund	—	—	30,614	35,972
Real estate investment trust	—	1,242	19,999	22,807
Other	5,425	5,530	6,239	6,239
Total	\$ 1,333,043	1,704,343	1,196,088	1,468,963

UNIVERSITY OF DELAWARE

Notes to Consolidated Financial Statements

June 30, 2014

(with comparative information for the prior year)

Included in the investments table above are \$9,206,000 and \$8,377,000 of annuity and life income funds, which are shown separately on the consolidated statement of financial position at June 30, 2014 and 2013, respectively. Additionally, the University has \$67,867,000 and \$60,653,000 of funds held in trust by others that are shown separately on the consolidated statement of financial position at June 30, 2014 and 2013, 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, 2014, 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>
Real estate investment trust	\$ 1,242	N/A	\$ N/A	Quarterly	15 days
Limited partnerships and LLCs:					
U.S. corporate debt funds	72,585	N/A	N/A	Monthly	45 days
International equity funds	310,947	N/A	N/A	Monthly	10 days
Multi-strategy fund of funds	193,676	N/A	N/A	Annually	100 days
Long-short hedge fund	79,918	N/A	N/A	Annually	90 days
Private equity	47,106	1 – 9 years	21,342	Not eligible	N/A
Venture capital	48,947	3 – 9 years	10,325	Not eligible	N/A
Hybrid fund of funds	46,939	1 – 8 years	12,441	Not eligible	N/A
Distressed securities	17,508	1 – 6 years	8,875	Not eligible	N/A
Real estate	61,314	1 – 10 years	20,862	Not eligible	N/A
Natural resources	38,551	3 – 16 years	11,640	Not eligible	N/A
Oil and gas	48,253	1 – 10 years	34,434	Not eligible	N/A
	<u>965,744</u>		<u>119,919</u>		
	<u>\$ 966,986</u>		<u>\$ 119,919</u>		

UNIVERSITY OF DELAWARE

Notes to Consolidated Financial Statements

June 30, 2014

(with comparative information for the prior year)

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>		

The above assets are classified as either level 2 or level 3 in the fair value hierarchy tables in note 3 based on their redemption provisions. Assets redeemable at net asset value at or near (within 90 days) the date of the statement of financial position are classified as level 2.

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 and are classified as level 2 assets. The investment is made through a commingled fund vehicle. The University exited this fund in 2014.

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 and are classified as level 2 assets. The University exited this fund in 2014.

UNIVERSITY OF DELAWARE

Notes to Consolidated Financial Statements

June 30, 2014

(with comparative information for the prior year)

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. The investments in this category are classified as level 2 assets.

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.

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.

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.

UNIVERSITY OF DELAWARE

Notes to Consolidated Financial Statements

June 30, 2014

(with comparative information for the prior year)

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

	2014	2013
Interest and dividends	\$ 12,885	13,646
Net realized and unrealized gains	186,837	128,855
Return on investments	\$ 199,722	142,501

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

	2014	2013
Other investments payout	\$ 6,357	6,110
Sales and services of auxiliary enterprises	45	64
Net realized and unrealized gains	182,479	124,714
Endowment income	10,841	11,613
Return on investments	\$ 199,722	142,501

(7) Endowment Funds

The University endowment consists of approximately 977 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, 2014 and 2013, the amount of temporarily restricted endowment funds having no purpose restriction was \$424,789,000 and \$370,457,000, respectively. The University classifies as permanently restricted net assets the historical cost value of the original donor-restricted endowment.

UNIVERSITY OF DELAWARE

Notes to Consolidated Financial Statements

June 30, 2014

(with comparative information for the prior year)

(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 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 after inflation 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 University 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 University; and (7) the investment policies of the University.

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 4.29% and 4.50% at June 30, 2014 and 2013, 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.

UNIVERSITY OF DELAWARE

Notes to Consolidated Financial Statements

June 30, 2014

(with comparative information for the prior year)

(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. There were no deficiencies of this nature for the year ending June 30, 2014 and approximately \$9,000 as of June 30, 2013. Such deficiencies are recorded in unrestricted net assets. These 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, 2014 (in thousands):

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ —	606,508	297,201	903,709
Board-designated endowment funds	329,429	9,128	—	338,557
	<u>\$ 329,429</u>	<u>615,636</u>	<u>297,201</u>	<u>1,242,266</u>

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

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

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.

UNIVERSITY OF DELAWARE

Notes to Consolidated Financial Statements

June 30, 2014

(with comparative information for the prior year)

Changes in endowment net assets for the year ended June 30, 2014 (in thousands):

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 299,608	531,471	279,434	1,110,513
Investment return:				
Investment income	1,899	8,306	636	10,841
Net appreciation (depreciation) – realized and unrealized	<u>40,148</u>	<u>111,575</u>	<u>(4)</u>	<u>151,719</u>
Total investment return	341,655	651,352	280,066	1,273,073
Contributions	—	86	17,135	17,221
Endowment spending payout	(12,385)	(35,802)	—	(48,187)
Other changes	<u>159</u>	<u>—</u>	<u>—</u>	<u>159</u>
	<u>\$ 329,429</u>	<u>615,636</u>	<u>297,201</u>	<u>1,242,266</u>

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>

UNIVERSITY OF DELAWARE

Notes to Consolidated Financial Statements

June 30, 2014

(with comparative information for the prior year)

(8) Annuity and Life-Income Funds

The University held \$9,206,000 and \$8,377,000 in investments related to annuity and life-income funds as of June 30, 2014 and 2013, respectively. A related liability of \$4,625,000 and \$4,986,000 as of June 30, 2014 and 2013, 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 \$2,302,000 and \$2,282,000 as of June 30, 2014 and 2013, respectively.

(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	29.5 – 40
Equipment and furnishings	2 – 20

UNIVERSITY OF DELAWARE

Notes to Consolidated Financial Statements

June 30, 2014

(with comparative information for the prior year)

Property, plant, and equipment as of June 30, 2014 and 2013 consisted of the following (in thousands):

	2014	2013
Land and improvements	\$ 118,789	101,499
Buildings	1,609,649	1,415,789
Equipment and furnishings	458,914	443,247
Collections and works of art	8,756	8,756
Capital leasehold	15,235	15,235
Construction in progress	63,992	164,359
Total property, plant, and equipment	2,275,335	2,148,885
Less accumulated depreciation	(882,238)	(827,254)
Total property, plant, and equipment, net	\$ 1,393,097	1,321,631

The University has two major building and renovation projects as of June 30, 2014 budgeted to cost \$109,000,000. At year-end, \$33,903,000 has been disbursed with \$75,097,000 committed to complete these projects.

(10) Financing Obligations

The University has obligations under capital leases that amounted to \$5,379,000 and \$5,985,000 as of June 30, 2014 and 2013, respectively. The University's obligation at June 30, 2014 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
2015	\$ 642	254	896
2016	682	214	896
2017	717	177	894
2018	762	154	916
2019	807	105	912
Thereafter	1,769	32	1,801
	\$ 5,379	936	6,315

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

UNIVERSITY OF DELAWARE

Notes to Consolidated Financial Statements

June 30, 2014

(with comparative information for the prior year)

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 has been completed at a cost of \$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, at the time of occupancy, the University reflected the costs associated with the renovation of the unit as property, plant, and equipment in the consolidated statement of financial position, and also recorded a corresponding financing obligation.

The University commenced occupancy of the unit in January 2014. Base rental and additional rental payments for the year ended June 30, 2014, were \$999,000 and \$193,000, respectively. The estimated future minimum rental payments are as follows (in thousands):

2015	\$	1,998
2016		1,998
2017		1,998
2018		1,998
2019		1,998
Thereafter		47,960
		47,960
	\$	57,950

(11) Notes and Bonds Payable

Indebtedness at June 30, 2014 and 2013 consisted of the following (in thousands):

	2014	2013
Series 2004B Revenue Bonds (a)	\$ 32,185	33,375
Series 2005 Revenue Bonds (b)	32,925	34,615
Series 2009B Revenue Bonds (c)	43,495	49,305
Series 2010A Revenue Bonds(d)	119,580	119,580
Series 2010B Revenue Bonds (e)	11,080	11,080
Series 2013A Revenue Bonds (f)	119,210	119,210
Series 2013B Revenue Bonds (g)	29,755	29,755
Series 2013C Revenue Bonds (h)	57,475	57,475
Blue Hen Hotel LLC Bonds (i)	8,325	8,700
University Early Learning Center Line of Credit (j)	1,352	3,027
	455,382	466,122
Premiums on notes and bonds payable	22,439	22,927
Notes and bonds payable	\$ 477,821	489,049

UNIVERSITY OF DELAWARE

Notes to Consolidated Financial Statements

June 30, 2014

(with comparative information for the prior year)

(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, 2014) 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 University plans to renew the agreement prior to its expiration. 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 (0.06% at June 30, 2014) 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.

UNIVERSITY OF DELAWARE

Notes to Consolidated Financial Statements

June 30, 2014

(with comparative information for the prior year)

(c) 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.

(d) 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, 2014, the University received Subsidy Payments of \$2,278,300, 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.

(e) 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.

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.

(f) Series 2013A Revenue Bonds

In March 2013, 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.

UNIVERSITY OF DELAWARE

Notes to Consolidated Financial Statements

June 30, 2014

(with comparative information for the prior year)

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.

(g) Series 2013B Revenue Bonds

In March 2013, 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.

(h) Series 2013C Revenue Bonds

In March 2013, 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.

(i) 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 (0.15% at June 30, 2014) 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

UNIVERSITY OF DELAWARE

Notes to Consolidated Financial Statements

June 30, 2014

(with comparative information for the prior year)

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.

(j) *Early Learning Center Line of Credit*

In December 2013, 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 Wall Street Journal Prime Rate (calculated to be 2.115% at June 30, 2014) and there is an outstanding balance of \$1,352,000 at June 30, 2014.

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, 2014 and 2013.

The carrying amount of variable rate long-term debt approximates fair value because these financial instruments bear interest at rates that 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 \$445,705,000) approximates \$490,076,000. 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.

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 notional amounts of approximately \$133,243,000 (including \$8,325,000 related to the Blue Hen Hotel, LLC, note 2) of long-term debt obligations as of June 30, 2014. 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, 2014, the University has recognized an unrealized gain of \$119,000 (including a gain of \$125,000 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.

UNIVERSITY OF DELAWARE

Notes to Consolidated Financial Statements

June 30, 2014

(with comparative information for the prior year)

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

2015	\$	12,602
2016		10,987
2017		11,402
2018		11,647
2019		10,732
Thereafter		398,012
	\$	455,382

(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).

	Statement of financial position location	Location of gain (loss)		Fair value 2014	Fair value 2013	Amount of gain (loss) 2014	Amount of gain (loss) 2013
Interest rate swap agreements	Interest rate swap liabilities	Net realized and unrealized gains	\$	24,359	24,478	119	15,038

A portion of the total interest rate swap liabilities reported on the consolidated statement of financial position, \$22,501,000 at June 30, 2014, 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 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% 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 \$28,085,000 in 2014 and \$27,542,000 in 2013.

UNIVERSITY OF DELAWARE

Notes to Consolidated Financial Statements

June 30, 2014

(with comparative information for the prior year)

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/FinancialReports/actuarial_valuation_reports_2013.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. Pension plan expense for the State Plan was \$12,060,000 and \$11,419,000 in 2014 and 2013, respectively.

The State Plan financial statements and actuarial reports for June 30, 2013 (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 1,446 active participants in the State Plan. The State Plan, in total, has 62,955 participants, 35,571 of which are active participants.
- The University's contribution to the State Plan in fiscal year June 30, 2013 of \$11,419,000 was approximately 7.1% of the \$160,612,000 total annual required plan employer contributions to the plan.
- At June 30, 2013, the State Plan had a 91.1% funded ratio of the actuarial accrued liability.
- 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.

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 and 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, salaried and hourly staff employees also receive postretirement health care benefits through the State Plan, which are funded by the State on a pay-as-you-go basis. 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

UNIVERSITY OF DELAWARE

Notes to Consolidated Financial Statements

June 30, 2014

(with comparative information for the prior year)

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, 2014, the University has not funded these benefits.

Net periodic postretirement benefit cost for 2014 and 2013 includes the following components (in thousands):

	<u>2014</u>	<u>2013</u>
Service cost	\$ 7,674	9,588
Interest cost	11,882	13,050
Amortization of unrecognized loss	—	2,157
Net periodic postretirement benefit cost	<u>\$ 19,556</u>	<u>24,795</u>

The accumulated postretirement benefit obligation recognized in the consolidated statement of financial position at June 30, 2014 and 2013 is as follows (in thousands):

	<u>2014</u>	<u>2013</u>
Accrued postretirement liability	\$ 244,450	230,195
Unrecognized net loss	32,670	34,543
Accumulated postretirement benefit obligation	<u>\$ 277,120</u>	<u>264,738</u>

Changes in the accumulated postretirement plan benefit obligation and funding status for 2014 and 2013 are as follows (in thousands):

	<u>2014</u>	<u>2013</u>
Benefit obligation at beginning of year	\$ 264,738	283,690
Service cost	7,674	9,588
Interest cost	11,882	13,050
Amortization of unrecognized loss	—	2,157
Actuarial (gain) or loss	(1,873)	(38,387)
Disbursements	(5,301)	(5,360)
Benefit obligation at end of year	<u>277,120</u>	<u>264,738</u>
Fair value of plan assets at beginning of year	—	—
Employer contributions	5,301	5,360
Benefits paid	(5,301)	(5,360)
Fair value of plan assets at end of year	<u>—</u>	<u>—</u>
Funded status at end of year	<u>\$ 277,120</u>	<u>264,738</u>

The University expects to contribute \$7,038,000 to the plan for the year ending June 30, 2015.

UNIVERSITY OF DELAWARE

Notes to Consolidated Financial Statements

June 30, 2014

(with comparative information for the prior year)

The accumulated postretirement benefit obligation was determined using a discount rate of 4.70% and 5.40% in 2014 and 2013, respectively. The health care cost trend rates used reflect the differences between pre-65 and post-65 claims were 7.20% and 6.00%, respectively, in 2014, and 7.60% and 5.00%, respectively, in 2013. This rate gradually decreases to 5.00% by the year 2020 for both pre-65 and 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):

	Increase	Decrease
Effect on service cost and interest cost components of net periodic postretirement benefit cost	\$ 4,478	(3,442)
Effect on benefit obligation as of June 30, 2014	55,219	(43,450)

At June 30, 2014, the University's expected future benefit payments for future service are as follows (in thousands):

Year ended June 30:		
2015	\$	7,038
2016		7,746
2017		8,524
2018		9,335
2019		10,071
2020 through 2024		63,343

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.

UNIVERSITY OF DELAWARE

Notes to Consolidated Financial Statements

June 30, 2014

(with comparative information for the prior year)

The University had asset retirement obligations of \$20,541,000 and \$22,112,000 as of June 30, 2014 and 2013, respectively. The following table reconciles the obligation as of June 30, 2014 and 2013 (in thousands):

	<u>2014</u>	<u>2013</u>
Balance at beginning of year	\$ 22,112	20,889
Additional obligations incurred	22	1,154
Obligations settled in current period	(732)	(694)
Changes in estimates, including timing	(1,422)	221
Accretion expense	561	542
Balance at end of year	<u>\$ 20,541</u>	<u>22,112</u>

(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.

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, 2014, \$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 only construction of the first phase of these units is nearing completion, it is not currently possible to reasonably estimate the future minimum rental income from this lease.

As of June 30, 2014, the land and structures subject to the ground lease noted above are included in the consolidated statement of financial position at \$1,137,000, and \$1,417,000 (net of accumulated depreciation of \$24,000), respectively.

UNIVERSITY OF DELAWARE

Notes to Consolidated Financial Statements

June 30, 2014

(with comparative information for the prior year)

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:			
2015	\$	—	
2016		140	
2017		140	
2018		152	
2019		154	
Thereafter		10,497	
	\$	11,083	

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 had an initial term of 75 years which could have been extended for up to 4 consecutive additional terms of 5 years each. Rent was to be based upon formulas contained within the lease, considering factors such as gross building square footage of constructed improvements, and approximate market rent.

In July 2014, 1743 Holdings, LLC gave the third-party written notice that the University was terminating the lease based upon the third-party's noncompliance with specified sections of the lease agreement. One of the grounds for termination listed in the termination notice allowed for a 60 day period to remedy the instance of noncompliance. That time period has expired.

(16) Net Assets

Temporarily restricted net assets include the following at June 30, 2014 and 2013 (in thousands):

		2014	2013
Contributions receivable	\$	39,171	34,771
Annuity and life income funds		989	617
Accumulated gains on permanent endowment funds		615,636	531,471
Other time and purpose restrictions		23,277	20,447
	\$	679,073	587,306

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.

UNIVERSITY OF DELAWARE

Notes to Consolidated Financial Statements

June 30, 2014

(with comparative information for the prior year)

Permanently restricted net assets include the following at June 30, 2014 and 2013 (in thousands):

	2014	2013
Permanent loan funds	\$ 333	323
Annuity and life income funds	3,592	2,774
Funds held in trust by others	67,867	60,653
Permanent endowment funds	297,201	279,434
	\$ 368,993	343,184

(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.

The table below identifies this financial assistance by source and by student classification for the year ended June 30, 2014 (in thousands):

	Undergraduate	Graduate	Total
Unrestricted	\$ 53,385	59,553	112,938
Federal grants	691	1,093	1,784
State grants	10,912	54	10,966
Private gifts	3,157	537	3,694
Endowment	3,657	85	3,742
Total	\$ 71,802	61,322	133,124

An additional \$6,044,000 of University-provided financial assistance was utilized by students for books, supplies, and off-campus living expenses.

(18) Fundraising Costs

Fundraising costs were approximately \$12,888,000 and \$11,531,000 for the years ended June 30, 2014 and 2013, 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.

UNIVERSITY OF DELAWARE

Notes to Consolidated Financial Statements

June 30, 2014

(with comparative information for the prior year)

(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, 2014 through October 15, 2014, which was the date the consolidated financial statements were issued, and through March 27, 2015, the date the consolidated financial statements were reissued.

On February 4, 2015, a complaint filed in the Superior Court of the State of Delaware by The Data Center, LLC against the University and 1743 Holdings LLC, a Delaware limited liability company wholly owned by the University. The complaint alleges that the University breached a long-term ground lease for property on which the plaintiff intended to build a data processing center and electric generating plant. The plaintiff estimates its damages are at least \$200 million. The case is in its infancy and no discovery has been completed. While the University has meritorious defenses to the plaintiff's claims, the University is not yet able to determine the likelihood of any particular outcome or the range of loss.

UNIVERSITY OF DELAWARE
 Schedule of Expenditure of Federal Awards
 Year ended June 30, 2014

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			\$ 841,693	—	841,693
Plant and Animal Disease, Pest Control, and Animal Care	10.025	D			171,850	—	171,850
Forestry Incentives Program	10.064	D			28,068	—	28,068
Specialty Crop Block Grant Program – Farm Bill	10.170	D			5,241	—	5,241
Cooperative Forestry Research	10.202	D			97,760	—	97,760
Payments to Agricultural Experiment Stations Under the Hatch Act	10.203	D			1,293,382	—	1,293,382
Grants for Agricultural Research, Competitive Research Grants	10.206	D			8,766	—	8,766
Animal Health and Disease Research	10.207	D			16,633	—	16,633
Higher Education Challenge Grants	10.217	D			21,174	—	21,174
Agricultural and Rural Economic Research	10.250	D			49,983	—	49,983
Integrated Programs	10.303	D			161,905	—	161,905
International Science and Education Grants	10.305	D			54,499	—	54,499
Specialty Crop Research Initiative	10.309	D			326,987	—	326,987
Agriculture and Food Research Initiative (AFRI)	10.310	D			3,212,157	—	3,212,157
Biomass Research and Development Initiative Competitive Grants Program (BRDI)	10.312	D			147,447	—	147,447
Forestry Research	10.652	D			29,763	—	29,763
Cooperative Forestry Assistance	10.664	D			22,285	—	22,285
United States Department of Agriculture	10-58-1926-2-292	D			461	—	461
United States Department of Agriculture	10-14A01443	I	Delaware Department of Agriculture	12A00121	1,590	—	1,590
Specialty Crop Block Grant Program – Farm Bill	10.170	I	Delaware Department of Agriculture	SCBGP-FB-12-10	3,653	—	3,653
Specialty Crop Block Grant Program – Farm Bill	10.170	I	Delaware Department of Agriculture	SCBGP-FB-12-01	10,537	—	10,537
Specialty Crop Block Grant Program – Farm Bill	10.170	I	Delaware Department of Agriculture	SCBGP-FB-11-06	6,222	—	6,222
Specialty Crop Block Grant Program – Farm Bill	10.170	I	Delaware Department of Agriculture	SCBGP-FB-11-05	10,822	—	10,822
Specialty Crop Block Grant Program – Farm Bill	10.170	I	Delaware Department of Agriculture	SCBGP-FB-11-04	11,877	—	11,877
Specialty Crop Block Grant Program – Farm Bill	10.170	I	Delaware Department of Agriculture	SCBGP-FB-10-06	1,834	—	1,834
Specialty Crop Block Grant Program – Farm Bill	10.170	I	Delaware Department of Agriculture	SCBGP-FB-10-05	9,384	—	9,384
Specialty Crop Block Grant Program – Farm Bill	10.170	I	Delaware Department of Agriculture	SCBGP-FB-10-04	402	—	402
Specialty Crop Block Grant Program – Farm Bill	10.170	I	Delaware Department of Agriculture	12-25-B-1059	1,940	—	1,940
Subtotal 10.170					56,671	—	56,671
Grants for Agricultural Research, Special Research Grants	10.200	I	Cornell University	64042-9730	740	—	740
Grants for Agricultural Research, Special Research Grants	10.200	I	Cornell University	59257-9246	135	—	135
Grants for Agricultural Research, Special Research Grants	10.200	I	Rutgers, State University of New Jersey	4478	6,863	—	6,863
Grants for Agricultural Research, Special Research Grants	10.200	I	Cornell University	70395-10147	2,467	—	2,467
Subtotal 10.200					10,205	—	10,205
Grants for Agricultural Research, Competitive Research Grants	10.206	I	Maryland, University of	Z507211	(2)	—	(2)
Sustainable Agriculture Research and Education	10.215	I	Vermont, University of	LNE12-314	41,189	—	41,189
Sustainable Agriculture Research and Education	10.215	I	Vermont, University of	SNE 13-02	5,368	—	5,368
Sustainable Agriculture Research and Education	10.215	I	Vermont, University of	ONE12-157	687	—	687
Sustainable Agriculture Research and Education	10.215	I	Vermont, University of	SNE 12-02	260	—	260
Subtotal 10.215					47,504	—	47,504
1890 Institution Capacity Building Grants	10.216	I	Delaware State University	14-003HEH	2,998	—	2,998
Integrated Programs	10.303	I	The Ohio State University	60025287	40,470	—	40,470
Homeland Security, Agricultural	10.304	I	Cornell University	67826-9927	15,568	—	15,568
Organic Agriculture Research and Extension Initiative	10.307	I	Pennsylvania State University	4074-UD-USDA-5656	37,763	—	37,763
Specialty Crop Research Initiative	10.309	I	Delaware Department of Agriculture	SCBGP-FB-11-01	2,904	—	2,904
Specialty Crop Research Initiative	10.309	I	Delaware Department of Agriculture	SCBGP-FB-11-02	21,762	—	21,762
Specialty Crop Research Initiative	10.309	I	Delaware Department of Agriculture	SCBGP-FB-11-03	12,175	—	12,175
Specialty Crop Research Initiative	10.309	I	Delaware Department of Agriculture	SCBGP-FB-11-07	15,806	—	15,806
Specialty Crop Research Initiative	10.309	I	Delaware Department of Agriculture	SCBGP-FB-12-07	5,412	—	5,412
Specialty Crop Research Initiative	10.309	I	Maryland, University of	Z546701	39,552	—	39,552
Subtotal 10.309					97,611	—	97,611
Agriculture and Food Research Initiative (AFRI)	10.310	I	North Carolina State University	2011-0494-15	86,216	—	86,216
Agriculture and Food Research Initiative (AFRI)	10.310	I	Connecticut, University of	7109	56,947	—	56,947
Agriculture and Food Research Initiative (AFRI)	10.310	I	Arizona, University of	171468	68,912	—	68,912
Agriculture and Food Research Initiative (AFRI)	10.310	I	Nebraska, University of	25-6239-0235-307	109,791	—	109,791
Subtotal 10.310					321,866	—	321,866
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	I	Delaware Dept of Health & Social Services	14-094	46,113	—	46,113
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	I	Delaware Dept of Health & Social Services	14-255	7,114	—	7,114
Subtotal 10.557					53,227	—	53,227

UNIVERSITY OF DELAWARE
Schedule of Expenditure of Federal Awards
Year ended June 30, 2014

Program title	CFDA number	Direct (D) or pass-through (I)	Pass-through entity name	Pass-through number	Program expenditures		Total
					Non-ARRA	ARRA	
Soil and Water Conservation	10.902	I	Maryland, University of	Q210001	\$ 8,542	—	8,542
Environmental Quality Incentives Program	10.912	I	Pennsylvania State University	4784-UD-UDSA-2226	66,070	—	66,070
Environmental Quality Incentives Program	10.912	I	National Fish & Wildlife Foundation	0601.14.044706	3,210	—	3,210
Subtotal 10.912					69,280	—	69,280
Total for United States Department of Agriculture Programs					7,253,347	—	7,253,347
Department of Commerce Programs:							
Sea Grant Support	11.417	D			1,609,004	—	1,609,004
Meteorologic and Hydrologic Modernization Development	11.467	D			207,733	—	207,733
Center for Sponsored Coastal Ocean Research_Coastal Ocean Program	11.478	D			166,319	—	166,319
Measurement and Engineering Research and Standards	11.609	D			2,214,719	—	2,214,719
ARRA-Measurement and Engineering Research and Standards	11.609	D			—	75,639	75,639
Subtotal 11.609					2,214,719	75,639	2,290,358
Department of Commerce	11-DG-133E-12-SE-0672	D			(490)	—	(490)
Department of Commerce	11-N00014-10-1-0345	D			(81)	—	(81)
Integrated Ocean Observing System (IOOS)	11.012	I	Rutgers, State University of New Jersey	S1570029	71,943	—	71,943
Sea Grant Support	11.417	I	Academy of Natural Sciences, Phila.	694-7900-7553	10,388	—	10,388
Coastal Zone Management Administrative Awards	11.419	I	Delaware Department of Natural Resources	14A00926	3,012	—	3,012
National Oceanic and Atmospheric Administration (NOAA) Cooperative Institutes	11.432	I	Washington, University of	745617	19,990	—	19,990
Cooperative Science and Education Program	11.455	I	Central Intelligence Agency	2013-13071000004	216,693	—	216,693
Habitat Conservation	11.463	I	American Rivers	481	38,097	—	38,097
Meteorologic and Hydrologic Modernization Development	11.467	I	Maryland Emergency Management Agency	13A00423	98,329	—	98,329
Unaffiliated Science Program	11.472	I	Delaware Department of Natural Resources	STATE-0000065323	42,599	—	42,599
Coastal Services Center	11.473	I	Monmouth University	MU-301352-13254	8,307	—	8,307
Center for Sponsored Coastal Ocean Research_Coastal Ocean Program	11.478	I	Hydroqual, Inc.	11A00490	39,987	—	39,987
Center for Sponsored Coastal Ocean Research_Coastal Ocean Program	11.478	I	South Carolina, University of	11-1828-21600-FB86	108,544	—	108,544
Subtotal 11.478					148,531	—	148,531
Department of Commerce	11-26-0521-0129-003	I	Nebraska, University of	26-0521-0129-003	92,189	—	92,189
Department of Commerce	11-SA12-UOD01	I	Global Science & Technology Inc	SA12-UOD01	229,355	—	229,355
Total for Department of Commerce Programs					5,176,637	75,639	5,252,276
Department of Defense Programs:							
Basic and Applied Scientific Research	12.300	D			3,227,751	—	3,227,751
Military Medical Research and Development	12.420	D			2,750,865	—	2,750,865
Basic Scientific Research	12.431	D			3,311,434	—	3,311,434
Basic, Applied, and Advanced Research in Science and Engineering	12.630	D			815,645	—	815,645
Air Force Defense Research Sciences Program	12.800	D			2,277,530	—	2,277,530
Mathematical Sciences Grant Program	12.901	D			162,138	—	162,138
Research and Technology Development	12.910	D			668,989	—	668,989
Department of Defense	12-N00167-11-C-0006	D			37,752	—	37,752
Department of Defense	12-W56HZV-07-C-0142	D			2,818,433	—	2,818,433
Department of Defense	12-W56HZV-13-C-0380	D			77,676	—	77,676
Department of Defense	12-W911S0-13-P-0085	D			10,802	—	10,802
Department of Defense	12-W911S0-13-P-0107	D			12,573	—	12,573
Department of Defense	12-W911XK-13-P-0065	D			50,994	—	50,994
Department of Defense	12-W912HQ-09-C-0031	D			126,420	—	126,420
Department of Defense	12-W912HQ-10-C-0057	D			225,407	—	225,407
Department of Defense	12-W91CRB-12-P-0056	D			58,542	—	58,542
Collaborative Research and Development	12.114	I	Research Foundation of SUNY, The	38156	(12,591)	—	(12,591)
Basic and Applied Scientific Research	12.300	I	CORVID Technologies	SUB NO 13-017	69,078	—	69,078
Basic and Applied Scientific Research	12.300	I	Phase Sensitive Innovations, Inc.	08000079	32,801	—	32,801
Basic and Applied Scientific Research	12.300	I	California-San Diego University of	10285749	(1)	—	(1)
Basic and Applied Scientific Research	12.300	I	Johns Hopkins University	105972	34,833	—	34,833
Basic and Applied Scientific Research	12.300	I	Johns Hopkins University	118919	49,992	—	49,992
Basic and Applied Scientific Research	12.300	I	California-San Diego University of	13A00890	19,982	—	19,982
Basic and Applied Scientific Research	12.300	I	Woods Hole Oceanographic Institute	A100750	198,904	—	198,904
Basic and Applied Scientific Research	12.300	I	Woods Hole Oceanographic Institute	A100848	52,191	—	52,191
Subtotal 12.300					457,780	—	457,780
Navy Command, Control, Communications, Computers, Intelligence, Surveillance, and Reconnaissance	12.335	I	Massachusetts Institute of Technology	5710003357	52,953	—	52,953
Military Construction, National Guard	12.400	I	Iowa, University of	1000617707	(1,290)	—	(1,290)

UNIVERSITY OF DELAWARE
Schedule of Expenditure of Federal Awards
Year ended June 30, 2014

Program title	CFDA number	Direct (D) or pass-through (I)	Pass-through entity name	Pass-through number	Program expenditures		Total
					Non-ARRA	ARRA	
Basic Scientific Research	12.431	I	Michigan, University of	3002780062	\$ 127,222	—	127,222
Basic Scientific Research	12.431	I	Pacific Northwest National Laboratory	214990	95,920	—	95,920
Basic Scientific Research	12.431	I	Colorado School of Mines	400231	109,797	—	109,797
Basic Scientific Research	12.431	I	Battelle	0000384315	84,602	—	84,602
Basic Scientific Research	12.431	I	New Mexico, University of	271413-87J5	140,904	—	140,904
Subtotal 12.431					558,445	—	558,445
Basic, Applied, and Advanced Research in Science and Engineering	12.630	I	Delaware State University	11-006JNA	83,110	—	83,110
Air Force Defense Research Sciences Program	12.800	I	UES, INC.	S-875-110-013	88,343	—	88,343
ARRA-Air Force Defense Research Sciences Program	12.800	I	Princeton University	00001677	—	(1,077)	(1,077)
Air Force Defense Research Sciences Program	12.800	I	EM Photonics, Inc.	11A00064	28,890	—	28,890
Air Force Defense Research Sciences Program	12.800	I	Rice University	R17536	212,100	—	212,100
Air Force Defense Research Sciences Program	12.800	I	New Mexico State University	Q01573	37,165	—	37,165
Air Force Defense Research Sciences Program	12.800	I	Washington, University of	748056	956,214	—	956,214
Air Force Defense Research Sciences Program	12.800	I	Phase Sensitive Innovations, Inc.	14A01048	24,951	—	24,951
Air Force Defense Research Sciences Program	12.800	I	Portage Bay Photonics, Inc.	13A00345	57,103	—	57,103
Air Force Defense Research Sciences Program	12.800	I	EM Photonics, Inc.	13A00112	52,434	—	52,434
Air Force Defense Research Sciences Program	12.800	I	EM Photonics, Inc.	12A01402	86,299	—	86,299
Subtotal 12.800					1,543,499	(1,077)	1,542,422
Research and Technology Development	12.910	I	Drexel University	204111UD	139,089	—	139,089
Research and Technology Development	12.910	I	Michigan, University of	3002205416b	15,568	—	15,568
Subtotal 12.910					154,657	—	154,657
Department of Defense	12-0000330785	I	Battelle	0000330785	11,274	—	11,274
Department of Defense	12-03-81	I	Systems and Materials Research Corp	03-81	(46)	—	(46)
Department of Defense	12-08001137	I	Scalable Networking Technologies	08001137	(15)	—	(15)
Department of Defense	12-11A00635	I	Salbec, LLC	11A00635	(16,304)	—	(16,304)
Department of Defense	12-11A01572	I	DIAPedia, LLC	11A01572	(1)	—	(1)
Department of Defense	12-12A00438	I	Spectrum Magnetics LLC	12A00438	20,962	—	20,962
Department of Defense	12-13A00012	I	EM Photonics, Inc.	13A00012	87,945	—	87,945
Department of Defense	12-13A00085	I	DIAPedia, LLC	13A00085	89,624	—	89,624
Department of Defense	12-13A00360	I	Scalable Networking Technologies	13A00360	29,332	—	29,332
Department of Defense	12-13A01360	I	Touchstone Research Laboratory, Ltd	13A01360	6,166	—	6,166
Department of Defense	12-14A00058	I	Iowa, University of	14A00058	573,938	—	573,938
Department of Defense	12-14A00111	I	Lumilant, Inc.	14A00111	66,557	—	66,557
Department of Defense	12-206-115-P-A	I	Air Products and Chemicals, Inc.	206-115-P-A	347,019	—	347,019
Department of Defense	12-3002205416c	I	Michigan, University of	3002205416c	9,989	—	9,989
Department of Defense	12-400487	I	Colorado School of Mines	400487	241,215	—	241,215
Department of Defense	12-D000001-1	I	5TEX, Inc.	D000001-1	(1,515)	—	(1,515)
Department of Defense	12-GTS-S-12-287	I	General Technical Services, LLC	GTS-S-12-287	31,998	—	31,998
Department of Defense	12-GTS-S-13-263	I	General Technical Services, LLC	GTS-S-13-263	42,838	—	42,838
Department of Defense	12-HR0011-10-3-0007	I	Intel Corporation	HR0011-10-3-0007	(3,505)	—	(3,505)
Department of Defense	12-PO #80227 434009	I	Fibertek, Inc.	PO #80227 434009	7,952	—	7,952
Department of Defense	12-PO No. S-875-110-006	I	UES, INC.	PO No. S-875-110-006	2,566	—	2,566
Department of Defense	12-PO# 9500009858	I	BBN Technologies	PO# 9500009858	67,385	—	67,385
Department of Defense	12-PO# C13-127861	I	CACI Technologies, Inc.	PO# C13-127861	130,868	—	130,868
Department of Defense	12-RM101A-C	I	Oregon State University	RM101A-C	70,459	—	70,459
Department of Defense	12-SUB1131601-001	I	Alion Science & Technology	SUB1131601-001	70,340	—	70,340
Total Department of Defense Programs					21,356,555	(1,077)	21,355,478
Central Intelligence Agency Programs:							
Central Intelligence Agency	13-2010*0671824*000	D			20,692	—	20,692
Total Central Intelligence Agency Programs					20,692	—	20,692
Department of Interior Programs:							
Minerals Management Service (MMS) Environmental Studies Program (ESP)	15.423	D			76,445	—	76,445
Visitor Facility Enhancements – Vehicle Pullouts, Interpretive Trails, and Kiosks	15.654	D			62,094	—	62,094
Migratory Bird Monitoring, Assessment and Conservation	15.655	D			237,722	—	237,722
Assistance to State Water Resources Research Institutes	15.805	D			58,603	—	58,603
U.S. Geological Survey Research and Data Collection	15.808	D			2,248	—	2,248
National Cooperative Geologic Mapping Program	15.810	D			37,645	—	37,645
National Center for Preservation Technology and Training	15.923	D			1,011	—	1,011
Cooperative Research and Training Programs – Resources of the National Park System	15.945	D			99,189	—	99,189
Department of Interior	15-J8819-10-0113	D			4,311	—	4,311

UNIVERSITY OF DELAWARE
Schedule of Expenditure of Federal Awards
Year ended June 30, 2014

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 Interior	15-P14AC00494	D			\$ 7,674	—	7,674
State Wildlife Grants	15.634	I	Delaware Department of Natural Resources	65335	17,255	—	17,255
State Wildlife Grants	15.634	I	Delaware Department of Natural Resources	132161	3,984	—	3,984
Subtotal 15.634					21,239	—	21,239
Migratory Bird Joint Ventures	15.637	I	University of Scranton	121561	10,660	—	10,660
Migratory Bird Monitoring, Assessment and Conservation	15.655	I	Delaware Department of Natural Resources	12A00915	48,892	—	48,892
National Center for Preservation Technology and Training	15.923	I	Rochester Institute of Technology	31185-01	375	—	375
Total Department of Interior Programs					668,108	—	668,108
Department of Justice Programs:							
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	D			52,445	—	52,445
Edward Byrne Memorial Justice Assistance Grant Program	16.738	I	Criminal Justice Council	DB10-58	8,563	—	8,563
Second Chance Act Prisoner Reentry Initiative	16.812	I	Criminal Justice Council	CZ12-553	40,866	—	40,866
Department of Justice	16-RN10-525	I	Criminal Justice Council	RN10-525	6,589	—	6,589
Total Department of Justice Programs					108,463	—	108,463
Department of State Programs:							
Environmental and Scientific Partnerships and Programs	19.017	I	National Academy of Science	PGA-P210859	53,874	—	53,874
Total Department of State Programs					53,874	—	53,874
Department of Transportation Programs:							
Highway Research and Development Program	20.200	D			62,001	—	62,001
Federal Transit Capital Investment Grants	20.500	D			309,445	—	309,445
Federal Transit Technical Assistance	20.512	D			340,574	—	340,574
Clean Fuels	20.519	D			216,155	—	216,155
University Transportation Centers Program	20.701	D			152,695	—	152,695
Department of Transportation	20-DTPRS-13-C-00066	D			169,654	—	169,654
Department of Transportation	20-DTMA1H10007	D			143,884	—	143,884
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	13A01196	10,364	—	10,364
Highway Research and Development Program	20.200	I	Rutgers, State University of New Jersey	SUBCNT AGR# 00004504	55,552	—	55,552
Highway Research and Development Program	20.200	I	New Jersey Institute of Technology	NP 996060	21,958	—	21,958
Highway Research and Development Program	20.200	I	Lehigh University	542621-78002	64,335	—	64,335
Highway Research and Development Program	20.200	I	Drexel University	239929	473	—	473
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	14A00126	125,604	—	125,604
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	13A01598	63,788	—	63,788
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	13A01361	3,184	—	3,184
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	13A01248	53,976	—	53,976
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	13A01207	56,619	—	56,619
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	13A01205	59,282	—	59,282
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	13A01202	54,832	—	54,832
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	13A01197	11,574	—	11,574
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	12A01604	15,398	—	15,398
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	12A00269	27,033	—	27,033
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	12A01576	35,258	—	35,258
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	11A01466	61,383	—	61,383
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	09001448	155,212	—	155,212
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	13A01195	165	—	165
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	12A01580	35,793	—	35,793
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	12A01581	41,264	—	41,264
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	12A01444	14,842	—	14,842
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	12A01602	9,435	—	9,435
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	12A01579	35,453	—	35,453
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	12A01608	20,740	—	20,740
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	12A01640	51,241	—	51,241
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	12A01642	10,395	—	10,395
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	12A01645	90,683	—	90,683
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	13A00040	3,412	—	3,412
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	13A00976	24,148	—	24,148
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	13A01152	28,147	—	28,147
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	13A01154	4,284	—	4,284
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	12A01583	26,380	—	26,380
Subtotal 20.200					1,272,207	—	1,272,207

UNIVERSITY OF DELAWARE
 Schedule of Expenditure of Federal Awards
 Year ended June 30, 2014

Program title	CFDA number	Direct (D) or pass-through (I)	Pass-through entity name	Pass-through number	Program expenditures		
					Non-ARRA	ARRA	Total
Railroad Research and Development	20.313	I	National Academy of Science	SAFETY-23	\$ 61,935	—	61,935
Federal Transit_Metropolitan Planning Grants	20.505	I	Wilmington Area Planning Council	MPO13.04.02	4,998	—	4,998
Federal Transit_Metropolitan Planning Grants	20.505	I	Wilmington Area Planning Council	MPO11.04.02	(15)	—	(15)
Subtotal 20.505					4,983	—	4,983
State Planning and Research	20.515	I	Delaware Department of Transportation	13A00529	18,461	—	18,461
State Planning and Research	20.515	I	Delaware Department of Transportation	11A00039	5,684	—	5,684
Subtotal 20.515					24,145	—	24,145
State and Community Highway Safety	20.600	I	Delaware Office of Highway Safety	13A01511	17,496	—	17,496
Federal Highway Safety Data Improvements Incentive Grants	20.603	I	Delaware Department of Transportation	13A00798	20,524	—	20,524
University Transportation Centers Program	20.701	I	Rutgers, State University of New Jersey	4649	409,329	—	409,329
Total Department of Transportation Programs					3,205,027	—	3,205,027
National Aeronautics and Space Administration Programs:							
Aerospace Education Services Program	43.001	D			867,185	—	867,185
Education	43.008	D			524,393	—	524,393
National Aeronautics and Space Administration	43-NNX07AT51A	D			24,813	—	24,813
National Aeronautics and Space Administration	43-NNX08AT76G	D			4,779	—	4,779
National Aeronautics and Space Administration	43-NNX08BA62G	D			5,154	—	5,154
National Aeronautics and Space Administration	43-NNX09AF33G	D			28,938	—	28,938
National Aeronautics and Space Administration	43-NNX09AH79G	D			51,868	—	51,868
National Aeronautics and Space Administration	43-NNX09AK24G	D			81,081	—	81,081
National Aeronautics and Space Administration	43-NNX09AR85H	D			(84)	—	(84)
National Aeronautics and Space Administration	43-NNX10AE44G	D			79,017	—	79,017
National Aeronautics and Space Administration	43-NNX10AN63H	D			495,142	—	495,142
National Aeronautics and Space Administration	43-NNX11AC40G	D			128,269	—	128,269
National Aeronautics and Space Administration	43-NNX13AM08G	D			119,665	—	119,665
Aerospace Education Services Program	43.001	I	Smithsonian Astrophysical Observatory	GO3-14020B	3,606	—	3,606
Aerospace Education Services Program	43.001	I	California-Berkeley, University of	00006185	55,105	—	55,105
Aerospace Education Services Program	43.001	I	Smithsonian Astrophysical Observatory	GO3-14017A	4,299	—	4,299
Aerospace Education Services Program	43.001	I	Massachusetts, University of	13305	59,716	—	59,716
Aerospace Education Services Program	43.001	I	Wisconsin-Madison, University of	383K316	50,014	—	50,014
Aerospace Education Services Program	43.001	I	Smithsonian Astrophysical Observatory	GO2-13007B	470	—	470
Aerospace Education Services Program	43.001	I	Smithsonian Astrophysical Observatory	GO3-14015B	16,992	—	16,992
Subtotal 43.001					190,202	—	190,202
National Aeronautics and Space Administration	43-1287615	I	Jet Propulsion Laboratory	1287615	30,042	—	30,042
National Aeronautics and Space Administration	43-12A00668	I	Von Braun Center for Science & Innovatio	12A00668	124	—	124
National Aeronautics and Space Administration	43-71567A-712683	I	Virginia Institute of Marine Science	71567A-712683	23,205	—	23,205
National Aeronautics and Space Administration	43-D99031L	I	SOUTHWEST RESEARCH INSTITUTE	D99031L	168,855	—	168,855
National Aeronautics and Space Administration	43-HST-GO-12929.01-A	I	Space Telescope Science Institute	HST-GO-12929.01-A	19,397	—	19,397
National Aeronautics and Space Administration	43-PO# 304824	I	ILC Dover, Inc.	PO# 304824	418,124	—	418,124
National Aeronautics and Space Administration	43-USM-GR04146-005	I	Southern Mississippi, University of	USM-GR04146-005	49,142	—	49,142
Total National Aeronautics and Space Administration Programs					3,309,311	—	3,309,311
National Endowment for the Humanities Programs:							
Promotion of the Humanities_Division of Preservation and Access	45.149	D			42,823	—	42,823
Total National Endowment for the Humanities Programs					42,823	—	42,823
National Science Foundation Programs:							
Engineering Grants	47.041	D			3,755,411	—	3,755,411
Mathematical and Physical Sciences	47.049	D			4,222,232	—	4,222,232
Geosciences	47.050	D			4,188,941	—	4,188,941
Computer and Information Science and Engineering	47.070	D			2,423,725	—	2,423,725
Biological Sciences	47.074	D			3,618,070	—	3,618,070
Social, Behavioral, and Economic Sciences	47.075	D			706,699	—	706,699
Education and Human Resources	47.076	D			1,491,935	—	1,491,935
Polar Programs	47.078	D			480,994	—	480,994
International Science and Engineering (OISE)	47.079	D			3,119,240	—	3,119,240
Office of Cyberinfrastructure	47.080	D			1,798,517	—	1,798,517
ARRA-Trans-NSF Recovery Act Research Support	47.082	D			—	813,614	813,614
National Science Foundation	47-1059892	D			(3)	—	(3)
National Science Foundation	47-1130678	D			86,616	—	86,616
National Science Foundation	47-1205809	D			497,108	—	497,108
National Science Foundation	47-1219382	D			10,284	—	10,284

UNIVERSITY OF DELAWARE
Schedule of Expenditure of Federal Awards
Year ended June 30, 2014

Program title	CFDA number	Direct (D) or pass-through (I)	Pass-through entity name	Pass-through number	Program expenditures		Total
					Non-ARRA	ARRA	
National Science Foundation	47-1235133	D			\$ 139,021	—	139,021
National Science Foundation	47-1256304	D			10,000	—	10,000
National Science Foundation	47-1355306	D			63,084	—	63,084
National Science Foundation	47-1357649	D			24,566	—	24,566
National Science Foundation	47-1417347	D			63,479	—	63,479
National Science Foundation	47-13A01426	I	Delaware Technical Community Col Stanton	13A01426	8,097	—	8,097
National Science Foundation	47-SA 14-04	I	Consortium for Ocean Leadership	SA 14-04	4,999	—	4,999
Engineering Grants	47.041	I	Arizona State University	12-726C	362,129	—	362,129
Engineering Grants	47.041	I	AlphaSense, Inc.	NSF-13-01	39,978	—	39,978
Engineering Grants	47.041	I	General Technical Services, LLC	GTS-S-13-264	55,457	—	55,457
Engineering Grants	47.041	I	Minnesota, University of	A0000994102	19,976	—	19,976
Engineering Grants	47.041	I	Johns Hopkins University	2001929028	111,900	—	111,900
Engineering Grants	47.041	I	STF Technologies, LLC	13A01514	4,122	—	4,122
Engineering Grants	47.041	I	Arizona State University	12-726B	100,038	—	100,038
Engineering Grants	47.041	I	New Hampshire, University of	12-050	149,864	—	149,864
Engineering Grants	47.041	I	Massachusetts, University of	04-002341 F 00	48,008	—	48,008
Engineering Grants	47.041	I	Elcriton, Inc.	13A01526	39,753	—	39,753
Subtotal 47.041					931,225	—	931,225
Mathematical and Physical Sciences	47.049	I	Minnesota, University of	A000889201	119,813	—	119,813
Mathematical and Physical Sciences	47.049	I	Rochester, University of	414386-G	(593)	—	(593)
Mathematical and Physical Sciences	47.049	I	Arizona, University of	129153	7,441	—	7,441
Subtotal 47.049					126,661	—	126,661
Geosciences	47.050	I	Southern California, University of	157588	7,227	—	7,227
Geosciences	47.050	I	Consortium for Ocean Leadership	T336A92	216	—	216
Geosciences	47.050	I	Georgia, University of	RR100-621/4944446	49,692	—	49,692
Geosciences	47.050	I	Southern California, University of	41103829	22,354	—	22,354
Geosciences	47.050	I	Southern California, University of	161531	31,992	—	31,992
Geosciences	47.050	I	Rhode Island, University of	0002108/082113	94,924	—	94,924
Geosciences	47.050	I	Clemson University	1661-206-2009300	172,957	—	172,957
Subtotal 47.050					379,362	—	379,362
Computer and Information Science and Engineering	47.070	I	Harvey Mudd College	1112-2064-02	18,056	—	18,056
Biological Sciences	47.074	I	Samuel Robert Noble Foundation	2012-934-002	194,214	—	194,214
Biological Sciences	47.074	I	East Carolina University	A13-0001-5001 V2	(3,125)	—	(3,125)
Biological Sciences	47.074	I	Georgetown University	RX4220-414-UD	22,963	—	22,963
Biological Sciences	47.074	I	Maine, University of	UM-5919	92,366	—	92,366
Biological Sciences	47.074	I	Mississippi State University	191400-322935-01	4,379	—	4,379
Biological Sciences	47.074	I	Clemson University	1654-206-2009240	31,655	—	31,655
Subtotal 47.074					342,452	—	342,452
Education and Human Resources	47.076	I	Maryland, University of	1043262B	8,039	—	8,039
Education and Human Resources	47.076	I	Alabama at Birmingham, University of	000352910-002	3,090	—	3,090
Education and Human Resources	47.076	I	Maryland, University of	Z457902	101,089	—	101,089
Education and Human Resources	47.076	I	Michigan State University	RC103257DEL	7,430	—	7,430
Education and Human Resources	47.076	I	Maryland, University of	PO #5870	23,258	—	23,258
Education and Human Resources	47.076	I	Michigan State University	61-2567UD	58,651	—	58,651
Education and Human Resources	47.076	I	Purdue University	4101-31775	53,088	—	53,088
Education and Human Resources	47.076	I	Temple University	330162-18110	47,480	—	47,480
Education and Human Resources	47.076	I	Drexel University	235733	107,576	—	107,576
Education and Human Resources	47.076	I	Drexel University	235568-3115-UD	31,903	—	31,903
Education and Human Resources	47.076	I	Stevens Institute of Technology	12A01641	1,418	—	1,418
Education and Human Resources	47.076	I	Franklin Institute Science Museum	12A00848	14,013	—	14,013
Education and Human Resources	47.076	I	Maryland, University of	1239758-C	399,317	—	399,317
Subtotal 47.076					856,352	—	856,352
Polar Programs	47.078	I	Wisconsin-Madison, University of	272K042	203,025	—	203,025
International Science and Engineering (OISE)	47.079	I	CRDF Global	272K042	485	—	485
ARRA-Trans-NSF Recovery Act Research Support	47.082	I	Tennessee, University of	A10-0145-5001	—	9,600	9,600
ARRA-Trans-NSF Recovery Act Research Support	47.082	I	George Washington University	10-S01	—	61,140	61,140
ARRA-Trans-NSF Recovery Act Research Support	47.082	I	Wisconsin-Madison, University of	224K836	—	2,264	2,264

UNIVERSITY OF DELAWARE
Schedule of Expenditure of Federal Awards
Year ended June 30, 2014

Program title	CFDA number	Direct (D) or pass-through (I)	Pass-through entity name	Pass-through number	Program expenditures		Total
					Non-ARRA	ARRA	
ARRA-Trans-NSF Recovery Act Research Support	47.082	I	Northwestern University	611-4732000-60024013	\$ —	(119)	(119)
ARRA-Trans-NSF Recovery Act Research Support	47.082	I	California-Riverside, University of	S-000505	—	6,759	6,759
Trans-NSF Recovery Act Research Support	47.082	I	California Polytechnic State University	14-01-51757	23,306	—	23,306
Subtotal 47.082					23,306	79,644	102,950
Total National Science Foundation Programs					29,593,939	893,258	30,487,197
Environmental Protection Agency Programs:							
Science To Achieve Results (STAR) Research Program	66.509	D			106,843	—	106,843
P3 Award: National Student Design Competition for Sustainability	66.516	D			54,888	—	54,888
Pesticide Environmental Stewardship Regional Grants	66.714	D			25,499	—	25,499
Nonpoint Source Implementation Grants	66-09-16	I	Delaware Department of Natural Resources	09-16	424	—	424
Chesapeake Bay Program	66-13A00506	I	Delaware Department of Natural Resources	13A00506	30,312	—	30,312
Environmental Protection Agency	66-206240	I	Delaware Department of Natural Resources	206240	88,095	—	88,095
Environmental Protection Agency	66-207198	I	Delaware Department of Natural Resources	207198	59,595	—	59,595
Environmental Protection Agency	66-STATE-0000205353	I	Delaware Department of Natural Resources	STATE-0000205353	14,998	—	14,998
Total Environmental Protection Agency Programs					380,654	—	380,654
Department of Energy Programs:							
ARRA-Office of Science Financial Assistance Program	81.049	D			—	4,161,803	4,161,803
Office of Science Financial Assistance Program	81.049	D			3,720,474	—	3,720,474
Subtotal 81.049					3,720,474	4,161,803	7,882,277
Renewable Energy Research and Development	81.087	D			3,499,017	—	3,499,017
Defense Nuclear Nonproliferation Research	81.113	D			57,447	—	57,447
Advanced Research and Projects Agency – Energy Financial Assistance Program	81.135	D			1,157,039	—	1,157,039
ARRA-Advanced Research and Projects Agency – Energy Financial Assistance Program	81.135	D			—	15,387	15,387
Subtotal 81.135					1,157,039	15,387	1,172,426
Department of Energy	81-205379	D			268	—	268
Department of Energy	81-4000127356	D			49,072	—	49,072
Department of Energy	81-B602076	D			6,281	—	6,281
Office of Science Financial Assistance Program	81.049	I	Intel Corporation	CW1924111	237,820	—	237,820
ARRA-Renewable Energy Research and Development	81.087	I	California-Riverside, University of	S-000534	—	(1)	(1)
Renewable Energy Research and Development	81.087	I	Electron Energy Corporation	11A00124	78,645	—	78,645
Renewable Energy Research and Development	81.087	I	Imperium Aviation Fuels, LLC	11A01373	143,850	—	143,850
Renewable Energy Research and Development	81.087	I	IBM Corporation	4913900073	128,811	—	128,811
Renewable Energy Research and Development	81.087	I	Research Foundation of SUNY, The	59372	101,289	—	101,289
Renewable Energy Research and Development	81.087	I	Stanford University	60220235-60257748-51077-Q	201,437	—	201,437
Renewable Energy Research and Development	81.087	I	W. L. Gore & Associates, Inc.	DE-FC36-08G018052	12,784	—	12,784
Renewable Energy Research and Development	81.087	I	Delaware State University	10-010MH	67,653	—	67,653
Subtotal 81.087					734,469	(1)	734,468
Fossil Energy Research and Development	81.089	I	Virginia Polytechnic Institute	10001389	62,004	—	62,004
Advanced Research and Projects Agency – Energy Financial Assistance Program	81.135	I	Maryland, University of	Z713205	29,661	—	29,661
ARRA-Advanced Research and Projects Agency – Energy Financial Assistance Program	81.135	I	Massachusetts Institute of Technology	5710002809	—	6,175	6,175
Advanced Research and Projects Agency – Energy Financial Assistance Program	81.135	I	GE Global Research	PO 400197686	31,022	—	31,022
Subtotal 81.135					60,683	6,175	66,858
Department of Energy	81-1186723	I	Sandia National Labs	1186723	94,898	—	94,898
Department of Energy	81-12A01663	I	Electron Energy Corporation	12A01663	14,118	—	14,118
Department of Energy	81-162509-1	I	Los Alamos National Laboratory	162509-1	78,478	—	78,478
Department of Energy	81-4F-31202	I	UChicago Argonne, LLC	4F-31202	2,896	—	2,896
Department of Energy	81-7096589	I	Lawrence Berkeley National Laboratory	7096589	9,052	—	9,052
Total Department of Energy Programs					9,784,016	4,183,364	13,967,380
Department of Education Programs:							
Education Research, Development and Dissemination	84.305	D			1,099,982	—	1,099,982
Research in Special Education	84.324	D			1,796,013	—	1,796,013
Special Education Technology and Media Services for Individuals with Disabilities	84.327	D			274,951	—	274,951
Early Reading First	84.359	D			179,000	—	179,000
Baccalaureate Degrees in Science, Technology, Engineering, Mathematics, and Critical Foreign Languages and Master's Degrees in Science, Technology, Engineering, Mathematics, and Critical Foreign Languages	84.381	D			35,024	—	35,024
National Institute on Disability and Rehabilitation Research	84.133	I	Thomas Jefferson University	080-26000-R84002	27,130	—	27,130
Star Schools	84.203	I	Delaware Department of Education	S14-43	17,278	—	17,278

UNIVERSITY OF DELAWARE
Schedule of Expenditure of Federal Awards
Year ended June 30, 2014

Program title	CFDA number	Direct (D) or pass-through (I)	Pass-through entity name	Pass-through number	Program expenditures		
					Non-ARRA	ARRA	Total
Education Research, Development and Dissemination	84.305	I	Vanderbilt University	21858-S1	\$ 44,944	—	44,944
Education Research, Development and Dissemination	84.305	I	Duke University	14-ED-1071	33,351	—	33,351
Subtotal 84.305					78,295	—	78,295
State Fiscal Stabilization Fund (SFSF) – Investing in Innovation (i3) Fund, Recovery Act	84.396	I	Pennsylvania, University of	556113	—	71,443	71,443
Race to the Top – Early Learning Challenge	84.412	I	Delaware Department of Education	S13-61	1,167,767	—	1,167,767
Race to the Top – Early Learning Challenge	84.412	I	Delaware Department of Education	S14-40	923,037	—	923,037
Subtotal 84.412					2,090,804	—	2,090,804
National Writing Project	84.928	I	National Writing Project Corporation	99-DE01	927	—	927
Department of Education	84-S14-37	I	Delaware Department of Education	S14-37	11,242	—	11,242
Total Department of Education Programs					5,610,646	71,443	5,682,089
Department of Health & Human Services Programs:							
HHS Programs for Disaster Relief Appropriations Act – Non Construction	93.095	D			99,047	—	99,047
Environmental Health	93.113	D			132,262	—	132,262
Research Related to Deafness and Communication Disorders	93.173	D			514,254	—	514,254
Mental Health Research Grants	93.242	D			989,738	—	989,738
Drug Abuse and Addiction Research Programs	93.279	D			943,672	—	943,672
National Institutes of Health Loan Repayment Program for Clinical Researchers	93.280	D			416,619	—	416,619
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286	D			322,946	—	322,946
Trans-NIH Research Support	93.310	D			512,241	—	512,241
Research Infrastructure Programs	93.351	D			494,699	—	494,699
Nursing Research	93.361	D			(1,210)	—	(1,210)
National Center for Research Resources	93.389	D			736,258	—	736,258
Cancer Treatment Research	93.395	D			215,878	—	215,878
Child Care and Development Block Grant	93.575	D			113,513	—	113,513
Head Start	93.600	D			311,638	—	311,638
ARRA-Trans-NIH Recovery Act Research Support	93.701	D			—	(638)	(638)
ARRA-National Center for Research Resources, Recovery Act Construction Support	93.702	D			—	(94)	(94)
Heart and Vascular Diseases Research	93.837	D			847,970	—	847,970
Blood Diseases and Resources Research	93.839	D			434,975	—	434,975
Arthritis, Musculoskeletal and Skin Diseases Research	93.846	D			1,206,585	—	1,206,585
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	D			28,061	—	28,061
Allergy, Immunology and Transplantation Research	93.855	D			60,940	—	60,940
Biomedical Research and Research Training	93.859	D			9,880,443	—	9,880,443
Population Research	93.864	D			833	—	833
Child Health and Human Development Extramural Research	93.865	D			2,135,347	—	2,135,347
Aging Research	93.866	D			405,800	—	405,800
Vision Research	93.867	D			128,707	—	128,707
Medical Library Assistance	93.879	D			35,430	—	35,430
Department of Health & Human Services	93-R01MH074374B	D			84,898	—	84,898
Department of Health & Human Services	93-R03AA022480A	D			17,354	—	17,354
Innovations in Applied Public Health Research	93.061	I	Johns Hopkins University	2001383962 year 3	143,492	—	143,492
Innovations in Applied Public Health Research	93.061	I	Johns Hopkins University	2001383962	38,426	—	38,426
Innovations in Applied Public Health Research	93.061	I	customKYNetics, Inc.	3022-001	121,093	—	121,093
Subtotal 93.061					303,011	—	303,011
Public Health Emergency Preparedness	93.069	I	Delaware Dept of Health & Social Service	12-326	(5,768)	—	(5,768)
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	I	Delaware Dept of Health & Social Service	14-090	183,511	—	183,511
Oral Diseases and Disorders Research	93.121	I	Rice University	R22232	180,626	—	180,626
Oral Diseases and Disorders Research	93.121	I	Colorado, University of	1550824	80,768	—	80,768
Oral Diseases and Disorders Research	93.121	I	Rice University	R22231	260,731	—	260,731
Subtotal 93.121					522,125	—	522,125
NIEHS Superfund Hazardous Substances_Basic Research and Education	93.143	I	Columbia University	2(GG006726-32)	31,415	—	31,415
NIEHS Superfund Hazardous Substances_Basic Research and Education	93.143	I	Columbia University	2(Acct.#5-76948)	(2,221)	—	(2,221)
Subtotal 93.143					29,194	—	29,194
Human Genome Research	93.172	I	European Molecular Biology Laboratory	1 U41 HG006104-01	36,209	—	36,209
Disabilities Prevention	93.184	I	Univ of Illinois at Chicago	12A00476	45	—	45
Mental Health Research Grants	93.242	I	Drexel University	232589	90,413	—	90,413
Mental Health Research Grants	93.242	I	Children's Hospital of Philadelphia	951143RSUB	826	—	826
Subtotal 93.242					91,239	—	91,239

UNIVERSITY OF DELAWARE
Schedule of Expenditure of Federal Awards
Year ended June 30, 2014

Program title	CFDA number	Direct (D) or pass-through (I)	Pass-through entity name	Pass-through number	Program expenditures		Total
					Non-ARRA	ARRA	
Occupational Safety and Health Program	93.262	I	Johns Hopkins University	2001392656	\$ 46	—	46
Alcohol Research Programs	93.273	I	Wayne State University	WSU11015-A1	830	—	830
Alcohol Research Programs	93.273	I	Rochester, University of	415853-G	29,339	—	29,339
Subtotal 93.273					30,169	—	30,169
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286	I	Colorado, University of	000058842	(1,652)	—	(1,652)
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286	I	Colorado, University of	1550235	230,168	—	230,168
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286	I	Southern California, University of	44143123	117,228	—	117,228
Subtotal 93.286					345,744	—	345,744
Cancer Detection and Diagnosis Research	93.394	I	Texas Tech University	13A00973	4,871	—	4,871
Cancer Biology Research	93.396	I	Rice University	R70481	11,722	—	11,722
Cancer Biology Research	93.396	I	Colorado, University of	1550254	62,270	—	62,270
Cancer Biology Research	93.396	I	The Commonwealth Medical College	006059	3,968	—	3,968
Subtotal 93.396					77,960	—	77,960
Food Safety and Security Monitoring Project	93.448	I	California-Davis, University of	08002947-CPS-04	68,694	—	68,694
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	812	—	812
Adoption Opportunities	93.652	I	TEECH Phil Dept Human Serv	13A01313	39,599	—	39,599
Heart and Vascular Diseases Research	93.837	I	Nemours/A. I. duPont Hosp for Children	12A01165	53,917	—	53,917
Heart and Vascular Diseases Research	93.837	I	Thomas Jefferson University	080-04000-S07201	17,370	—	17,370
Subtotal 93.837					71,287	—	71,287
Blood Diseases and Resources Research	93.839	I	North Carolina, University of	5-31781	104,896	—	104,896
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	I	Pennsylvania State University	2286-UD-DHHS-5032	31,161	—	31,161
Biomedical Research and Research Training	93.859	I	Delaware State University	12-007-JNA Amendment 01	678,969	—	678,969
Biomedical Research and Research Training	93.859	I	National Institutes of Health	201015151-01	98,876	—	98,876
Biomedical Research and Research Training	93.859	I	Pittsburgh, University of	0029564 (123550-2)	378,671	—	378,671
Biomedical Research and Research Training	93.859	I	Pittsburgh, University of	0029564 (122354-3)	118,870	—	118,870
Biomedical Research and Research Training	93.859	I	Compact Membrane Systems, Inc.	11A00658	19,608	—	19,608
Biomedical Research and Research Training	93.859	I	Delaware State University	12-007-JNA	336,987	—	336,987
Subtotal 93.859					1,631,981	—	1,631,981
Child Health and Human Development Extramural Research	93.865	I	customKYNetics, Inc.	3019-001	34,861	—	34,861
Child Health and Human Development Extramural Research	93.865	I	Toronto, University of	489416	88,528	—	88,528
Child Health and Human Development Extramural Research	93.865	I	Washington University, St Louis	WU-13-85	35,700	—	35,700
Child Health and Human Development Extramural Research	93.865	I	Washington University, St Louis	WU-14-118	151,365	—	151,365
Child Health and Human Development Extramural Research	93.865	I	Simbex	10001152	34,508	—	34,508
Child Health and Human Development Extramural Research	93.865	I	Monell Chemical Senses Center	30013	96,657	—	96,657
Subtotal 93.865					441,619	—	441,619
Vision Research	93.867	I	Indiana University	BL-4635567-UD	15,467	—	15,467
Vision Research	93.867	I	Washington University, St Louis	WU-12-112	127,936	—	127,936
Subtotal 93.867					143,403	—	143,403
National Bioterrorism Hospital Preparedness Program	93.889	I	Delaware Dept of Health & Social Service	13-168	5,620	—	5,620
Grants to States for Operation of Offices of Rural Health	93.913	I	Delaware Dept of Health & Social Service	14-116	4,998	—	4,998
Grants to States for Operation of Offices of Rural Health	93.913	I	Delaware Dept of Health & Social Service	13-309	42,449	—	42,449
Subtotal 93.913					47,447	—	47,447
HIV Emergency Relief Project Grants	93.914	I	Delaware Dept of Health & Social Service	13-257	15,445	—	15,445
Geriatric Education Centers	93.969	I	Thomas Jefferson University	080-36000-M05905	40,599	—	40,599
Department of Health & Human Services	93-13A01567	I	PMHCC, Inc.	13A01567	2,327	—	2,327
Department of Health & Human Services	93-13IDEA18	I	Delaware Dept of Health & Social Service	13IDEA18	27,854	—	27,854
Total Department of Health & Human Services Programs					25,359,998	(732)	25,359,266
Department of Homeland Security Programs:							
Department of Homeland Security	97-11A00717	I	EnDyna, Inc.	11A00717	48,603	—	48,603
Total Department of Homeland Security Programs					48,603	—	48,603
Total Research and Development Cluster					111,972,693	5,221,895	117,194,588
Non-clustered Programs:							
United States Department of Agriculture Programs:							
United States Department of Agriculture	10.000	D			6,735	—	6,735
Agricultural Research, Basic and Applied Research	10.001	D			67,521	—	67,521
Plant and Animal Disease, Pest Control, and Animal Care	10.025	D			189,340	—	189,340
Norman E. Borlaug International Agricultural Science and Technology Fellowship	10.777	D			11,436	—	11,436
Environmental Quality Incentives Program	10.912	D			301,308	—	301,308

UNIVERSITY OF DELAWARE
Schedule of Expenditure of Federal Awards
Year ended June 30, 2014

Program title	CFDA number	Direct (D) or pass-through (I)	Pass-through entity name	Pass-through number	Program expenditures		Total
					Non-ARRA	ARRA	
Technical Agricultural Assistance	10.960	D			\$ (24)	—	(24)
Plant and Animal Disease, Pest Control, and Animal Care	10.025	I	Delaware Department of Agriculture	13-9610-1265	97,755	—	97,755
Plant and Animal Disease, Pest Control, and Animal Care	10.025	I	Delaware Department of Agriculture	14A01256	14,407	—	14,407
Subtotal 10.025					112,162	—	112,162
Specialty Crop Block Grant Program – Farm Bill	10.170	I	Delaware Department of Agriculture	12-25-B-1452	7,830	—	7,830
Specialty Crop Block Grant Program – Farm Bill	10.170	I	Delaware Department of Agriculture	12-25-B-1661	9,147	—	9,147
Specialty Crop Block Grant Program – Farm Bill	10.170	I	Delaware Department of Agriculture	SCBGP-FB-10-08	10,802	—	10,802
Subtotal 10.170					27,779	—	27,779
Integrated Programs	10.303	I	Florida, University of	UF09177	(166)	—	(166)
Agriculture and Food Research Initiative (AFRI)	10.310	I	Western University of Health Sciences	12A00095	10,010	—	10,010
ARRA-Trade Adjustment Assistance for Farmers Training Coordination Program (TAAF)	10.315	I	Minnesota, University of	H001344202	—	152,219	152,219
Cooperative Extension Service	10.500	D			2,394,058	—	2,394,058
Cooperative Extension Service	10.500	I	Kansas State University	S14151	4,871	—	4,871
Cooperative Extension Service	10.500	I	Kansas State University	S14109	10,424	—	10,424
Cooperative Extension Service	10.500	I	Kansas State University	S13090	17,353	—	17,353
Cooperative Extension Service	10.500	I	Nebraska, University of	25-6329-0059-804	13,412	—	13,412
Cooperative Extension Service	10.500	I	National 4-H Council	13A00650	19,952	—	19,952
Cooperative Extension Service	10.500	I	Rutgers, State University of New Jersey	4588	2,800	—	2,800
Cooperative Extension Service	10.500	I	Kansas State University	S13137	17,828	—	17,828
Subtotal 10.500					2,480,698	—	2,480,698
Urban and Community Forestry Program	10.675	I	National Wildlife Federation	1312-040	15,245	—	15,245
Total United States Department of Agriculture Programs					3,222,044	152,219	3,374,263
Department of Commerce Programs:							
Sea Grant Support	11.417	D			120,338	—	120,338
Chesapeake Bay Studies	11.457	D			6,985	—	6,985
Department of Commerce	11-WC-133R-12-SE-2188	D			23,311	—	23,311
Integrated Ocean Observing System (IOOS)	11.012	I	Rutgers, State University of New Jersey	S1570035	482,244	—	482,244
Congressionally Identified Awards and Projects	11.469	I	National Geographic Society	NA12SEC0080021.01	82,453	—	82,453
Broadband Technology Opportunities Program (BTOP)	11.557	I	State of Delaware DTI	11A00168	10,574	—	10,574
Broadband Technology Opportunities Program (BTOP)	11.557	I	State of Delaware DTI	11A00172	24,646	—	24,646
Subtotal 11.557					35,220	—	35,220
Total Department of Commerce Programs					750,551	—	750,551
Department of Defense Programs:							
Procurement Technical Assistance For Business Firms	12.002	D			176,381	—	176,381
Department of Defense	12-H98230-09-C-0890	D			196,490	—	196,490
Department of Defense	12-NAFBA1-13-M-0173	D			25,251	—	25,251
Department of Defense	12-NAFBA1-13-M-0311	D			65,365	—	65,365
Total Department of Defense Programs					463,487	—	463,487
Department of Interior Programs:							
Procurement Technical Assistance For Business Firms	15.810	D			105,568	—	105,568
Department of Interior	15-G13AP00100	D			41,322	—	41,322
Department of Interior	15-10001191	I	Fraunhofer USA, Inc.	10001191	(735)	—	(735)
Total Department of Interior Programs					146,155	—	146,155
Department of Justice Programs:							
Grants to Combat Domestic Violence, Dating Violence, Sexual Assault, and Stalking on Campus	16.525	D			144,250	—	144,250
Education, Training, and Enhanced Services to End Violence Against Women with Disabilities	16.529	I	Delaware Coalition Against Domestic Viol	2010-FW-AX-K004	38,491	—	38,491
Juvenile Mentoring Program	16.726	I	National 4-H Council	12A00156	(6)	—	(6)
Juvenile Mentoring Program	16.726	I	National 4-H Council	13A00601	60,085	—	60,085
Juvenile Mentoring Program	16.726	I	National 4-H Council	14A00196	25,377	—	25,377
Subtotal 16.726					85,456	—	85,456
Second Chance Act Prisoner Reentry Initiative	16.812	I	Criminal Justice Council	RM10-808	26,067	—	26,067
Department of Justice	16-JR13-652	I	Criminal Justice Council	JR13-652	14,116	—	14,116
Total Department of Justice Programs					308,380	—	308,380
Department of State Programs:							
Investing in People in The Middle East and North Africa	19.021	D			359,095	—	359,095
U.S. Ambassadors Fund for Cultural Preservation	19.025	D			210,945	—	210,945
Professional Exchanges, Annual Open Grant	19.415	D			152,385	—	152,385
Middle East Partnership Initiative (MEPI)	19.500	D			405,022	—	405,022
Academic Exchange Programs – Undergraduate Programs	19.009	I	IREX	FY14-YALI-UD-01	30,367	—	30,367

UNIVERSITY OF DELAWARE
Schedule of Expenditure of Federal Awards
Year ended June 30, 2014

Program title	CFDA number	Direct (D) or pass-through (I)	Pass-through entity name	Pass-through number	Program expenditures		Total
					Non-ARRA	ARRA	
U.S. Ambassadors Fund for Cultural Preservation	19.025	I	Institute of International Education	14A00662	\$ 11,596	—	11,596
Professional Exchanges_Annual Open Grant	19.415	I	American Councils for Intl Education	S-ECAPY-11-CA-140(KF)	(367)	—	(367)
Professional Exchanges_Annual Open Grant	19.415	I	American Councils for Intl Education	S-ECAPY-13-CA-130(BR)	27,875	—	27,875
Subtotal 19.415					27,508	—	27,508
Total Department of State Programs					1,196,918	—	1,196,918
Department of Transportation Programs:							
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	12A01532	117,628	—	117,628
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	12A01534	151,265	—	151,265
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	12A01643	32,745	—	32,745
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	13A01153	14,922	—	14,922
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	13A01377	171,861	—	171,861
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	13A01378	166,611	—	166,611
Subtotal 20.200					655,032	—	655,032
State Planning and Research	20.515	I	Delaware Department of Transportation	13A00266	58,230	—	58,230
Alcohol Open Container Requirements	20.607	I	Delaware Office of Highway Safety	11A00607	(8,783)	—	(8,783)
Alcohol Open Container Requirements	20.607	I	Delaware Office of Highway Safety	13A00824	(14)	—	(14)
Alcohol Open Container Requirements	20.607	I	Delaware Office of Highway Safety	13A00850	(884)	—	(884)
Subtotal 20.607					(9,681)	—	(9,681)
National Highway Transportation Safety Administration (NHTSA) Discretionary Safety Grants	20.614	I	Delaware Office of Highway Safety	13A00566	(1,600)	—	(1,600)
Total Department of Transportation Programs					701,981	—	701,981
Department of the Treasury Programs:							
Department of Treasury	21.000	I	Maryland, State of	14A00508	1,271	—	1,271
Total Department of Treasury Programs					1,271	—	1,271
Federal Communications Commission Programs:							
Federal Communications Commission	32-12A00768	D			10,023	—	10,023
Total Federal Communications Commission Programs					10,023	—	10,023
Library of Congress Programs:							
Library of Congress	42-14A01136	I	Waynesburg University	14A01136	38	—	38
Total Library of Congress Programs					38	—	38
National Aeronautics and Space Administration Programs:							
National Aeronautics and Space Administration	43-NNG05GO92H	D			(27)	—	(27)
National Aeronautics and Space Administration	43-NNX08AT36H	D			874	—	874
Education	43.008	D			46,669	—	46,669
Total National Aeronautics and Space Administration Programs					47,516	—	47,516
National Endowment for the Arts Programs:							
Promotion of the Arts_Partnership Agreements	45.025	I	Delaware Division of The Arts	13A01091	20,000	—	20,000
Promotion of the Arts_Partnership Agreements	45.025	I	Delaware Division of The Arts	13A01104	1,000	—	1,000
Promotion of the Arts_Partnership Agreements	45.025	I	Delaware Division of The Arts	2014.6717	60,999	—	60,999
Total National Endowment for the Arts Programs					81,999	—	81,999
National Endowment for the Humanities Programs:							
Promotion of the Humanities_Division of Preservation and Access	45.149	D			82,225	—	82,225
Promotion of the Humanities_Federal/State Partnership	45.129	I	Delaware Humanities Forum	13014	2,923	—	2,923
Promotion of the Humanities_Digital Humanities Initiative	45.164	I	Delaware Humanities Forum	13REG1005	4,550	—	4,550
Total National Endowment for the Humanities Programs					89,698	—	89,698
Institute of Museum and Library Services:							
21st Century Museum Professionals	45.307	D			90,979	—	90,979
Total Institute of Museum and Library Services					90,979	—	90,979
Small Business Administration Programs:							
8(a) Business Development Program	59.006	D			47,995	—	47,995
Small Business Development Center	59.037	D			766,111	—	766,111
Federal and State Technology Partnership Program	59.058	D			64,582	—	64,582
Small Business Administration Programs	59-SBAHQ-13-E-0001	D			67,016	—	67,016
Total Small Business Administration Programs					945,704	—	945,704
Environmental Protection Agency Programs:							
Science To Achieve Results (STAR) Fellowship Program	66.514	D			7,266	—	7,266
Environmental Protection Agency	66-12A00893	I	Delaware Department of Natural Resources	12A00893	18,553	—	18,553
Environmental Protection Agency	66-13A00318	I	Delaware Department of Natural Resources	13A00318	39,002	—	39,002
Environmental Protection Agency	66-166735	I	Delaware Department of Natural Resources	166735	3,768	—	3,768

UNIVERSITY OF DELAWARE
 Schedule of Expenditure of Federal Awards
 Year ended June 30, 2014

Program title	CFDA number	Direct (D) or pass-through (I)	Pass-through entity name	Pass-through number	Program expenditures		Total
					Non-ARRA	ARRA	
Environmental Protection Agency	66-STATE-0000212843	I	Delaware Department of Natural Resources	STATE-0000212843	\$ 94,318	—	94,318
Total Environmental Protection Agency Programs					162,907	—	162,907
Department of Energy Programs:							
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	81.117	D			143,622	—	143,622
Total Department of Energy Programs					143,622	—	143,622
Department of Education Programs:							
Graduate Assistance in Areas of National Need	84.200	D			146,206	—	146,206
Assistive Technology	84.224	D			359,566	—	359,566
Transition to Teaching	84.350	D			169,338	—	169,338
Transition to Teaching	84.359	D			(848)	—	(848)
Transition Programs for Students with Intellectual Disabilities into Higher Education	84.407	D			450,569	—	450,569
Department of Education	84-S164B20008	D			160	—	160
National Institute on Disability and Rehabilitation Research	84.133	I	TransCen Inc.	13A00492	398	—	398
Twenty-First Century Community Learning Centers	84.287	I	Delaware Department of Education	21 CCLC 40-13	2,123	—	2,123
Twenty-First Century Community Learning Centers	84.287	I	Delaware Department of Education	21ST CCLC 48-12/17-13	44,660	—	44,660
Twenty-First Century Community Learning Centers	84.287	I	Delaware Department of Education	21ST CCLC 46-12/15-13	147,098	—	147,098
Twenty-First Century Community Learning Centers	84.287	I	Delaware Department of Education	13A01083	160,336	—	160,336
Twenty-First Century Community Learning Centers	84.287	I	Delaware Department of Education	21 CCLC 27-14	4,189	—	4,189
Twenty-First Century Community Learning Centers	84.287	I	Delaware Department of Education	21 CCLC 48-13	11,734	—	11,734
Twenty-First Century Community Learning Centers	84.287	I	Delaware Department of Education	21ST CCLC 55-12/23-13	168,378	—	168,378
Twenty-First Century Community Learning Centers	84.287	I	Delaware Department of Education	14A01228	8,230	—	8,230
Twenty-First Century Community Learning Centers	84.287	I	Delaware Department of Education	21ST CCLC 38-12/09-13	46,925	—	46,925
Twenty-First Century Community Learning Centers	84.287	I	Delaware Department of Education	21 CCLC 50-13	4,688	—	4,688
Twenty-First Century Community Learning Centers	84.287	I	Delaware Department of Education	21ST CCLC 34-12/05-13	80,873	—	80,873
Twenty-First Century Community Learning Centers	84.287	I	Delaware Department of Education	21 CCLC 74-13	14,023	—	14,023
Twenty-First Century Community Learning Centers	84.287	I	Delaware Department of Education	21 CCLC 69-13	1,303	—	1,303
Twenty-First Century Community Learning Centers	84.287	I	Delaware Department of Education	21 CCLC 57-13	25,589	—	25,589
Subtotal 84.287					720,149	—	720,149
Special Education – State Personnel Development	84.323	I	Delaware Department of Education	SG-01-13	1,338	—	1,338
Mathematics and Science Partnerships	84.366	I	Delaware Department of Education	MSP 2-14	21,784	—	21,784
Mathematics and Science Partnerships	84.366	I	Delaware Department of Education	DSMP01-13	341,791	—	341,791
Mathematics and Science Partnerships	84.366	I	Delaware Department of Education	MSPK12 1-13	187,087	—	187,087
Subtotal 84.366					550,662	—	550,662
Improving Teacher Quality State Grants	84.367	I	National Writing Project Corporation	99-DE01-SEED2012	17,234	—	17,234
Improving Teacher Quality State Grants	84.367	I	Delaware Department of Education	1-13	48,876	—	48,876
Improving Teacher Quality State Grants	84.367	I	Delaware Department of Education	Title II SAHE 3-08	(16)	—	(16)
Improving Teacher Quality State Grants	84.367	I	Delaware Department of Education	SAHE 1-12 1-13	149,843	—	149,843
Subtotal 84.367					215,937	—	215,937
Race to the Top – Early Learning Challenge	84.412	I	Delaware Department of Education	S14-41	46,208	—	46,208
Department of Education	84-13A00061	I	Woodbridge School District	13A00061	(889)	—	(889)
Department of Education	84-13A00072	I	Sussex Technical	13A00072	(222)	—	(222)
Department of Education	84-13A00141	I	New Castle County Vocational School Dist	13A00141	2,827	—	2,827
Department of Education	84-13A01287	I	Positive Outcomes Charter School	13A01287	29,007	—	29,007
Department of Education	84-14A00098	I	Lake Forest School District	14A00098	59,895	—	59,895
Department of Education	84-14A00105	I	Capital School District	14A00105	16,092	—	16,092
Department of Education	84-14A00106	I	Cape Henlopen School District	14A00106	26,132	—	26,132
Department of Education	84-14A00107	I	Sussex Academy of Arts and Sciences	14A00107	13,060	—	13,060
Department of Education	84-14A00108	I	Woodbridge School District	14A00108	12,495	—	12,495
Department of Education	84-14A00109	I	Sussex Technical	14A00109	7,431	—	7,431
Department of Education	84-14A00167	I	Milford School District	14A00167	14,944	—	14,944
Department of Education	84-14A00242	I	Laurel School District	14A00242	14,803	—	14,803
Department of Education	84-14A00253	I	Seaford School District	14A00253	8,274	—	8,274
Department of Education	84-14A00373	I	New Castle County Vocational School Dist	14A00373	11,250	—	11,250
Department of Education	84-14A00399	I	DE Dept of Children, Youth & Family	14A00399	13,181	—	13,181
Department of Education	84-14A00515	I	Colonial School District	14A00515	8,750	—	8,750
Department of Education	84-21 CCLC 42-13	I	Delaware Department of Education	21 CCLC 42-13	634	—	634
Department of Education	84-DOE-C12-245	I	Delaware Department of Education	DOE-C12-245	(264)	—	(264)
Department of Education	84-DOE-C13-135	I	Delaware Department of Education	DOE-C13-135	741,658	—	741,658
Department of Education	84-DSMP-02-07	I	Delaware Department of Education	DSMP-02-07	(709)	—	(709)

UNIVERSITY OF DELAWARE
Schedule of Expenditure of Federal Awards
Year ended June 30, 2014

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 Education	84-S14-2	I	Delaware Department of Education	S14-2	\$ 203,646	—	203,646
Department of Education	84-S14-48	I	Delaware Department of Education	S14-48	1,525	—	1,525
Department of Education	84-S14-52	I	Delaware Department of Education	S14-52	2,436	—	2,436
Total Department of Education Programs					3,845,639	—	3,845,639
Department of Health & Human Services Programs:							
Maternal and Child Health Federal Consolidated Programs	93.110	D			22,794	—	22,794
Disabilities Prevention	93.184	D			269,584	—	269,584
Alcohol Research Programs	93.273	D			23,513	—	23,513
Drug Abuse and Addiction Research Programs	93.279	D			(11,910)	—	(11,910)
Advanced Education Nursing Traineeships	93.358	D			175,152	—	175,152
University Centers for Excellence in Developmental Disabilities Education, Research, and Service	93.632	D			558,901	—	558,901
Arthritis, Musculoskeletal and Skin Diseases Research	93.846	D			10,006	—	10,006
Biomedical Research and Research Training	93.859	D			246,343	—	246,343
Child Health and Human Development Extramural Research	93.865	D			178,665	—	178,665
Aging Research	93.866	D			226,385	—	226,385
Public Health and Social Services Emergency Fund	93.003	I	Delaware Dept of Health & Social Service	13-109	(638)	—	(638)
Public Health Emergency Preparedness	93.069	I	Delaware Dept of Health & Social Service	14-508	9,585	—	9,585
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	93.104	I	DE Dept of Children, Youth & Family	PBHS(UD-BEST)FY11-11791	360,974	—	360,974
Maternal and Child Health Federal Consolidated Programs	93.110	I	Department of Health and Human Services	12-204	385,032	—	385,032
Grants for Dental Public Health Residency Training	93.236	I	Delaware Dept of Health & Social Service	13-348	22,343	—	22,343
Substance Abuse and Mental Health Services, Projects of Regional and National Significance	93.243	I	Delaware Dept of Health & Social Service	041411	103,896	—	103,896
Substance Abuse and Mental Health Services, Projects of Regional and National Significance	93.243	I	Delaware Dept of Health & Social Service	041412	195,695	—	195,695
Substance Abuse and Mental Health Services, Projects of Regional and National Significance	93.243	I	Delaware Dept of Health & Social Service	041489	136,556	—	136,556
Substance Abuse and Mental Health Services, Projects of Regional and National Significance	93.243	I	Delaware Dept of Health & Social Service	041189	(1,612)	—	(1,612)
Substance Abuse and Mental Health Services, Projects of Regional and National Significance	93.243	I	Delaware Dept of Health & Social Service	041311	(6,874)	—	(6,874)
Substance Abuse and Mental Health Services, Projects of Regional and National Significance	93.243	I	Delaware Dept of Health & Social Service	041389	21,060	—	21,060
Substance Abuse and Mental Health Services, Projects of Regional and National Significance	93.243	I	Delaware Dept of Health & Social Service	DMSS(UDEL-TRNG)FY09-10632	4	—	4
Substance Abuse and Mental Health Services, Projects of Regional and National Significance	93.243	I	Delaware Dept of Health & Social Service	041312	45,283	—	45,283
Subtotal 93.243					494,008	—	494,008
Centers for Disease Control and Prevention, Investigations and Technical Assistance	93.283	I	Delaware Dept of Health & Social Service	13-340	45,953	—	45,953
Centers for Disease Control and Prevention, Investigations and Technical Assistance	93.283	I	Delaware Dept of Health & Social Service	14-362	30,763	—	30,763
Subtotal 93.283					76,716	—	76,716
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505	I	Delaware Dept of Health & Social Service	12-348	8	—	8
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505	I	Delaware Dept of Health & Social Service	14-342	29,938	—	29,938
Subtotal 93.505					29,946	—	29,946
Health Care Innovation Awards (HCIA)	93.610	I	Christiana Care Health Services	601745	23,320	—	23,320
Developmental Disabilities Basic Support and Advocacy Grants	93.630	I	NC Council on Developmental Disabilities	13A00121	78,661	—	78,661
PPHF 2012: Community Transformation Grants -Small Communities Program financed solely by 2012 Public Prevention and Health Funds	93.737	I	Nemours Health & Prevention Service	14A01197	8,279	—	8,279
Department of Health & Human Services	93-031320	I	Delaware Dept of Health & Social Service	031320	1	—	1
Department of Health & Human Services	93-041211	I	Delaware Dept of Health & Social Service	041211	(614)	—	(614)
Department of Health & Human Services	93-041212	I	Delaware Dept of Health & Social Service	041212	(1,032)	—	(1,032)
Department of Health & Human Services	93-13A00955	I	Assoc of Univ Centers on Disabilities	13A00955	48,261	—	48,261
Department of Health & Human Services	93-14-478	I	Delaware Dept of Health & Social Service	14-478	10,407	—	10,407
Department of Health & Human Services	93-14A00617	I	Assoc of Univ Centers on Disabilities	14A00617	32,534	—	32,534
Department of Health & Human Services	93-14A01245	I	Delaware Dept of Health & Social Service	14A01245	1,000	—	1,000
Total Department of Health & Human Services Programs					3,278,216	—	3,278,216
Corporation for National and Community Service Programs:							
AmeriCorps	94.006	I	Delaware Dept of Health & Social Service	10001218	875	—	875
AmeriCorps	94.006	I	Public Allies	OP004-94.006-13-PADE	32,339	—	32,339
AmeriCorps	94.006	I	Public Allies	OP004-94.006-14-PADE	293,407	—	293,407
Total Corporation for National and Community Service Programs					326,621	—	326,621
Department of Homeland Security Programs:							
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	I	Delaware Emergency Management Agency	FEMA-4090-DR-DE	120,705	—	120,705
Emergency Management Performance Grants	97.042	I	Delaware Emergency Management Agency	EPMG-13-005	64,487	—	64,487
Emergency Management Performance Grants	97.042	I	Delaware Emergency Management Agency	EPMG-12-006	88,884	—	88,884
Subtotal 97.042					153,371	—	153,371

UNIVERSITY OF DELAWARE
Schedule of Expenditure of Federal Awards
Year ended June 30, 2014

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 Homeland Security	97-CCP11-002	I	Delaware Emergency Management Agency	CCP11-002	\$ 83,645	—	83,645
Department of Homeland Security	97-EPMG-12-005	I	Delaware Emergency Management Agency	EPMG-12-005	14	—	14
Total Department of Homeland Security Programs					357,735	—	357,735
Unidentified Programs:							
Unknown Agency	99-11A00028	D			599	—	599
Unknown Agency	99-5196	I	FHI360	5196	5,233	—	5,233
Total Unidentified Programs					5,832	—	5,832
Total Non-clustered Programs					16,177,316	152,219	16,329,535
CCDF Cluster:							
Department of Health & Human Services Programs:							
ARRA-Child Care and Development Block Grant	93.713	I	Delaware Department of Education	DOE-C10-20-ARRA	—	50	50
Total CCDF Cluster					—	50	50
Head Start Cluster:							
Department of Health & Human Services Programs:							
Head Start	93.600	D			2,231,679	—	2,231,679
Head Start	93.708	I	Delaware Department of Education	S-14-30	161,068	—	161,068
Head Start	93.708	I	Delaware Department of Education	S13-11	15,508	—	15,508
Subtotal 93.708					176,576	—	176,576
Total Head Start Cluster					2,408,255	—	2,408,255
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	(412)	—	(412)
Total Highway Safety Cluster					(412)	—	(412)
Early Intervention Services (IDEA) Cluster:							
Department of Education Programs:							
ARRA-Special Education--Grants for Infants and Families, Recovery Act	84.393	I	Delaware Dept of Health & Social Service	10IDEA9	—	(67)	(67)
Total Early Intervention Services (IDEA) Cluster					—	(67)	(67)
JAG Program Cluster:							
Department of Justice Programs:							
Edward Byrne Memorial Justice Assistance Grant Program	16.738	I	Criminal Justice Council	DB12-11	4,999	—	4,999
Total JAG Program Cluster					4,999	—	4,999
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	209666	357,801	—	357,801
Total SNAP Cluster					357,801	—	357,801
Special Education Cluster (IDEA):							
Department of Education Programs:							
Special Education_Grants to States	84.027	I	Delaware Department of Education	S13-51	71,476	—	71,476
Special Education_Grants to States	84.027	I	Delaware Department of Education	S13-52	51,983	—	51,983
Special Education_Grants to States	84.027	I	Delaware Department of Education	DOE-C12-269	(2,457)	—	(2,457)
Special Education_Grants to States	84.027	I	Delaware Department of Education	DOE-C12-259	(265)	—	(265)
Special Education_Grants to States	84.027	I	Delaware Department of Education	SG-25-13	966	—	966
Total Special Education Cluster (IDEA)					121,703	—	121,703
Student Financial Assistance Cluster:							
Department of Education Programs:							
Federal Supplemental Educational Opportunity Grants	84.007	D			478,550	—	478,550
Federal Work-Study Program	84.033	D			1,195,859	—	1,195,859
Federal Perkins Loan Program_Federal Capital Contributions	84.038	D			2,456,834	—	2,456,834
Federal Pell Grant Program	84.063	D			9,888,447	—	9,888,447
Federal Direct Student Loans	84.268	D			96,089,993	—	96,089,993
Department of Health & Human Services Programs:							
Federal Nursing Student Loans	93.364	D			44,850	—	44,850
Total Student Financial Assistance Cluster					110,154,533	—	110,154,533
TRIO Cluster:							
Department of Education Programs:							
TRIO_Student Support Services	84.042	D			361,065	—	361,065
TRIO_Upward Bound	84.047	D			604,037	—	604,037
TRIO_McNair Post-Baccalaureate Achievement	84.217	D			210,034	—	210,034
Total TRIO Cluster					1,175,136	—	1,175,136
Total expenditures of federal awards					\$ 242,372,024	5,374,097	247,746,121

See accompanying notes to schedule of expenditures of federal awards.

UNIVERSITY OF DELAWARE

Notes to Schedule of Expenditures of Federal Awards

June 30, 2014

(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, 2014. 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, 2014 are summarized as follows:

Loans made by the University:	
Perkins (84.038)	\$ 2,456,834
Nursing (93.364)	<u>44,850</u>
	<u>\$ 2,501,684</u>
Loans made by the Department of Education:	
Direct loans (84.268)	\$ 96,089,993

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 \$12,840,994 and the balance of loans outstanding under the Nursing Student Loan program was \$407,522 at June 30, 2014, 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, 2014

(4) Subrecipient Pass-Through

During the year ended June 30, 2014, 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	\$ 7,775
Higher Education Challenge Grants	10.217	13,100
Specialty Crop Research Initiative	10.309	33,662
Agriculture and Food Research Initiative (AFRI)	10.310	1,186,666
Cooperative Extension Service	10.500	480,836
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	163,497
Environmental Quality Incentives Program	10.912	162,440
Department of Commerce:		
Sea Grant Support	11.417	70,802
Meteorologic and Hydrologic Modernization Development	11.467	154,097
Measurement and Engineering Research and Standards	11.609	71,082
Department of Defense:		
Department of Defense	12.000	1,751,618
Basic and Applied Scientific Research	12.300	29,506
Military Medical Research and Development	12.420	900,737
Basic Scientific Research	12.431	69,504
Basic, Applied, and Advanced Research in Science and Engineering	12.630	286,008
Air Force Defense Research Sciences Program	12.800	408,585
Research and Technology Development	12.910	144,794
Department of Interior:		
Visitor Facility Enhancements – Vehicle Pullouts, Interpretive Trails, and Kiosks	15.654	15,951
Department of Justice:		
Grants to Combat Domestic Violence, Dating Violence, Sexual Assault, and Stalking on Campus	16.525	64,760
Department of State:		
Professional Exchanges Annual Open Grant	19.415	20,380
National Aeronautics and Space Administration:		
National Aeronautics and Space Administration	43.000	2,851
Aerospace Education Services Program	43.001	143,267
National Endowment for the Humanities:		
Promotion of the Humanities_Division of Preservation and Access	45.149	20,544

UNIVERSITY OF DELAWARE

Notes to Schedule of Expenditures of Federal Awards

June 30, 2014

<u>Agency/program/grant title</u>	<u>CFDA number</u>	<u>Expenditures</u>
National Science Foundation:		
Engineering Grants	47.041	\$ 108,879
Mathematical and Physical Sciences	47.049	210,219
Geosciences	47.050	12,202
Computer and Information Science and Engineering	47.070	59,170
Biological Sciences	47.074	588,119
Social, Behavioral, and Economic Sciences	47.075	29,430
Education and Human Resources	47.076	112,253
Polar Programs	47.078	21,100
International Science and Engineering (OISE)	47.079	624,551
Office of Cyberinfrastructure	47.080	195,060
ARRA-Trans-NSF Recovery Act Research Support	47.082	560,543
Small Business Administration:		
Small Business Administration Programs	59.000	6,774
Department of Energy:		
Office of Science Financial Assistance Program	81.049	2,064,276
Renewable Energy Research and Development	81.087	1,198,545
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis	81.117	13,429
Advanced Research and Projects Agency – Energy Financial Assistance Program	81.135	19,784
Department of Education:		
Department of Education	84.000	152,550
Education Research, Development and Dissemination	84.305	453,430
Research in Special Education	84.324	1,301,407
Department of Health and Human Services:		
HHS Programs for Disaster Relief Appropriations Act – Non Construction	93.095	27,645
Research Related to Deafness and Communication Disorders	93.173	129,995
Mental Health Research Grants	93.242	5,390
Trans-NIH Research Support	93.310	99,758
Cancer Treatment Research	93.395	21,323
Child Care and Development Block Grant	93.575	12,167
Head Start	93.600	672,952
ARRA-Trans-NIH Recovery Act Research Support	93.701	(417)
Heart and Vascular Diseases Research	93.837	67,680
Arthritis, Musculoskeletal and Skin Diseases Research	93.846	133,207
Biomedical Research and Research Training	93.859	2,852,409
Child Health and Human Development Extramural Research	93.865	283,527
Aging Research	93.866	33,198
		<u>\$ 18,273,017</u>



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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, 2014, 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 15, 2014, except note 21, for which the date is March 27, 2015.

Internal Control over Financial Reporting

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

A deficiency in internal control 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 15, 2014



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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, 2014. 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, 2014.



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 2014-001 and 2014-002. 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2014-001 and 2014-002, 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, 2014, and have issued our report thereon dated October 15, 2014, except note 21, for which the date is March 27, 2015, which contained an unmodified opinion on those consolidated financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

KPMG LLP

Philadelphia, Pennsylvania
March 27, 2015

UNIVERSITY OF DELAWARE

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

(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 (2014-001, 2014-002)**
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 (2014-001, 2014-002)**
- (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

- (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 2014-001 and 2014-002.

UNIVERSITY OF DELAWARE

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

Reference Number: 2014-001

Federal Agency: U.S. Department of Education

Program Name (CFDA #): Student Financial Assistance Cluster:
Federal Direct Student Loans (CFDA No. 84.268)
Federal Pell Grant Program (CFDA No. 84.063)
Federal Perkins Loan Program (CFDA No. 84.038)

Federal Award Year: July 1, 2013 to June 30, 2014

Federal Award Number: P268K140066
P063P130066

Compliance Requirement: Enrollment Reporting

Criteria

Institutions 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) mailboxes sent by the Department of Education (ED) via the National Student Loan Data Service (NSLDS). 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.

A student's enrollment status determines eligibility for in-school status, deferment, and grace periods, as well as for the payment of interest subsidies to FFEL Program loan holders by ED. Enrollment Reporting in a timely and accurate manner is critical for effective management of the programs. Enrollment information must be reported within 30 days whenever attendance changes for students, unless a roster will be submitted within 60 days. These changes include reductions or increases in attendance levels, withdrawals, graduations, or approved leaves-of-absence. As explained in the NSLDS Enrollment Reporting Guide, the Enrollment Reporting roster file is due within 30 days from the creation of the file that is placed in the institution's SAIG (Pell, 34 CFR Section 690.83(b)(2); FFEL, 34 CFR Section 682.610; Direct Loan, 34 CFR Section 685.309).

Condition

During the current year audit, KPMG identified four (4) instances out of the sample of 40 students' status changes that were not reported to the National Student Loan Data System (NSLDS) within the required 60 day period. The four (4) instances were reported between 72 and 79 days after the date the University became aware of the change.

Questioned Costs

Questioned costs related to this finding are not readily determinable.

UNIVERSITY OF DELAWARE

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

Cause

The University entered into an agreement with the National Student Loan Clearinghouse (NSLC) in reporting student status changes to NSLDS. On a periodic basis, the status of all students is reported by the University to the NSLC, which in return reports any changes in student status from the prior report to the NSLDS.

For one (1) of the four (4) instances identified, the status change had occurred in a month for which the NSLC had experienced issues with their transmissions of data files to the NSLDS. For the other three (3) instances, the University had reported the status changes to the NSLC between 7 and 19 days after the effective date of the changes, however, the submissions from the NSLC to the NSLDS did not occur until after the required 60 day timeframe.

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 the NSLC's reporting of student data to the NSLDS.

Views of Responsible Officials

See accompanying corrective action plan.

UNIVERSITY OF DELAWARE

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

Reference Number: 2014-002

Federal Agency: U.S. Department of Health and Human Services
National Science Foundation
U.S. Department of Agriculture

Program Name (CFDA #): Research and Development Cluster:

Biomedical Research and Research Training (CFDA No. 93.859)
Social, Behavioral, and Economic Sciences (CFDA No. 47.075)
Agriculture and Food Research Initiative (CFDA No. 10.310)

Federal Award Year: September 25, 2013 to May 31, 2014
September 15, 2013 to August 31, 2016
April 1, 2011 to March 31, 2015

Federal Award Number: 1U54GM104941-01A1
1252876
2011-67003-30342

Compliance Requirement: Reporting (Federal Funding and Accountability Transparency Act)

Criteria

Grant and cooperative agreement recipients and contractors are required by 2 CFR Part 170 to register in the Federal Funding Accountability and Transparency Act (FFATA) Subaward Reporting System (FSRS) and report subaward data through FSRS no later than the last day of the month following the month in which the subaward/subaward amendment obligation was made or the subcontract award/subcontract modification was made for federal awards obligated after October 1, 2010.

Condition

For the 8 subawards subject to reporting under FFATA from our representative sample of 25 federal awards, the following were noted:

- For 3 of the 8 subawards (for federal award #1U54GM104941-01A1 awarded under CFDA 93.859), the University did not properly submit the FFATA report in FSRS. The total amount of these subawards was \$2,643,912.
- For 1 of the 8 subawards (for federal award #1252876 awarded under CFDA 47.075), the University incorrectly reported the subaward amount. The amount reported in the FFATA submission was \$2,662,691, which did not agree to the supporting subaward documentation, which reflected \$266,691, for a difference of \$2,396,000.
- For 1 of the 8 subawards (for federal award #2011-67003-30342 awarded under CFDA 10.310), the University did not properly submit the FFATA report in FSRS related to a subaward amendment. The total amount of the subaward amendment was \$101,826.

UNIVERSITY OF DELAWARE

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

Questioned Costs

There are no questioned costs related to this finding.

Cause

The University does not have a management review control in place to ensure that all subaward obligations meeting the FFATA reporting thresholds are properly completed or to ensure that FFATA reports are accurate prior to submission through FSRS.

Effect

The University did not accurately report the required subaward data in FSRS for certain subawards subject to FFATA reporting, resulting in such information not being available to the public as intended by FFATA.

Recommendation

We recommend that the University implement policies and procedures to ensure timely and accurate FFATA reporting.

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, 2014

Finding 2014-001: Enrollment Reporting

Recommendation:

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

University of Delaware Corrective Action Plan:

The University utilizes the National Student Loan Clearinghouse (NSLC) to report student status changes to the National Student Loan Data System (NSLDS). The University reports changes to the NSLC on a monthly basis. In one instance, the University uploaded two files to the NSLC on the same day, but only one was processed by the NSLC. The University is now ensuring that only one file is uploaded to the NSLC per day.

A second instance, as noted in the Schedule of Findings and Questioned Costs, occurred in a month for which the NSLC had experienced issues with its transmissions of data files to the NSLDS. In the two remaining instances, the status changes had no effect on their loan status and the students were not requested by NSLDS on the Enrollment Reporting roster sent to the NSLC for confirmation.

The University will work with the NSLC and NSLDS to develop and implement procedures to ensure compliance in enrollment reporting is met.

Completion Date:

To be implemented by July 2015.

Contact Person: Melissa J. Stone, Director of Student Financial Services, 3002-831-8189

Finding 2014-002: Reporting (Federal Funding and Accountability Transparency Act)

Recommendation:

We recommend that the University implement policies and procedures to ensure timely and accurate FFATA reporting.

University of Delaware Corrective Action Plan:

In order to ensure timely and accurate FFATA reporting, each month the Assistant Director of Pre-Award will review a sample of executed subaward agreements prior to submitting the University of Delaware's FFATA report via Federal Subaward Reporting System (FSRS). Additionally, the University will use its PeopleSoft financial system to create a report that will aid in reconciling data in PeopleSoft financials and FSRS.

Completion Date:

To be implemented by July 2015.

Contact Person: Trudy Riley, Associate Deputy Provost, Research Administration, 302-831-4978

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 25, 2015