



UNIVERSITY OF DELAWARE

Consolidated Financial Statements and
Information on Federal Awards

June 30, 2015

(With Independent Auditors' Reports Thereon)

UNIVERSITY OF DELAWARE

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KPMG LLP
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Independent Auditors' Report

The Board of Trustees
University of Delaware:

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the University of Delaware and subsidiaries (the University), which comprise the consolidated balance sheet as of June 30, 2015, and the related consolidated statements of activities, functional expenses, 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, 2015, and the changes in their net assets, their functional expenses, 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 of Delaware's 2014 consolidated financial statements, and we expressed an unmodified audit opinion on those consolidated financial statements in our report dated October 15, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014 is consistent, in all material respects, with the audited consolidated 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 22, 2015 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 22, 2015

UNIVERSITY OF DELAWARE

Consolidated Balance Sheets

June 30, 2015 and 2014

(Dollars in thousands)

Assets	2015	2014
Cash and cash equivalents	\$ 39,658	22,879
Accounts and notes receivable, net	28,218	27,629
Prepaid expenses and inventories	5,817	5,062
Contributions receivable, net	30,945	39,171
Restricted deposits	94,862	92,352
Student loan receivables, net	13,401	13,623
Investments	1,782,506	1,704,343
Funds held in trust by others	66,681	67,867
Property, plant, and equipment, net	1,476,155	1,393,097
Total assets	<u>\$ 3,538,243</u>	<u>3,366,023</u>
Liabilities and Net Assets		
Accounts payable and accrued liabilities	\$ 101,819	99,019
Deferred revenues and student deposits	12,133	5,392
Long-term debt and capital leases	555,883	513,431
Post-employment benefit obligations	426,857	277,120
Other liabilities	67,152	64,763
Total liabilities	<u>1,163,844</u>	<u>959,725</u>
Unrestricted	1,319,205	1,358,232
Temporarily restricted	663,306	679,073
Permanently restricted	391,888	368,993
Total net assets	<u>2,374,399</u>	<u>2,406,298</u>
Total liabilities and net assets	<u>\$ 3,538,243</u>	<u>3,366,023</u>

See accompanying notes to consolidated financial statements.

UNIVERSITY OF DELAWARE
Consolidated Statement of Activities
Year ended June 30, 2015
(with summarized financial information for the year ended June 30, 2014)
(Dollars in thousands)

	2015			2014
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Operating revenues:				
Tuition and fees	\$ 550,108	—	—	550,108
Less scholarships and fellowships	(143,804)	—	—	(143,804)
Net tuition and fees	406,304	—	—	406,304
Sales and services of auxiliary enterprises, net	128,117	—	—	128,117
Grants, contracts, and other exchange transactions	172,078	—	—	172,078
State operating appropriations	117,005	—	—	117,005
Contributions	24,547	7,185	—	31,732
Endowment distributions	48,143	2,009	—	50,152
Other investments income	11,343	47	—	11,390
Other revenue	36,664	—	—	36,664
Net assets released from restrictions	5,159	(5,159)	—	—
Total operating revenues	949,360	4,082	—	953,442
Operating expenses:				
Salaries and wages	416,815	—	—	416,815
Benefits	164,441	—	—	164,441
Supplies and general	207,858	—	—	207,858
Travel	26,080	—	—	26,080
Depreciation, amortization and loss on disposals	67,257	—	—	67,257
Interest	20,780	—	—	20,780
Total operating expenses	903,231	—	—	903,231
Change in net assets from operating activities	46,129	4,082	—	50,211
Nonoperating activities:				
Investment return in excess of endowment distributions	3,614	7,223	4,042	14,879
Contributions restricted for endowment and capital	—	(469)	7,231	6,762
State capital appropriations	3,251	—	—	3,251
Change in post-employment benefit obligations	(123,858)	—	—	(123,858)
Other, net	11,241	(6,007)	11,622	16,856
Net assets released from restrictions	20,596	(20,596)	—	—
Change in net assets	(39,027)	(15,767)	22,895	(31,899)
Net assets at beginning of year	1,358,232	679,073	368,993	2,406,298
Net assets at end of year	\$ 1,319,205	663,306	391,888	2,374,399

See accompanying notes to consolidated financial statements.

UNIVERSITY OF DELAWARE
Consolidated Statement of Functional Expenses
Years ended June 30, 2015
(Dollars in thousands)

	2015									
	Instruction and departmental research	Sponsored research	Extension and public service	Academic support	Student services	General institutional support	Student aid	Auxiliary enterprises	Independent operations	Total
Operating expenses:										
Expenses:										
Salaries and wages	\$ 216,878	64,148	25,152	34,440	15,504	48,789	3,421	8,433	50	416,815
Benefits	67,307	15,895	7,493	13,369	4,818	19,889	9	2,800	28	131,608
Post-employment benefits	21,933	3,348	1,406	2,175	708	2,777	—	485	1	32,833
Benefits	89,240	19,243	8,899	15,544	5,526	22,666	9	3,285	29	164,441
Supplies and general	50,204	40,802	12,505	8,729	8,456	24,970	330	71,860	2,176	220,032
Information processing	7	—	—	—	2,618	10,331	—	—	—	12,956
Scholarships, fellowships and awards	—	—	—	—	—	—	2,220	1	—	2,221
Internal service (credits) charges	(3,444)	(18)	(23)	(722)	(984)	(20,924)	—	(1,236)	—	(27,351)
Supplies and general	46,767	40,784	12,482	8,007	10,090	14,377	2,550	70,625	2,176	207,858
Travel	17,333	3,345	1,458	1,358	1,322	1,075	60	129	—	26,080
Depreciation and accretion	18,752	9,115	2,120	12,800	715	11,740	—	11,484	1,142	67,868
Loss on disposals	70	83	5	2	1	11	—	—	—	172
Amortization of bond discount (premium)	3	23	—	—	(67)	—	—	(742)	—	(783)
Depreciation, amortization and loss on disposals	18,825	9,221	2,125	12,802	649	11,751	—	10,742	1,142	67,257
Interest expense	3,198	435	6	217	172	326	—	16,426	—	20,780
Total operating expenses	\$ 392,241	137,176	50,122	72,368	33,263	98,984	6,040	109,640	3,397	903,231

See accompanying notes to consolidated financial statements.

UNIVERSITY OF DELAWARE
Consolidated Statements of Cash Flows
Years ended June 30, 2015 and 2014
(Dollars in thousands)

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Change in net assets	\$ (31,899)	225,673
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation, amortization, and loss on disposals	67,966	65,315
Change in post-employment benefit obligations and other nonoperating activities	107,002	—
Net realized and unrealized gains	(58,071)	(178,876)
Gifts of equipment	(264)	(974)
State capital appropriations	(3,251)	(7,244)
Contributions restricted for endowment and capital	(6,762)	(19,727)
Endowment income restricted for reinvestment	(274)	(636)
Changes in operating assets and liabilities:		
Accounts and notes receivable, net	(589)	11,008
Prepaid expenses and inventories	(755)	(438)
Contributions receivable, net	1,690	(4,400)
Accounts payable and accrued liabilities	4,115	7,037
Deferred revenues and students deposits	6,741	(3,551)
Other liabilities	363	(1,717)
Post-employment benefit obligations	25,879	12,815
Net cash provided by operating activities	<u>111,891</u>	<u>104,285</u>
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	1,165,998	1,702,888
Purchases of investments	(1,184,904)	(1,766,606)
Acquisitions of property, plant, and equipment	(134,084)	(129,281)
Disbursements of loans to students	(2,286)	(2,530)
Repayments of loans by students	2,508	2,193
Net cash used in investing activities	<u>(152,768)</u>	<u>(193,336)</u>
Cash flows from financing activities:		
Repayments of principal on long-term debt and capital leases	(15,476)	(11,638)
Net proceeds from issuance of long-term debt	58,701	—
State capital appropriations	3,251	7,244
Endowment income restricted for reinvestment	274	636
Contributions restricted for endowment and capital	13,298	19,727
Advances from federal government for student loans	118	144
Change in restricted deposits	(2,510)	54,100
Net cash provided by financing activities	<u>57,656</u>	<u>70,213</u>
Net increase (decrease) in cash and cash equivalents	16,779	(18,838)
Cash and cash equivalents, beginning of year	22,879	41,717
Cash and cash equivalents, end of year	<u>\$ 39,658</u>	<u>22,879</u>
Supplemental disclosure of cash flow information:		
Interest paid	\$ 22,074	22,159

See accompanying notes to consolidated financial statements.

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Notes to Consolidated Financial Statements

June 30, 2015

(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 coeducational. The main campus is located in Newark, Delaware, a suburban community of 32,500, 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 and Consolidation*

The consolidated financial statements include the accounts of the various academic and support divisions and other affiliated entities controlled by the University. All significant inter-entity activities and balances are eliminated for financial reporting purposes.

The consolidated statement of activities for the year ended June 30, 2015 is presented with certain summarized comparative information for the year ended June 30, 2014 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. Accordingly, such information should be read in conjunction with the University's consolidated financial statements for the year ended June 30, 2014 from which the summarized information was derived.

Net assets and revenue, 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 are 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.

In addition to the three primary financial statements presented under U.S. GAAP for not-for-profit organizations, the statement of functional expenses 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. Post-employment and fringe benefit expenses 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. Operation and

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Notes to Consolidated Financial Statements

June 30, 2015

maintenance of plant costs were approximately \$57,083,000 and \$58,713,000 and fund-raising costs were approximately \$13,937,000 and \$12,888,000 for the years ended June 30, 2015 and June 30, 2014, respectively.

Revenues are reported as increases in unrestricted net assets unless their 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 net assets released from restrictions, which reflect reclassifications from temporarily restricted net assets to unrestricted net assets. Releases from restrictions are presented as either operating or nonoperating. Nonoperating releases represent utilization of capital gifts, and operating releases represent utilization of restricted gifts for program and operating purposes and pledge payments.

(c) *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 4.

(d) *Contributions*

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Unconditional promises to give are recognized initially at fair value giving consideration to anticipated future cash receipts and discounting such amounts at a risk-adjusted rate. These inputs to the fair value estimate are considered Level 3 in the fair value hierarchy. Amortization of the discount is included in contributions revenue. 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.

Allowance is made, if necessary, for uncollectible contributions receivable based upon management's judgment and analysis of the creditworthiness of the donors, past collection experience, and other relevant factors.

Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenue in unrestricted net assets. Income and realized and unrealized net gains on investments of donor-restricted 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.

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Notes to Consolidated Financial Statements

June 30, 2015

(e) Tuition and Fees and Student Financial Aid

Tuition and fees are recorded as revenue during the year the related academic services are rendered. Tuition and fees received in advance of services are recorded as deferred revenue and student deposits. The University provides financial aid to eligible students, generally in an “aid package” that includes loans, compensation under work-study programs, and/or grant and scholarship awards. The loans are provided primarily through programs of the U.S. government (including direct and guaranteed loan programs) under which the University is responsible only for certain administrative duties. The grants and scholarships include awards provided from gifts and grants from private donors, income earned on endowment funds restricted for student aid, and University funds.

(f) Auxiliary Enterprises

The operation of auxiliaries is supplementary to the primary educational function of the University. Revenue of auxiliary enterprises, which is recognized as services are rendered, provide for debt service, and renewal and replacement of equipment. Auxiliary operations primarily include the residence and dining halls, the bookstore, and student health services.

(g) Grants and Contracts

Revenue under grants and contracts with sponsors is recognized as expenditures are incurred. This revenue includes recoveries of facilities and administrative costs, which are generally determined as a negotiated or agreed-upon percentage of direct costs, with certain exclusions.

(h) Restricted Deposits

Restricted deposits as of June 30, 2015 and 2014 consisted of the following (in thousands):

	2015	2014
Unexpended bond proceeds	\$ 70,778	69,952
Debt service reserve funds	19,512	18,689
Other deposits	4,572	3,711
	<u>\$ 94,862</u>	<u>92,352</u>

Unexpended bond proceeds represent the amount of unspent 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 9. These funds are generally invested in cash equivalents.

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Notes to Consolidated Financial Statements

June 30, 2015

Other deposits are under the control of the University but are restricted in their use and include funds 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.

(i) Investments

Investments are stated at fair value or estimated fair value, using net asset value as a practical expedient, as described in notes 4 and 5.

(j) Property, Plant, and Equipment

Property, plant, and equipment are stated at cost, if purchased or at estimated fair value at the date of gift, if donated, less accumulated depreciation and amortization. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Land, including land deeded by the Board of Trustees of Delaware College to the State in the early 1900s and thereafter used by the University is not depreciated. Costs of major renovations to buildings are capitalized. Costs of equipment in excess of \$5,000 with a useful life expectancy of more than one year are also capitalized. Repairs and maintenance costs are expensed as incurred. Costs relating to retirement, disposal, or abandonment of assets where the University had a legal obligation to perform activities are accrued using site-specific information.

Interest on borrowings is capitalized from the date of the borrowing until the specified qualifying assets acquired with those borrowings are ready for their intended use or the borrowing is retired, whichever occurs first. Capitalized interest is amortized over the useful life of the qualifying asset.

(k) 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 post-employment benefit and asset retirement obligations; and nonrecurring or unusual transactions.

(l) 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 requires 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, 2015 and 2014, there are no uncertain positions. The University is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

(m) 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

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Notes to Consolidated Financial Statements

June 30, 2015

statements. Estimates also affect the reported amount of revenue and expenses during the reporting period. The University's most significant estimates include the fair value of investments, allowances for uncollectible accounts and contributions receivable, and the actuarial assumptions used to determine post-employment benefit obligations. Actual results could differ from these estimates.

(n) *Refundable Advances from the U.S. Government*

Student loan programs provided primarily by the U.S. government under the Federal Perkins and Nursing Student Loan program are loaned to qualified students, administered by the University, and may be reloaned after collections. These funds, which are ultimately refundable to the government and are included in other liabilities, aggregated \$15,356,000 and \$15,238,000 as of June 30, 2015 and 2014, respectively.

(o) *Derivative Financial Instruments*

The University uses interest rate swap agreements to manage interest rate risk associated with certain variable rate debt or to adjust its debt structure. Derivative financial instruments are measured at fair value and recognized in the balance sheet as assets or liabilities, with changes in fair value recognized in the consolidated statement of activities.

(p) *Impact of Recent Accounting Pronouncements*

In May 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2015-07 (ASU 2015-07), *Disclosures for Investments in Certain Entities that Calculate Net Asset Value per share (or its Equivalent)*. ASU 2015-07 removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value (NAV) per share as a practical expedient. It also removes the requirement to make certain disclosures for all investments valued using NAV as a practical expedient. The University has elected to early adopt ASU 2015-07 as permitted, and the presentation in note 5 has been applied retrospectively.

(2) *Subsidiary Operations*

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, 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.

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 98% at June 30, 2015.

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. A hotel management company manages the hotel under a management contract that provides for a management fee of 3% of gross operating revenues of the LLC.

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Notes to Consolidated Financial Statements

June 30, 2015

(3) Contributions Receivable

Contributions receivable at June 30, 2015 and 2014 are summarized as follows (in thousands):

	<u>2015</u>	<u>2014</u>
Unconditional promises expected to be collected in:		
Less than one year	\$ 13,443	10,950
One year to five years	<u>17,502</u>	<u>28,221</u>
	<u>\$ 30,945</u>	<u>39,171</u>

The unamortized discount for contributions to be received after one year amounted to \$715,000 and \$1,307,000 in 2015 and 2014, respectively. Contributions to be received after one year are discounted at discount rates ranging from 1.5% to 3.4% for the years ended June 30, 2015 and 2014, respectively.

(4) Investments

Investments are recorded at fair value, or estimated fair value as a practical expedient, as described in note 5. The market value by investment class at June 30, 2015 and 2014 was as follows (in thousands):

	<u>2015</u>	<u>2014</u>
Money market and other liquid funds	\$ 50,652	46,606
U.S. government obligations	110,237	87,908
Corporate obligations	231,125	231,113
Stock and convertible securities	383,341	362,858
International equity investments	3,281	3,342
Limited partnerships and LLCs	998,971	965,744
Real estate investment trust	—	1,242
Other	<u>4,899</u>	<u>5,530</u>
Total	<u>\$ 1,782,506</u>	<u>1,704,343</u>

Included in the investments table above are \$8,965,000 and \$9,206,000 of annuity and life income funds, at June 30, 2015 and 2014, respectively.

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.

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Notes to Consolidated Financial Statements

June 30, 2015

Net Asset Value, as a Practical Expedient for Fair Value

The following table presents the attributes of the University's alternative investments, which are stated at net asset value as a practical expedient for fair value, as reported by the funds (in thousands):

	<u>2015</u>	<u>2014</u>	<u>Estimated remaining lives</u>	<u>2015 Unfunded commitments</u> ¹	<u>Redemption frequency</u>	<u>Redemption notice frequency</u>
Real estate investment trust	\$ —	1,242		\$ —	Quarterly	15 days
Limited partnerships and LLCs:						
U.S. corporate debt funds	74,394	72,585		—	Monthly	45 days
International equity funds	305,652	310,947		—	Monthly	10 days
Multi-strategy hedge funds	78,704	193,676		—	Annually	100 days
Long-short hedge funds	222,357	79,918		—	Annually	90 days
Private equity	55,535	47,106	1–8 years	14,220	Not eligible	N/A
Venture capital	60,909	48,947	2–8 years	6,963	Not eligible	N/A
Hybrid fund of funds	36,131	46,939	1–7 years	13,142	Not eligible	N/A
Distressed securities	14,737	17,508	1–5 years	6,376	Not eligible	N/A
Real estate	59,957	61,314	1–11 years	26,344	Not eligible	N/A
Natural resources	33,881	38,551	2–15 years	9,326	Not eligible	N/A
Oil and gas	56,714	48,253	1–11 years	48,512	Not eligible	N/A
	<u>998,971</u>	<u>965,744</u>		<u>124,883</u>		
	<u>\$ 998,971</u>	<u>966,986</u>		<u>\$ 124,883</u>		

¹ Unfunded commitments at June 30, 2015 exclude \$70,000 of commitments that have not completed the first capital call.

(a) 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.

(b) U.S. Corporate Debt Funds and International Equity Funds

These categories are investments in commingled funds that invest primarily in public debt and equity securities.

(c) Multi-Strategy Hedge Funds

This category includes investments in hedge funds that pursue multiple strategies to diversify risks and reduce volatility. The hedge funds that make up these 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.

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(d) Long-Short Hedge Funds

This category includes investments, both long and short, in U.S. and non-U.S. stocks, and other marketable assets.

All of the following University partnerships and Limited Liability Corporations, items (e), (f), and (g), receive distributions through the liquidation of the underlying assets of the funds. These investments can never be redeemed. 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 (unfunded commitments). The timing and amounts of the contributions will be determined by the general partner of the respective limited partnership.

(e) 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.

(f) Real Estate

This category includes illiquid investments in residential and commercial real estate assets, projects, or land held in commingled limited partnership funds.

(g) 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.

Investment return for fiscal 2015 and 2014 was as follows (in thousands):

	2015	2014
Dividend and interest income	\$ 22,184	12,885
Net realized and unrealized gains	58,071	190,844
External investment management fees and expenses	(3,834)	(4,007)
Investment return	<u>\$ 76,421</u>	<u>199,722</u>

Investment return is classified on the consolidated statement of activities as follows (in thousands):

	2015	2014
Other investments income	\$ 11,390	6,357
Endowment distributions	50,152	48,187
Investment return in excess of endowment distributions	14,879	145,133
Sales and services of auxiliary enterprises, net	—	45
Investment return	<u>\$ 76,421</u>	<u>199,722</u>

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(5) 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 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 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.

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.

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:

Money market and other liquid funds, certain U.S. government obligations, stock and convertible securities, and international investments held directly by the University are classified as Level 1 since quoted prices in active markets are available. Corporate obligations and certain U.S. government obligations 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, for similar securities. Certain stock and convertible securities and international investments are classified as Level 2 because the underlying investments are held in Annuity and Life Income Funds in (b) below.

Valuations for limited partnerships, LLC, and inflation sensitive assets are based on net asset value or the equivalent, 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.

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Investments measured at net asset value, as a practical expedient for fair value, include the University's interests in limited partnerships and LLCs, are reported by investment managers, unless it is probable that all or a portion of the investment will be sold for an amount different from net asset value. As of June 30, 2015, the University had no plans or intentions to sell investments at amounts different from net asset value. The estimated fair values are reported by the general partners or fund managers and are reviewed and evaluated by the University. These estimated fair values may differ from the values that would have been used had a ready market existed for these investments and the differences could be significant.

Other investment classes 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.

(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 Interest Rate Swap Agreements*

The fair value of the University's debt is presented in note 9. 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 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.

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The following tables present the University's fair value hierarchy for financial instruments that are measured at fair value on a recurring basis as shown on the June 30, 2015 and 2014 consolidated balance sheets (in thousands):

June 30, 2015				
	Fair value	Level 1	Level 2	Level 3
Financial assets:				
Investments:				
Money market and other liquid funds	\$ 50,652	50,246	406	—
U.S. government obligations:				
Mortgage-backed securities	51,644	5,007	46,637	—
Treasury obligations	27,259	23,698	3,561	—
Other	31,334	6,910	24,424	—
	110,237	35,615	74,622	—
Corporate obligations	231,125	—	231,125	—
Stock and convertible securities	383,341	380,607	2,734	—
International investments	3,281	54	3,227	—
Other	4,899	1,061	647	3,191
Investments measured at net asset value ¹	998,971	—	—	—
	1,782,506	467,583	312,761	3,191
Funds held in trust by others	66,681	—	—	66,681
Total	\$ 1,849,187	467,583	312,761	69,872
Financial liabilities:				
Annuity and life income funds payable	\$ 4,521	—	—	4,521
Interest rate swaps	26,805	—	—	26,805
Total	\$ 31,326	—	—	31,326

¹ Investments in limited partnerships and LLCs that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated balance sheet. See note 4 for detail of investments measured at net asset value.

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June 30, 2015

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	—
Other	5,530	—	1,692	3,838
Investments measured at net asset value ¹	966,986	—	—	—
	1,704,343	220,418	513,101	3,838
Funds held in trust by others	67,867	—	—	67,867
Total	\$ 1,772,210	220,418	513,101	71,705
Financial liabilities:				
Annuity and life income funds payable	\$ 4,625	—	—	4,625
Interest rate swaps	24,359	—	—	24,359
Total	\$ 28,984	—	—	28,984

¹ Investments in limited partnerships and LLCs and in a real estate investment trust that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated balance sheet. See note 4 for detail of investments measured at net asset value.

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The following tables present a reconciliation of the consolidated balance sheet amounts for financial instruments measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended June 30, 2015 and 2014 (in thousands):

	Funds held in trust by others	Other	Total
Financial assets:			
Balance at June 30, 2013	\$ 60,653	4,767	65,420
Net realized and unrealized gains	10,197	—	10,197
Purchases	24,148	212	24,360
Sales	(27,131)	(1,141)	(28,272)
Total at June 30, 2014	67,867	3,838	71,705
Net realized and unrealized gains	743	—	743
Purchases	19,340	119	19,459
Sales	(21,269)	(766)	(22,035)
Total at June 30, 2015	\$ 66,681	3,191	69,872
Change in unrealized losses related to financial instruments still held at June 30, 2015	\$ (2,385)	—	(2,385)

	Interest rate swaps	Annuity and life income funds payable	Total
Financial assets:			
Balance at June 30, 2013	\$ 24,478	4,986	29,464
Net realized and unrealized gains	(119)	(222)	(341)
Accretion	—	126	126
Distributions	—	(265)	(265)
Total at June 30, 2014	24,359	4,625	28,984
Net realized and unrealized losses	2,446	10	2,456
Accretion	—	157	157
Distributions	—	(271)	(271)
Total at June 30, 2015	\$ 26,805	4,521	31,326
Change in unrealized losses related to financial instruments still held at June 30, 2015	\$ 2,446	—	2,446

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Notes to Consolidated Financial Statements

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Transfers between leveled assets are based upon beginning of year value of the asset. During the years ended June 30, 2015 and 2014, there were no transfers between levels.

(6) Annuity and Life-Income Funds

The University held \$8,965,000 and \$9,206,000 in investments related to annuity and life-income funds as of June 30, 2015 and 2014, respectively. A related liability of \$4,521,000 and \$4,625,000 as of June 30, 2015 and 2014, 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 is required by the laws of certain states to maintain reserves against charitable gift annuities. Such reserves amounted to \$2,330,000 and \$2,302,000 as of June 30, 2015 and 2014, respectively.

(7) Property, Plant, and Equipment

Property, plant, and equipment as of June 30, 2015 and 2014 consisted of the following (in thousands):

	2015	2014	Range of useful lives (years)
Land	\$ 54,366	53,703	n/a
Land improvements	65,743	65,086	15
Buildings	1,634,896	1,578,359	40
Equipment, furnishings, and library	484,385	458,914	2–20
Capital leasehold	44,910	46,525	29.5–40
Collections and works of art	8,756	8,756	n/a
Construction in progress	130,957	63,992	n/a
	2,424,013	2,275,335	
Less accumulated depreciation	(947,858)	(882,238)	
	<u>\$ 1,476,155</u>	<u>1,393,097</u>	

At June 30, 2015, the University had outstanding contractual commitments of \$43,722,000 for building and renovation projects.

(8) 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.

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The University had asset retirement obligations of \$20,472,000 and \$20,541,000 as of June 30, 2015 and 2014, respectively. The following table reconciles the obligation as of June 30, 2015 and 2014 (in thousands):

	<u>2015</u>	<u>2014</u>
Balance at beginning of year	\$ 20,541	22,112
Additional obligations incurred	7	22
Obligations settled in current period	(380)	(732)
Changes in estimates, including timing	(262)	(1,422)
Accretion expense	<u>566</u>	<u>561</u>
Balance at end of year	<u>\$ 20,472</u>	<u>20,541</u>

(9) Long-Term Debt and Capital Leases

Indebtedness at June 30, 2015 and 2014 consisted of the following (in thousands):

	<u>Fiscal year of maturity</u>	<u>Interest rate(s)%</u>	<u>Outstanding principal</u>	
			<u>2015</u>	<u>2014</u>
Variable-rate debt:				
Series 2004B	2035	3	\$ 32,185	32,185
Series 2005	2036	4	32,925	32,925
Series 2013C	2038	4	57,475	57,475
Blue Hen Hotel LLC Bonds	2028	6	<u>7,925</u>	<u>8,325</u>
Variable-rate debt			<u>130,510</u>	<u>130,910</u>
Fixed-rate bonds:				
Series 2009B	2027	2.0–4.0	37,435	43,495
Series 2010A Taxable	2041	4	119,580	119,580
Series 2010B	2020	0.65–3.796	11,080	11,080
Series 2013A	2034	3.0–5.0	85,605	91,385
	2044	5.0	27,825	27,825
Series 2013B Taxable	2027	0.488–2.997	8,765	9,430
	2034	4	6,770	6,770
	2044	4	13,555	13,555
Series 2015	2036	4.0–5.0	25,060	—
	2041	5	11,385	—
	2046	5	<u>14,625</u>	<u>—</u>
Fixed-rate debt			361,685	323,120
Capital leases			34,553	35,771
Line of credit			<u>—</u>	<u>1,352</u>
			526,748	491,153
Premium on long-term debt, net			<u>29,135</u>	<u>22,278</u>
Long-term debt and capital leases			<u>\$ 555,883</u>	<u>513,431</u>

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The bonds in the preceding table were primarily issued to finance capital projects associated with auxiliary services and are secured by a pledge of gross revenue received by the University from the operations of all project facilities including housing, dining, parking, and other revenue producing facilities and mandatory student fees.

The 2004B and 2005 bonds initially bear interest at a daily rate and can be converted to bear interest at a weekly, flexible, term, or fixed rate to maturity.

The Series 2010A Taxable Revenue Bonds are Build America bonds and the University receives payments from the U.S. Treasury equal to 35% of the corresponding interest payable on the bonds (the Subsidy Payments). For the year ended June 30, 2015, the University received Subsidy Payments of \$2,283,000, which are included in other revenue. The 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 2013C bonds have a mandatory remarketing date of May 1, 2016, at which time the bonds can be converted to bear interest at a daily, weekly, flexible, or fixed rate to maturity.

The Blue Hen Hotel, LLC bonds, which are guaranteed by the University, will initially bear interest at a weekly rate (0.35% at June 30, 2015) and can be converted to bear interest at a daily, flexible, term, or fixed rate to maturity.

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, 2015 and 2014.

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 \$484,270,000) approximates \$532,915,000. 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.

The University has obligations under capital leases with annual lease payments ranging from \$900,000 to \$1,998,000. As of June 30, 2015, the gross amount of assets and accumulated depreciation thereon accounted for as capital leases amounted to \$44,910,000 and \$6,772,000, respectively.

The aggregate amount of principal payments on the University's long-term debt and capital leases are due as follows (in thousands):

2016	\$	14,262
2017		14,791
2018		15,991
2019		13,173
2020		11,405
Thereafter		457,126
	\$	<u>526,748</u>

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The University has Standby Bond Purchase Agreements (SBPA) for the Series 2004B and 2005 variable rate demand bonds 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. The SBPAs for the Series 2004B and 2005 bonds expire on April 5, 2018 and May 31, 2016, respectively. An SBPA also exists for the Blue Hen Hotel LLC bonds and expires on December 31, 2016.

(10) Interest Rate Swap Agreements

The University has interest rate swap agreements for notional amounts of approximately \$135,635,000 as of June 30, 2015 (in thousands):

	<u>Balance sheet location</u>	<u>Location of gain (loss)</u>	<u>Fair value 2015</u>	<u>Fair value 2014</u>	<u>Amount of gain (loss)</u>	
					<u>2015</u>	<u>2014</u>
Interest rate swap agreements	Other liabilities	Other, net	\$ 26,805	24,359	(2,446)	119

A portion of the total interest rate swap liabilities reported on the consolidated balance sheet, \$25,042,000 at June 30, 2015, 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. To date, the University has not posted collateral.

(11) Employee Benefit Plans

(a) *University Pension Plans – Defined Contribution*

The University's 403(b) Retirement Annuity Program is available to substantially all faculty and professional employees. 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 cost 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 \$28,751,000 in 2015 and \$28,085,000 in 2014.

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

The Voluntary 403(b) Retirement Plan is available to all eligible full-time 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 is available to all eligible full-time and part-time employees who are already making the maximum allowable contribution to the

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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.

(b) Faculty Retirement

Faculty members subject to the collective bargaining agreement who qualify for retirement can elect certain additional benefits upon notice of retirement from the University. These benefits include a combination of retirement leave or phased retirement, and a lump-sum payment based upon years of service and salary level, and are funded by the University on a pay-as-you-go basis.

For the years ended June 30, 2015 and 2014, the University recognized expense related to this plan of \$8,281,000 and \$1,811,000, respectively. The University's estimated unfunded obligation related to this plan is \$83,637,000 and is included in post-employment benefit obligations on the consolidated balance sheet as of June 30, 2015. A change in unfunded post-employment benefit obligations of \$76,517,000 was recognized in fiscal 2015 within nonoperating activities.

The benefit obligation was determined using a discount rate of 4.70%, and a rate of compensation increase of 2.00%. As of June 30, 2015, the University's expected future benefit payments for fiscal years 2016 through 2020 are \$7,773,000, \$8,664,000, \$8,169,000, \$8,155,000, and \$8,416,000 respectively.

(c) Post-employment

The University also provides post-employment benefits primarily for medical insurance to retired employees who are not eligible under the State Plan, as described below. The University recognizes the funded status (i.e., the difference between the fair value of plan assets and the accumulated post-employment benefit obligation) of its post-employment benefit plan in the consolidated balance sheets. Also, the University measures the fair value of plan assets and benefit obligations as of the date of the fiscal year-end consolidated balance sheets. As of June 30, 2015, the University has not funded these benefits.

Net periodic post-employment benefit cost for 2015 and 2014 includes the following components (in thousands):

	2015	2014
Service cost	\$ 10,353	7,674
Interest cost	13,292	11,882
Amortization of unrecognized loss	906	—
Net periodic post-employment benefit cost	<u>\$ 24,551</u>	<u>19,556</u>

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The accumulated post-employment benefit obligation recognized in the consolidated balance sheets at June 30, 2015 and 2014 is as follows (in thousands):

	2015	2014
Accrued post-employment liability	\$ 263,210	244,450
Unrecognized net loss	80,010	32,670
Accumulated post-employment benefit obligation	<u>\$ 343,220</u>	<u>277,120</u>

Changes in the accumulated post-employment plan benefit obligation and funding status for 2015 and 2014 are as follows (in thousands):

	2015	2014
Benefit obligation at beginning of year	\$ 277,120	264,738
Service cost	10,353	7,674
Interest cost	13,292	11,882
Amortization of unrecognized loss	906	—
Actuarial loss (gain)	47,340	(1,873)
Disbursements	(5,791)	(5,301)
Benefit obligation at end of year	<u>343,220</u>	<u>277,120</u>
Fair value of plan assets at beginning of year	—	—
Employer contributions	5,791	5,301
Benefits paid	(5,791)	(5,301)
Fair value of plan assets at end of year	<u>—</u>	<u>—</u>
Funded status at end of year - liability included in other post-employment benefit obligations on the consolidated balance sheets	<u>\$ 343,220</u>	<u>277,120</u>

The University expects to contribute \$7,739,000 to the plan for the year ending June 30, 2016.

The accumulated post-employment benefit obligation was determined using a discount rate of 4.95% and 4.70% in 2015 and 2014, respectively. The healthcare cost trend rates used reflect the differences between pre-65 and post-65 claims were 7.00% and 7.50%, respectively, in 2015, and 7.20% and 6.00%, respectively, in 2014. This rate gradually decreases to 5.00% by the year 2022 for pre-65 and by the year 2023 for post-65 claims.

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 post-employment benefit obligation or net periodic post-employment benefit cost.

In October 2014, the Society of Actuaries released new data regarding observed mortality rate improvements since 2000 (the RP-2014 Mortality Tables and the MP-2014 Mortality Improvement Scale). The updated

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mortality tables were adopted as of June 30, 2015. Implementation of the new mortality tables increased the projected benefit obligation of the plan by \$50,345,000.

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

	<u>Increase</u>	<u>Decrease</u>
Effect on service cost and interest cost components of net periodic post-employment benefit cost	\$ 5,748	(4,361)
Effect on benefit obligation as of June 30, 2015	74,064	(57,089)

At June 30, 2015, the University's expected future benefit payments for future service are as follows (in thousands):

Year ending June 30:	
2016	\$ 7,739
2017	8,593
2018	9,521
2019	10,397
2020	11,360
2021 through 2025	73,211

(d) *Participation in State Retirement Plans*

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/AnnualFinancialReports.shtml>). Under the state pension statute, a mandatory pretax contribution of five percent of salary (or three percent if pension-creditable service began prior to January 1, 2012) in excess of \$6,000 per year plus five percent of salary in excess of the social security wage base is required, by the employee (pension). In addition to these retirement benefits, salaried and hourly staff employees also receive post-employment healthcare benefits through the State Plan, which are funded by the State on a pay-as-you-go basis (OPEB).

The University is required to pay its share of the annual premium accrued in connection with the State Plan (inclusive of Pension and OPEB), which is based upon a percentage of covered payroll. The percentage of covered payroll was 20.66% in 2015 and 21.02% in 2014. Expense recognized for the State Plan was \$11,999,000 and \$12,060,000 in 2015 and 2014, respectively.

The State Plan for Pension financial statements and actuarial reports for June 30, 2014 (most recent available) indicate the following:

- The University has 1,348 active participants in the State Plan for Pension. The State Plan for Pension, in total, has 64,207 participants, 35,825 of which are active participants.

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June 30, 2015

- The University's contribution to the State Plan for pension in fiscal year June 30, 2014 of \$5,578,000 was approximately 3.19% of the \$174,863,000 total annual required plan employer contributions to the plan.
- At June 30, 2014, the State Plan for Pension had a 92.3% funded ratio of the actuarial accrued liability.
- The funding objective of the State Plan for Pension 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 for Pension have consistently funded the full amounts required based on the actuarial valuations and specific statutory provisions.

As disclosed in the State of Delaware's Consolidated Annual Financial Report for the year ended June 30, 2014 (most recent available), the State Plan for OPEB as of June 30, 2014 indicated the State had an unfunded actuarial accrued liability of \$5,656,000,000. The University's contribution to the State Plan for OPEB in fiscal year June 30, 2014 of \$5,743,000 was approximately 2.8% of the \$203,900,000 total annual required employer contributions to the plan.

(e) *Participation in Other State Benefits*

The University maintains health insurance benefits for its employee base through the State of Delaware. Premiums are established annually by the State, based upon employee elections for coverages. The University remits premiums monthly to the State. Depending on the plan selected by the employee, premiums are funded 86.75% to 96.00% by the University and 4.00% to 13.25% by employee contributions. Medical insurance expense for 2015 and 2014 was \$45,783,000 and \$45,005,000, respectively.

(12) Net Assets

Temporarily restricted net assets include the following at June 30, 2015 and 2014 (in thousands):

	2015	2014
Contributions receivable	\$ 21,917	39,171
Contributions restricted for buildings	7,999	—
Annuity and life income funds	903	989
Accumulated gains on permanent endowment funds	622,899	615,636
Other time and purpose restrictions	9,588	23,277
	<u>\$ 663,306</u>	<u>679,073</u>

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

UNIVERSITY OF DELAWARE

Notes to Consolidated Financial Statements

June 30, 2015

Permanently restricted net assets include the following at June 30, 2015 and 2014 (in thousands):

	<u>2015</u>	<u>2014</u>
Contributions receivable	\$ 9,028	—
Permanent loan funds	344	333
Annuity and life income funds	3,542	3,592
Funds held in trust by others	66,681	67,867
Permanent endowment funds	<u>312,293</u>	<u>297,201</u>
	<u>\$ 391,888</u>	<u>368,993</u>

(13) Endowment

The University endowment consists of approximately 1,023 individual funds established for a variety of purposes. The endowment funds are subdivided into appropriate net asset classifications. The permanently restricted endowment funds represent gifts with a stipulation by the donor that the principal not be expended. Board-designated 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. The University classifies as permanently restricted net assets the historical cost value of the original donor-restricted endowment.

(b) *Return Objectives and Risk Parameters*

The University has adopted investment and spending policies for endowment funds 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 funds 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 funds are invested in a manner that is intended to achieve an average annual real return of at least 5% over time while assuming an acceptable level of investment risk. Actual returns in any year may vary from that amount. To monitor the effectiveness of the investment strategy of endowment funds, performance goals are established and monitored related to benchmark indices and returns earned by comparable endowment funds.

UNIVERSITY OF DELAWARE

Notes to Consolidated Financial Statements

June 30, 2015

(c) *Investment Strategy*

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*

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 4.39% at June 30, 2015 and 2014, 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 funds held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

(e) *Funds with Deficiencies*

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the original gift amount maintained as permanently restricted net assets. There were no significant deficiencies of this nature as of June 30, 2015 and 2014. 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.

UNIVERSITY OF DELAWARE

Notes to Consolidated Financial Statements

June 30, 2015

(f) *Net Asset Classification of Endowment Funds*

Net asset composition by type of fund consists of the following as of June 30, 2015 (in thousands):

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ —	613,702	312,293	925,995
Board-designated endowment funds	339,500	9,197	—	348,697
	<u>\$ 339,500</u>	<u>622,899</u>	<u>312,293</u>	<u>1,274,692</u>

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>

Board-designated temporarily restricted net assets represent the income on non-endowed purpose restricted gifts to the University that the Board of Trustees has designated as endowment, but which cannot reasonably be expended within a year. As of June 30, 2015 and 2014, the amount of temporarily restricted endowment net assets, which may be used for purposes of the University as determined by the Board of Trustees, was \$415,089,000 and \$424,789,000, respectively. Additionally, \$198,613,000 and \$181,719,000 as of June 30, 2015 and 2014, respectively, are determined to be with purpose restrictions as set forth by the donors.

UNIVERSITY OF DELAWARE

Notes to Consolidated Financial Statements

June 30, 2015

Changes in endowment net assets for the year ended June 30, 2015 (in thousands):

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 329,429	615,636	297,201	1,242,266
Investment return:				
Investment income	18,053	7	245	18,305
Net appreciation (depreciation) – realized and unrealized	<u>1,115</u>	<u>44,545</u>	<u>3,109</u>	<u>48,769</u>
Total investment return	19,168	44,552	3,354	67,074
Contributions	—	—	11,388	11,388
Endowment spending distribution	(12,763)	(37,389)	—	(50,152)
Other changes	<u>3,666</u>	<u>100</u>	<u>350</u>	<u>4,116</u>
	<u>\$ 339,500</u>	<u>622,899</u>	<u>312,293</u>	<u>1,274,692</u>

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	42,047	119,881	632	162,560
Contributions	—	86	17,135	17,221
Endowment spending distribution	(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>

(14) Ground Leases and Rental Income

The University has entered into a series of leasing transactions related to the redevelopment of the University's 272-acre STAR campus.

UNIVERSITY OF DELAWARE

Notes to Consolidated Financial Statements

June 30, 2015

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 ending June 30:		
2016	\$	140
2017		140
2018		152
2019		154
2020		154
Thereafter		10,343
	\$	<u>11,083</u>

(15) 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 years ended June 30, 2015 and 2014 (in thousands):

	2015			2014		
	Undergraduate	Graduate	Total	Undergraduate	Graduate	Total
Unrestricted	\$ 65,595	59,674	125,269	53,385	59,553	112,938
Federal grants	747	1,119	1,866	691	1,093	1,784
State grants	10,971	71	11,042	10,912	54	10,966
Private gifts	2,840	623	3,463	3,157	537	3,694
Endowment	3,723	96	3,819	3,657	85	3,742
Total	<u>\$ 83,876</u>	<u>61,583</u>	<u>145,459</u>	<u>71,802</u>	<u>61,322</u>	<u>133,124</u>

An additional \$6,040,000 and \$6,044,000 of University-provided financial assistance was utilized by students for books, supplies, and off-campus living expenses for the years ended June 30, 2015 and 2014, respectively.

(16) 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, 2015

(17) 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.

On February 4, 2015, a complaint was filed in the Superior Court of the State of Delaware by The Data Centers, 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 the property on which the plaintiff intended to build a data center and electric generating plant. The plaintiff estimates its damages are at least \$200 million. The case is still in its infancy. 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 range of loss.

(18) Subsequent Events

In connection with the preparation of the consolidated financial statements, the University evaluated subsequent events after the balance sheet date of June 30, 2015 through October 22, 2015, which was the date the consolidated financial statements were issued.

UNIVERSITY OF DELAWARE
Schedule of Expenditures of Federal Awards
Year ended June 30, 2015

Cluster Program title	CFDA	D – or – I	Pass-through entity name	Pass-through number	Program expenditures
Research and Development Cluster:					
United States Department of Agriculture Programs:					
United States Department of Agriculture	10-14-JV-11242306-102	D			\$ 10,230
United States Department of Agriculture	10-14-JV-11242315-082	D			9,798
United States Department of Agriculture	10-59-1935-4-002	D			53,424
Agricultural Research – Basic and Applied Research	10.001	D			510,649
Plant and Animal Disease, Pest Control, and Animal Care	10.025	D			73,315
Forestry Incentives Program	10.064	D			43,934
Specialty Crop Block Grant Program – Farm Bill	10.170	D			(254)
Cooperative Forestry Research	10.202	D			129,966
Payments to Agricultural Experiment Stations under the Hatch Act	10.203	D			1,472,439
Grants for Agricultural Research – Competitive Research Grants	10.206	D			1
Animal Health and Disease Research	10.207	D			25,539
Higher Education Challenge Grants	10.217	D			3,633
Agricultural and Rural Economic Research	10.250	D			73,267
Integrated Programs	10.303	D			171,506
International Science and Education Grants	10.305	D			2,004
Specialty Crop Research Initiative	10.309	D			471,600
Agriculture and Food Research Initiative (AFRI)	10.310	D			3,683,467
Biomass Research and Development Initiative Competitive Grants Program (BRDI)	10.312	D			118,575
Forestry Research	10.652	D			(782)
Cooperative Forestry Assistance	10.664	D			6,602
Forest Health Protection	10.680	D			21,336
Environmental Quality Incentives Program	10.912	D			6,220
United States Department of Agriculture	10-71012-10248	I	Cornell University	71012-10248	46,730
United States Department of Agriculture	10-73984-10401	I	Cornell University	73984-10401	282
Wildlife Services	10.028	I	Wildlife Management Institute	2010-03	2,046
Specialty Crop Block Grant Program – Farm Bill	10.170	I	Delaware Department of Agriculture	SCBGP-FB-12-01	3,475
Specialty Crop Block Grant Program – Farm Bill	10.170	I	Delaware Department of Agriculture	SCBGP-FB-11-05	5,764
Specialty Crop Block Grant Program – Farm Bill	10.170	I	Delaware Department of Agriculture	SCBGP-FB-11-04	5,639
Specialty Crop Block Grant Program – Farm Bill	10.170	I	Delaware Department of Agriculture	SCBGP-FB-14-01	6,542
Specialty Crop Block Grant Program – Farm Bill	10.170	I	Delaware Department of Agriculture	SCBGP-FB-12-10	1,755
Specialty Crop Block Grant Program – Farm Bill	10.170	I	Delaware Department of Agriculture	SCBGP-FB-14-03	444
Specialty Crop Block Grant Program – Farm Bill	10.170	I	Delaware Department of Agriculture	SCBGP-FB-14-08	1,920
Subtotal 10.170					25,539
Grants for Agricultural Research, Special Research Grants	10.200	I	Cornell University	73375-10290	1,636
Grants for Agricultural Research, Special Research Grants	10.200	I	Cornell University	59257-9246	71
Grants for Agricultural Research, Special Research Grants	10.200	I	Cornell University	70395-10147	9,999
Subtotal 10.200					11,706
Small Business Innovation Research	10.212	I	Step Analysis, LLC	USDA-NIFA-SBIR-004418	33,179
Sustainable Agriculture Research and Education	10.215	I	University of Vermont	SNE14-02-29001	4,261
Sustainable Agriculture Research and Education	10.215	I	University of Vermont	SNE13-02	5,540
Sustainable Agriculture Research and Education	10.215	I	University of Vermont	LNE12-314	36,674
Sustainable Agriculture Research and Education	10.215	I	University of Vermont	GNE14-086-27806	14,014
Subtotal 10.215					60,489
1890 Institution Capacity Building Grants	10.216	I	University of Maryland	2012-20515-UDE	92
1890 Institution Capacity Building Grants	10.216	I	Delaware State University	14-003HEH	16,644
Subtotal 10.216					16,736
Integrated Programs	10.303	I	University of Maryland, College Park	19981-Z5691001	7,743
Integrated Programs	10.303	I	The Ohio State University	60025287	5,747
Subtotal 10.303					13,490

UNIVERSITY OF DELAWARE
Schedule of Expenditures of Federal Awards
Year ended June 30, 2015

Cluster Program title	CFDA	D – or – I	Pass-through entity name	Pass-through number	Program expenditures
Homeland Security – Agricultural	10.304	I	Cornell University	67826-9927	\$ 19,137
Organic Agriculture Research and Extension Initiative	10.307	I	Pennsylvania State University	4074-UD-USDA-5656	3,768
Specialty Crop Research Initiative	10.309	I	University of Maryland	Z546701	59,273
Specialty Crop Research Initiative	10.309	I	Delaware Department of Agriculture	SCBGP-FB-12-07	7,416
Specialty Crop Research Initiative	10.309	I	Delaware Department of Agriculture	SCBGP-FB-11-07	11,305
Specialty Crop Research Initiative	10.309	I	Delaware Department of Agriculture	SCBGP-FB-11-03	15,070
Specialty Crop Research Initiative	10.309	I	Delaware Department of Agriculture	SCBGP-FB-11-02	807
Specialty Crop Research Initiative	10.309	I	Texas A & M University	06-S150658	6,738
Subtotal 10.309					100,609
Agriculture and Food Research Initiative (AFRI)	10.310	I	Arizona, University of	171468	101,291
Agriculture and Food Research Initiative (AFRI)	10.310	I	University of Connecticut	7109	52,455
Agriculture and Food Research Initiative (AFRI)	10.310	I	The Ohio State University	60045862	2,886
Agriculture and Food Research Initiative (AFRI)	10.310	I	University of Nebraska	25-6239-0235-307	130,801
Agriculture and Food Research Initiative (AFRI)	10.310	I	North Carolina State University	2011-0494-15	78,758
Subtotal 10.310					366,191
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	I	Delaware Dept of Health & Social Service	15-128	6,220
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	I	Delaware Dept of Health & Social Service	15-095	44,433
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	I	Delaware Dept of Health & Social Service	14-255	17,737
Subtotal 10.557					68,390
State Administrative Matching Grants for Supplemental					
Nutrition Assistance Program	10.561	I	The Food Trust	15A00219	13,500
Soil and Water Conservation	10.902	I	University of Maryland	Q210001	24,661
Environmental Quality Incentives Program	10.912	I	National Fish & Wildlife Foundation	0601.14.044706	40,828
Environmental Quality Incentives Program	10.912	I	Pennsylvania State University	4784-UD-USDA-2226	41,246
Subtotal 10.912					82,074
Total for United States Department of Agriculture Programs					7,774,996
Department of Commerce Programs:					
Sea Grant Support	11.417	D			1,671,902
Climate and Atmospheric Research	11.431	D			38,769
Unallied Management Projects	11.454	D			346,907
Meteorologic and Hydrologic Modernization Development	11.467	D			146,686
Center for Sponsored Coastal Ocean Research – Coastal					
Ocean Program	11.478	D			122,523
Measurement and Engineering Research and Standards	11.609	D			2,284,763
Department of Commerce	11-26-0521-0129-003	I	University of Nebraska	26-0521-0129-003	160,372
Integrated Ocean Observing System (IOOS)	11.012	I	University of Georgia	RR380-049/4945316	24,969
Integrated Ocean Observing System (IOOS)	11.012	I	Southeast Coastal Ocean Observing	IOOS.11(033)UDEL.WC.OA.4	60,492
Integrated Ocean Observing System (IOOS)	11.012	I	Rutgers, State University of New Jersey	S1570029	85,315
Subtotal 11.012					170,776
Sea Grant Support	11.417	I	Academy of Natural Sciences, Phila.	694-7900-7553	3,113
Coastal Zone Management Administration Awards	11.419	I	Delaware Department of Natural Resources	15A00340	24,689
Coastal Zone Management Administration Awards	11.419	I	Delaware Department of Natural Resources	14A00926	31,941
Coastal Zone Management Administration Awards	11.419	I	Delaware Department of Natural Resources	15A01077	928
Subtotal 11.419					57,558
Cooperative Science and Education Program	11.455	I	Central Intelligence Agency	2013-13071000004	235,041
Habitat Conservation	11.463	I	American Rivers	481	47,434
Coastal Services Center	11.473	I	Monmouth University	MU-301352-13254	213
Center for Sponsored Coastal Ocean Research – Coastal					

UNIVERSITY OF DELAWARE
Schedule of Expenditures of Federal Awards
Year ended June 30, 2015

Cluster Program title	CFDA	D – or – I	Pass-through entity name	Pass-through number	Program expenditures
Ocean Program	11.478	I	University of South Carolina	11-1828-21600-FB86	\$ 40,506
Measurement and Engineering Research and Standards	11.609	I	University of Massachusetts	S57100000026209	11,964
Total for Department of Commerce Programs					5,338,527
Department of Defense Programs:					
Department of Defense	12-DAAD19-01-2-0005	D			1
Department of Defense	12-W56HZV-07-C-0142	D			8,103
Department of Defense	12-W56HZV-13-C-0380	D			1,120,833
Department of Defense	12-W911S0-13-P-0085	D			6,402
Department of Defense	12-W911S0-13-P-0107	D			4,329
Department of Defense	12-W911S0-14-P-0147	D			6,000
Department of Defense	12-W912HQ-09-C-0031	D			(68)
Department of Defense	12-W912HQ-10-C-0057	D			218,980
Department of Defense	12-W91CRB-12-P-0056	D			10,646
Basic and Applied Scientific Research	12.300	D			1,637,389
Military Medical Research and Development	12.420	D			3,799,529
Basic Scientific Research	12.431	D			1,777,498
Basic, Applied, and Advanced Research in Science and Engineering	12.630	D			754,861
Air Force Defense Research Sciences Program	12.800	D			2,976,946
Mathematical Sciences Grants Program	12.901	D			11,907
Research and Technology Development	12.910	D			640,356
Department of Defense	12-11A00635	I	Salbec, LLC	11A00635	112
Department of Defense	12-13-A0-00-001975-01	I	New York University	13-A0-00-001975-01	3,887
Department of Defense	12-13A00012	I	EM Photonics, Inc.	13A00012	2,188
Department of Defense	12-13A00085	I	DIApedia, LLC	13A00085	80,258
Department of Defense	12-13A01360	I	Touchstone Research Laboratory, Ltd	13A01360	159,054
Department of Defense	12-14-26	I	SERVICE Engineering	14-26	39,979
Department of Defense	12-14A00058	I	Iowa, University of	14A00058	661,929
Department of Defense	12-14A00111	I	Lumilant, Inc.	14A00111	4,162
Department of Defense	12-1557037	I	Sandia National Labs	1557037	5,658
Department of Defense	12-15A00813	I	QuantTera	15A00813	49,997
Department of Defense	12-15A00829	I	Chip Design Systems	15A00829	38,778
Department of Defense	12-15A01014	I	Phase Sensitive Innovations, Inc.	15A01014	3,710
Department of Defense	12-15-S-15-030	I	General Technical Services, LLC	15-S-15-030	40,244
Department of Defense	12-GTS-S-13-263	I	General Technical Services, LLC	GTS-S-13-263	37,069
Department of Defense	12-GTS-S-14-392	I	General Technical Services, LLC	GTS-S-14-392	57,328
Department of Defense	12-PO# 9500009858	I	BBN Technologies	PO# 9500009858	39,121
Department of Defense	12-RM101A-C	I	Oregon State University	RM101A-C	36,898
Department of Defense	12-SUB1131601-001	I	Alion Science & Technology	SUB1131601-001	250,772
Basic and Applied Scientific Research	12.300	I	Oregon State University	N0301A-B	3,015
Basic and Applied Scientific Research	12.300	I	CORVID Technologies	SUB NO 13-017	95,840
Basic and Applied Scientific Research	12.300	I	Woods Hole Oceanographic Institute	A100848	97,490
Basic and Applied Scientific Research	12.300	I	Woods Hole Oceanographic Institute	A100750	297,005
Subtotal 12.300					493,350
Navy Command, Control, Communications, Computers, Intelligence, Surveillance, and Reconnaissance	12.335	I	Massachusetts Institute of Technology	5710003357	(865)
Basic Scientific Research	12.431	I	University of Minnesota	A004135003	126,412
Basic Scientific Research	12.431	I	University of Michigan	3002780062	161,768
Basic Scientific Research	12.431	I	Colorado School of Mines	400231	99,587
Basic Scientific Research	12.431	I	Battelle	0000384315	15,019
Basic Scientific Research	12.431	I	Pacific Northwest National Laboratory	214990	64,951
Basic Scientific Research	12.431	I	New Mexico, University of	271413-87J5	63,980
Subtotal 12.431					531,717
Basic, Applied, and Advanced Research in Science and Engineering	12.630	I	Johns Hopkins University	2001518468	311,719
Basic, Applied, and Advanced Research in Science and Engineering	12.630	I	Delaware State University	11-006JNA	130,470
Subtotal 12.630					442,189

UNIVERSITY OF DELAWARE
Schedule of Expenditures of Federal Awards
Year ended June 30, 2015

Cluster Program title	CFDA	D – or – I	Pass-through entity name	Pass-through number	Program expenditures
Air Force Defense Research Sciences Program	12.800	I	Washington, University of	748056	\$ 546,173
Air Force Defense Research Sciences Program	12.800	I	Rice University	R17536	199,330
Air Force Defense Research Sciences Program	12.800	I	New Mexico State University	Q01573	18,989
Air Force Defense Research Sciences Program	12.800	I	Colorado School of Mines	400487	177,902
Air Force Defense Research Sciences Program	12.800	I	EM Photonics, Inc.	12A01402	(2,500)
Air Force Defense Research Sciences Program	12.800	I	Phase Sensitive Innovations, Inc.	14A01048	189,952
Air Force Defense Research Sciences Program	12.800	I	Portage Bay Photonics, Inc.	13A00345	7,311
Subtotal 12.800					<u>1,137,157</u>
Total for Department of Defense Programs					<u>17,088,404</u>
Central Intelligence Agency Programs:					
Central Intelligence Agency	13-2010*1266710*000	D			<u>(1,505)</u>
Total for Central Intelligence Agency Programs					<u>(1,505)</u>
Department of Interior Programs:					
Department of Interior	15-P14AC00494	D			68,833
Department of Interior	15-P14AC01582	D			18,378
Minerals Management Service (MMS) Environmental Studies Program (ESP)	15.423	D			78,675
Migratory Bird Joint Ventures	15.637	D			2,859
Visitor Facility Enhancements – Vehicle Pullouts, Interpretive Trails, and Kiosks	15.654	D			123,846
Migratory Bird Monitoring, Assessment and Conservation	15.655	D			261,717
Hurricane Sandy Disaster Relief Activities-FWS	15.677	D			145,394
Assistance to State Water Resources Research Institutes	15.805	D			81,415
U.S. Geological Survey – Research and Data Collection	15.808	D			27,622
National Center for Preservation Technology and Training	15.923	D			18,943
Cooperative Research and Training Programs – Resources of the National Park System	15.945	D			516,915
Wildlife Restoration and Basic Hunter Education	15.611	I	North Caroline Wildlife Resources Commis	WM-0293	11,406
State Wildlife Grants	15.634	I	Delaware Department of Natural Resources	65335	338
Migratory Bird Monitoring, Assessment and Conservation	15.655	I	Delaware Department of Natural Resources	12A00915	31,413
Hurricane Sandy Disaster Relief Activities – FWS	15.677	I	Delaware Department of Natural Resources	15A00809	30,287
Hurricane Sandy Disaster Relief Activities – FWS	15.677	I	Delaware Department of Natural Resources	15A00065	95,999
Hurricane Sandy Disaster Relief Activities – FWS	15.677	I	Maine, University of	UM-S989	117,242
Hurricane Sandy Disaster Relief Activities – FWS	15.677	I	University of Connecticut	69879	56,421
Subtotal 15.677					<u>299,949</u>
Total for Department of Interior Programs					<u>1,687,703</u>
Department of Justice Programs:					
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	D			(1)
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	I	University of Maryland	13207-Z9842001	148,687
Second Chance Act Prisoner Reentry Initiative	16.812	I	Criminal Justice Council	CZ12-553	6,725
Total for Department of Justice Programs					<u>155,411</u>
Department of State Programs:					
Environmental and Scientific Partnerships and Programs	19.017	I	National Academy of Science	PGA-P210859	53,833
Department of State Programs					<u>53,833</u>
Department of Transportation Programs:					
Department of Transportation	20-DTFR53-13-C-00066	D			157,602
Department of Transportation	20-DTMA1H10007	D			93,604
Highway Research and Development Program	20.200	D			168,028
Federal Transit – Capital Investment Grants	20.500	D			188,738
Federal Transit Technical Assistance	20.512	D			203,878

UNIVERSITY OF DELAWARE
Schedule of Expenditures of Federal Awards
Year ended June 30, 2015

Cluster Program title	CFDA	D – or – I	Pass-through entity name	Pass-through number	Program expenditures
Clean Fuels	20.519	D			\$ 19,015
Department of Transportation	20-201439-124015	I	National Ctr for Manufacturing Sciences	201439-124015	280,133
Department of Transportation	20-HR 12-100	I	National Academy of Science	HR 12-100	60,526
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	13A01598	(1,794)
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	13A01195	44,345
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	TASK 7-1717	41,414
Highway Research and Development Program	20.200	I	Rutgers, State University of New Jersey	SUBCNT AGR# 00004504	19,041
Highway Research and Development Program	20.200	I	New Jersey Institute of Technology	NP 996060	145
Highway Research and Development Program	20.200	I	Lehigh University	542621-78002	132,980
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	5-1717-15A00150	112,499
Highway Research and Development Program	20.200	I	Drexel University	239929	34,147
Highway Research and Development Program	20.200	I	Professional Services Industries, Inc.	15A00710	23,415
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	14A00126	(11,908)
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	13A01154	28,508
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	12A00269	4,058
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	12A01576	13,150
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	12A01580	8,049
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	12A01444	21,080
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	13A01361	22,990
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	11A01466	35,657
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	13A01152	54,323
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	13A00976	70,191
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	13A01197	12
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	13A01196	49,030
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	09001448	82,253
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	13A01202	12,902
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	13A01205	3,054
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	13A01207	6,528
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	12A01579	8,647
Subtotal 20.200					814,716
Federal Transit – Metropolitan Planning Grants	20.505	I	Wilmington Area Planning Council	15A00040	2,998
Federal Transit – Metropolitan Planning Grants	20.505	I	Wilmington Area Planning Council	TASK# MPO 15.04.01	17,171
Subtotal 20.505					20,169
State Planning and Research	20.515	I	Delaware Department of Transportation	TASK 12-1717	43,926
State Planning and Research	20.515	I	Delaware Department of Transportation	1687-D	30,901
State Planning and Research	20.515	I	Delaware Department of Transportation	TASK 17-1717	3,027
State Planning and Research	20.515	I	Delaware Department of Transportation	TASK 11-1717	2,694
State Planning and Research	20.515	I	Delaware Department of Transportation	1687-K	33,368
State Planning and Research	20.515	I	Delaware Department of Transportation	1687-J	14,784
State Planning and Research	20.515	I	Delaware Department of Transportation	1687-H	5,368
State Planning and Research	20.515	I	Delaware Department of Transportation	1687-E	41,942
State Planning and Research	20.515	I	Delaware Department of Transportation	1687-C	8,886
State Planning and Research	20.515	I	Delaware Department of Transportation	1687-G	26,792
Subtotal 20.515					211,688
State and Community Highway Safety	20.600	I	Delaware Office of Highway Safety	14A01264	13,697
University Transportation Centers Program	20.701	I	Rutgers, State University of New Jersey	4649	125,201
University Transportation Centers Program	20.701	I	Rutgers, State University of New Jersey	5232	94,666
University Transportation Centers Program	20.701	I	Virginia, University of	GG11746 146799	184,959
Subtotal 20.701					404,826
Total for Department of Transportation Programs					2,636,620
Department of the Treasury Programs:					
Department of Treasury	21-SS200	I	State of Maryland	SS200	18,698
Total for Department of the Treasury Programs					18,698

UNIVERSITY OF DELAWARE
Schedule of Expenditures of Federal Awards
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Cluster Program title	CFDA	D – or – I	Pass-through entity name	Pass-through number	Program expenditures
Federal Communications Commission Programs: Communications Information and Assistance and Investigation of Complaints	32.001	I	Social Solutions International, INC	13A00780	\$ (6,009)
Total for Federal Communications Commission Programs					(6,009)
National Aeronautics and Space Administration Programs:					
National Aeronautics and Space Administration	43-NNX09AH79G	D			(1,887)
National Aeronautics and Space Administration	43-NNX09AK24G	D			53,748
National Aeronautics and Space Administration	43-NNX10AE44G	D			133,738
National Aeronautics and Space Administration	43-NNX10AN63H	D			408,037
National Aeronautics and Space Administration	43-NNX11AC40G	D			55,927
National Aeronautics and Space Administration	43-NNX13AM08G	D			271,665
Aerospace Education Services Program	43.001	D			1,140,933
Education	43.008	D			504,037
Cross Agency Support	43.009	D			51,713
National Aeronautics and Space Administration	43-05181-01	I	University Space Research Association	05181-01	6,956
National Aeronautics and Space Administration	43-1287615	I	Jet Propulsion Laboratory	1287615	10,627
National Aeronautics and Space Administration	43-1500391	I	Jet Propulsion Laboratory	1500391	2,275
National Aeronautics and Space Administration	43-1507434	I	Jet Propulsion Laboratory	1507434	4,998
National Aeronautics and Space Administration	43-D99031L	I	SOUTHWEST RESEARCH INSTITUTE	D99031L	48,606
National Aeronautics and Space Administration	43-HST-GO-12929.01-A	I	Space Telescope Science Institute	HST-GO-12929.01-A	7,474
National Aeronautics and Space Administration	43-PO# 304824	I	ILC Dover, Inc.	PO# 304824	263,856
Aerospace Education Services Program	43.001	I	Smithsonian Astrophysical Observatory	GO3-14020B	3,193
Aerospace Education Services Program	43.001	I	University of Denver	SC37082A-02-00	10,147
Aerospace Education Services Program	43.001	I	Pennsylvania State University	5078-UD-NASA-M37G	14,730
Aerospace Education Services Program	43.001	I	Wisconsin-Madison, University of	383K316	19,269
Aerospace Education Services Program	43.001	I	University of Massachusetts	18802	42,749
Aerospace Education Services Program	43.001	I	University of Massachusetts	13305	1,689
Aerospace Education Services Program	43.001	I	California-Berkeley, University of	00006185	58,038
Aerospace Education Services Program	43.001	I	Smithsonian Astrophysical Observatory	TM3-14001A	77,676
Subtotal 43.001					227,491
Education	43.008	I	Marshall University	14A01286	4,165
Total for National Aeronautics and Space Administration Programs					3,194,359
National Endowment for the Humanities Programs:					
Promotion of the Humanities – Division of Preservation and Access	45.149	D			146,426
Total for National Endowment for the Humanities Programs					146,426
National Science Foundation Programs:					
National Science Foundation	47-1130678	D			60,378
National Science Foundation	47-1205809	D			430,290
National Science Foundation	47-1219382	D			25,114
National Science Foundation	47-1355306	D			(13,154)
National Science Foundation	47-1357649	D			44,836
National Science Foundation	47-1362357	D			26,570
National Science Foundation	47-1408455	D			26,605
National Science Foundation	47-1410076	D			71,228
National Science Foundation	47-1412978	D			57,252
National Science Foundation	47-1417347	D			11,519
National Science Foundation	47-1419042	D			21,759
National Science Foundation	47-1423782	D			20,342
National Science Foundation	47-1435147	D			79,840
National Science Foundation	47-1453493	D			1,493
National Science Foundation	47-1460380	D			70,758
National Science Foundation	47-1464280	D			191
National Science Foundation	47-1511660	D			24,680
National Science Foundation	47-15A00093	D			11,691

UNIVERSITY OF DELAWARE
Schedule of Expenditures of Federal Awards
Year ended June 30, 2015

Cluster Program title	CFDA	D – or – I	Pass-through entity name	Pass-through number	Program expenditures
Engineering Grants	47.041	D			\$ 3,782,851
Mathematical and Physical Sciences	47.049	D			4,049,408
Geosciences	47.050	D			5,261,528
Computer and Information Science and Engineering	47.070	D			2,763,972
Biological Sciences	47.074	D			4,772,396
Social, Behavioral, and Economic Sciences	47.075	D			744,251
Education and Human Resources	47.076	D			1,152,603
Polar Programs	47.078	D			769,736
International Science and Engineering (OISE)	47.079	D			4,553,905
Office of Cyber infrastructure	47.080	D			(1)
National Science Foundation	47-14A00591	I	Scalable Networking Technologies	14A00591	35,534
National Science Foundation	47-14A01282	I	Spectrum Magnetics LLC	14A01282	109,925
Engineering Grants	47.041	I	Elcriton, Inc.	13A01526	33,520
Engineering Grants	47.041	I	General Technical Services, LLC	GTS-S-13-264	54,475
Engineering Grants	47.041	I	University of Maryland	15060-Z4386001	1,195
Engineering Grants	47.041	I	STF Technologies, LLC	13A01514	63,234
Engineering Grants	47.041	I	Arizona State University	12-726D	322,053
Engineering Grants	47.041	I	Arizona State University	12-726C	14,526
Engineering Grants	47.041	I	New Hampshire, University of	12-050	71,180
Engineering Grants	47.041	I	Johns Hopkins University	2001929028	82,053
Subtotal 47.041					642,236
Mathematical and Physical Sciences	47.049	I	Arizona, University of	129153	30,880
Mathematical and Physical Sciences	47.049	I	University of Minnesota	15A00376	24,997
Subtotal 47.049					55,877
Geosciences	47.050	I	Rhode Island, University of	0004450/081814	99,733
Geosciences	47.050	I	Clemson University	1661-206-2009300	122,791
Geosciences	47.050	I	Southern California, University of	52455363	42,019
Geosciences	47.050	I	University of Georgia	RR100-621/4944446	77,792
Geosciences	47.050	I	Rhode Island, University of	0002108/082113	7,067
Geosciences	47.050	I	Southern California, University of	41103829	27,477
Subtotal 47.050					376,879
Biological Sciences	47.074	I	Clemson University	1654-206-2009240	1,530
Biological Sciences	47.074	I	Samuel Robert Noble Foundation	2012-934-002	219,857
Biological Sciences	47.074	I	Maine, University of	UM-S919	374
Subtotal 47.074					221,761
Education and Human Resources	47.076	I	Temple University	330162-18110	6,652
Education and Human Resources	47.076	I	University of Maryland	1239758-C	347,420
Education and Human Resources	47.076	I	Drexel University	235568-3115-UD	996
Education and Human Resources	47.076	I	Purdue University	4101-31775	36,832
Education and Human Resources	47.076	I	University of Maryland	PO #5870	16,860
Education and Human Resources	47.076	I	Michigan State University	RC103257DEL	5,695
Education and Human Resources	47.076	I	Michigan State University	61-2567UD	10,601
Education and Human Resources	47.076	I	VentureWell	15A01200	27
Subtotal 47.076					425,083
Polar Programs	47.078	I	Wisconsin-Madison, University of	272K042	183,951
International Science and Engineering (OISE)	47.079	I	National Academy of Engineering	2000004913	22,009
International Science and Engineering (OISE)	47.079	I	CRDF Global	RUP2-7104-EK-13	14,430
Subtotal 47.079					36,439
ARRA-Trans-NSF Recovery Act Research Support	47.082	I	George Washington University	10-S01	8,266
Total for National Science Foundation Programs					30,917,992
Veterans Administration Programs:					

UNIVERSITY OF DELAWARE
Schedule of Expenditures of Federal Awards
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Cluster Program title	CFDA	D – or – I	Pass-through entity name	Pass-through number	Program expenditures
Veterans Administration Programs	64-14A01002	D			\$ 7,662
Total for Veterans Administration Programs					<u>7,662</u>
Environmental Protection Agency Programs:					
Science To Achieve Results (STAR) Research Program	66.509	D			35,771
P3 Award: National Student Design Competition for Sustainability	66.516	D			14,631
Pesticide Environmental Stewardship Regional Grants	66.714	D			(1)
Environmental Protection Agency	66-14A01201	I	Delaware Department of Natural Resources	14A01201	41,782
Environmental Protection Agency	66-14A01262	I	Delaware Department of Natural Resources	14A01262	14,988
Environmental Protection Agency	66-206240	I	Delaware Department of Natural Resources	206240	94,970
Environmental Protection Agency	66-207198	I	Delaware Department of Natural Resources	207198	70,393
Capitalization Grants for Drinking Water State Revolving Funds	66.468	I	Delaware Department of Natural Resources	15A00754	9,123
Capitalization Grants for Drinking Water State Revolving Funds	66.468	I	Delaware Department of Natural Resources	14A01306	27,004
Capitalization Grants for Drinking Water State Revolving Funds	66.468	I	Delaware Department of Natural Resources	15A00031	29,752
Subtotal 66.468					<u>65,879</u>
Beach Monitoring and Notification Program Implementation Grants	66.472	I	Delaware Department of Natural Resources	265857	10,531
Total for Environmental Protection Agency Programs					<u>348,944</u>
Department of Energy Programs:					
Department of Energy	81-4000127356	D			73,914
Department of Energy	81-B610657	D			45,439
ARRA-Office of Science Financial Assistance Program	81.049	D			590,512
Office of Science Financial Assistance Program	81.049	D			3,906,013
Subtotal 81.049					<u>4,496,525</u>
Renewable Energy Research and Development	81.087	D			2,037,490
Defense Nuclear Nonproliferation Research	81.113	D			1
Advanced Research and Projects Agency – Energy Financial Assistance Program	81.135	D			1,675,456
Office of Science Financial Assistance Program	81.049	I	Lumilant, Inc.	15A01111	7,555
Office of Science Financial Assistance Program	81.049	I	Intel Corporation	CW1924111	(12,174)
Subtotal 81.049					<u>(4,619)</u>
Renewable Energy Research and Development	81.087	I	Research Foundation of SUNY, The	59372	69,922
Renewable Energy Research and Development	81.087	I	Imperium Aviation Fuels, LLC	11A01373	(1,482)
Renewable Energy Research and Development	81.087	I	IBM Corporation	4913900073	217,447
Renewable Energy Research and Development	81.087	I	Lawrence Berkeley National Laboratory	7211946	6,288
Renewable Energy Research and Development	81.087	I	Stanford University	60220235-60257748-51077-Q	121,243
Subtotal 81.087					<u>413,418</u>
Fossil Energy Research and Development	81.089	I	Virginia Polytechnic Institute	429334-19650	38,038
Fossil Energy Research and Development	81.089	I	Virginia Polytechnic Institute	10001389	38,741
Subtotal 81.089					<u>76,779</u>
Advanced Research and Projects Agency – Energy Financial Assistance Program	81.135	I	GE Global Research	PO 400197686	383,939
Advanced Research and Projects Agency – Energy Financial Assistance Program	81.135	I	University of Maryland	Z713205	119,655
Subtotal 81.135					<u>503,594</u>
Department of Energy	81-1186723	I	Sandia National Labs	1186723	56,549
Department of Energy	81-162509-1	I	Los Alamos National Laboratory	162509-1	21,392
Department of Energy	81-205613	I	Pacific Northwest National Laboratory	205613	249,640
Department of Energy	81-241973	I	Pacific Northwest National Laboratory	241973	36,718

UNIVERSITY OF DELAWARE
Schedule of Expenditures of Federal Awards
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Cluster Program title	CFDA	D – or – I	Pass-through entity name	Pass-through number	Program expenditures
Department of Energy	81-4F-31202	I	UChicago Argonne, LLC	4F-31202	\$ 25,739
Department of Energy	81-7096589	I	Lawrence Berkeley National Laboratory	7096589	35,532
Department of Energy	81-7227929	I	Lawrence Berkeley National Laboratory	7227929	25,152
Department of Energy	81-B611429	I	Lawrence Livermore National Laboratory	B611429	29,538
Department of Energy	81-NCS-5-42326-05	I	National Renewable Energy Laboratory	NCS-5-42326-05	2,686
Total for Department of Energy Programs					9,800,943
Department of Education Programs:					
Education Research, Development, and Dissemination	84.305	D			1,301,870
Research in Special Education	84.324	D			1,603,281
Special Education – Technology and Media Services for Individuals with Disabilities	84.327	D			272,027
Early Reading First	84.359	D			459
Department of Education	84-S14-37	I	Delaware Department of Education	S14-37	42,791
National Institute on Disability and Rehabilitation Research	84.133	I	Research Institute of Chicago	15A00374	60,989
National Institute on Disability and Rehabilitation Research	84.133	I	Syracuse University	27411-03731-S01	13,812
National Institute on Disability and Rehabilitation Research	84.133	I	University of Michigan	3003319397	36,023
National Institute on Disability and Rehabilitation Research	84.133	I	Thomas Jefferson University	080-26000-R84002	11,096
Subtotal 84.133					121,920
Star Schools	84.203	I	Delaware Department of Education	S14-43	16,494
Education Research, Development and Dissemination	84.305	I	Duke University	14-ED-1071	46,358
Education Research, Development and Dissemination	84.305	I	Vanderbilt University	21858-S1	7,129
Subtotal 84.305					53,487
Mathematics and Science Partnerships	84.366	I	Delaware Department of Education	MSP1-14	25,309
Improving Teacher Quality State Grants	84.367	I	Gateway Lab School	15A00409	8,414
State Fiscal Stabilization Fund (SFSF) – Investing in\					
Innovation (i3) Fund, Recovery Act	84.396	I	University of Pennsylvania	556113	205,824
Race to the Top – Early Learning Challenge	84.412	I	Delaware Department of Education	S15-52	1,144,176
Total for Department of Education Programs					4,796,052
Department of Health & Human Services Programs:					
Department of Health & Human Services	93-HHSN271201300671P	D			116,592
Department of Health & Human Services	93-HHSN271201400064C	D			54,894
Department of Health & Human Services	93-HHSN271201400074C	D			86,970
Department of Health & Human Services	93-HHSN271201400254P	D			74,901
Department of Health & Human Services	93-R01MH074374B	D			524,335
Department of Health & Human Services	93-R03AA022480A	D			74,360
HHS Programs for Disaster Relief Appropriations					
Act – Non Construction	93.095	D			379,578
Environmental Health	93.113	D			406,891
Research Related to Deafness and Communication Disorders	93.173	D			489,206
Mental Health Research Grants	93.242	D			1,147,318
Drug Abuse and Addiction Research Programs	93.279	D			166,529
National Institutes of Health Loan Repayment Program for Clinical Researchers	93.280	D			663,184
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286	D			431,221
Trans-NIH Research Support	93.310	D			425,325
Research Infrastructure Programs	93.351	D			73,713
National Center for Research Resources	93.389	D			1,289,561
Cancer Treatment Research	93.395	D			114,721
Child Care and Development Block Grant	93.575	D			253,653
Head Start	93.600	D			412,548
Heart and Vascular Diseases Research	93.837	D			698,557
Blood Diseases and Resources Research	93.839	D			123,423
Arthritis, Musculoskeletal and Skin Diseases Research	93.846	D			1,036,216
Diabetes, Endocrinology and Metabolism Research	93.847	D			166,969

UNIVERSITY OF DELAWARE
Schedule of Expenditures of Federal Awards
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Cluster Program title	CFDA	D – or – I	Pass-through entity name	Pass-through number	Program expenditures
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	D			\$ 153,680
Allergy, Immunology and Transplantation Research	93.855	D			239,551
Biomedical Research and Research Training	93.859	D			14,690,545
Population Research	93.864	D			(101)
Child Health and Human Development Extramural Research	93.865	D			1,677,461
Aging Research	93.866	D			562,945
Medical Library Assistance	93.879	D			87,431
Department of Health & Human Services	93-14A01118	I	People's Emergency Center	14A01118	27,523
Department of Health & Human Services	93-15A00399	I	The Food Trust	15A00399	(1)
Department of Health & Human Services	93-15A01032	I	Nemours Health & Prevention Service	15A01032	123,513
Department of Health & Human Services	93-565371	I	University of Pennsylvania	565371	12,329
Innovations in Applied Public Health Research	93.061	I	customKYnetics, Inc.	3022-001	47,600
Innovations in Applied Public Health Research	93.061	I	Johns Hopkins University	2001383962 year 3	109,720
Subtotal 93.061					157,320
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	I	Delaware Dept of Health & Social Service	14-090	8,322
Oral Diseases and Disorders Research	93.121	I	University of Colorado	1550824	42,413
Oral Diseases and Disorders Research	93.121	I	Rice University	R22232	159,173
Oral Diseases and Disorders Research	93.121	I	Rice University	R22231	288,473
Oral Diseases and Disorders Research	93.121	I	University of Colorado	1552140	132,424
Subtotal 93.121					622,483
Injury Prevention and Control Research and State and Community Based Programs	93.136	I	University of Washington	763518	27,746
NIEHS Superfund Hazardous Substances – Basic Research and Education	93.143	I	Columbia University	2(Acct.#5-76948)	(21)
NIEHS Superfund Hazardous Substances – Basic Research and Education	93.143	I	Columbia University	1 (GG006726-51)	32,651
Subtotal 93.143					32,630
Human Genome Research	93.172	I	European Molecular Biology Laboratory	1 U41 HG006104-01	43,182
Human Genome Research	93.172	I	European Molecular Biology Laboratory	14A00216	102,075
Subtotal 93.172					145,257
Mental Health Research Grants	93.242	I	Drexel University	232589	95,823
Centers for Disease Control and Prevention – Investigations and Technical Assistance	93.283	I	Assoc of Univ Centers on Disabilities	15A00678	15,534
Centers for Disease Control and Prevention – Investigations and Technical Assistance	93.283	I	Johns Hopkins University	4796	31,408
Discovery and Applied Research for Technological					
Subtotal 93.283					46,942
Innovations to Improve Human Health	93.286	I	University of Colorado	1550235	189,392
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286	I	Southern California, University of	44143123	184
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286	I	University of North Carolina	5100169	112,987
Subtotal 93.286					302,563
Trans-NIH Research Support	93.310	I	Boston University	4500001728	136,471
Nursing Research	93.361	I	University of Michigan	3003341608	19,361
Cancer Biology Research	93.396	I	University of Colorado	1550254	99,626
Food Safety and Security Monitoring Project	93.448	I	University of California, Davis	08002947-CPS-04	1
University Centers for Excellence in Developmental Disabilities Education, Research, and Service	93.632	I	Kennedy Krieger Institute	15A00881	20,228
Adoption Opportunities	93.652	I	TEECH Phil Dept Human Serv	13A01313	16,000
Child Abuse and Neglect Discretionary Activities	93.670	I	People's Emergency Center	14A01118A	18,026

UNIVERSITY OF DELAWARE
Schedule of Expenditures of Federal Awards
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Cluster Program title	CFDA	D – or – I	Pass-through entity name	Pass-through number	Program expenditures
Heart and Vascular Diseases Research	93.837	I	Thomas Jefferson University	080-04000-S07201	\$ 22,941
Heart and Vascular Diseases Research	93.837	I	Nemours/A. I. duPont Hosp for Children	12A01165	242,754
Subtotal 93.837					<u>265,695</u>
Blood Diseases and Resources Research	93.839	I	University of North Carolina	5-31781	49,747
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	I	Pennsylvania State University	2286-UD-DHHS-5032	48,769
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	I	Georgia Southern University	39G1112	31,771
Subtotal 93.853					<u>80,540</u>
Biomedical Research and Research Training	93.859	I	University of Pittsburgh	0029564 (123550-2)	52,560
Biomedical Research and Research Training	93.859	I	University of Pittsburgh	0029564 (124946-4)	313,250
Biomedical Research and Research Training	93.859	I	Delaware State University	12-007-JNA Amendment 01	239,627
Biomedical Research and Research Training	93.859	I	Delaware State University	15A00572	(16)
Biomedical Research and Research Training	93.859	I	Delaware State University	12-007-JNA Amendment 4	580,769
Biomedical Research and Research Training	93.859	I	Delaware State University	15A01487	(21)
Biomedical Research and Research Training	93.859	I	National Institutes of Health	201015151-01	120,714
Biomedical Research and Research Training	93.859	I	Temple University	361067-04710-02	81,234
Subtotal 93.859					<u>1,388,117</u>
Child Health and Human Development Extramural Research	93.865	I	Washington University, St Louis	WU-15-113	165,692
Child Health and Human Development Extramural Research	93.865	I	Washington University, St Louis	WU-14-118	64,804
Child Health and Human Development Extramural Research	93.865	I	University of Toronto	489416	80,568
Child Health and Human Development Extramural Research	93.865	I	customKYnetics, Inc.	3019-001	15,284
Child Health and Human Development Extramural Research	93.865	I	Monell Chemical Senses Center	30013	167,626
Child Health and Human Development Extramural Research	93.865	I	Simbex	10001152	82,895
Subtotal 93.865					<u>576,869</u>
Vision Research	93.867	I	Washington University, St Louis	WU-12-112	82,770
Vision Research	93.867	I	Indiana University	BL-4635567-UD	7,893
Subtotal 93.867					<u>90,663</u>
Medical Library Assistance	93.879	I	Indiana University	IN-4684687-DEL	32,851
Grants to States for Operation of Offices of Rural Health	93.913	I	Delaware Dept of Health & Social Service	13-309	715
Geriatric Education Centers	93.969	I	Thomas Jefferson University	080-36000-M05907B	47,577
Geriatric Education Centers	93.969	I	Thomas Jefferson University	080-36000-M05907	6,817
Subtotal 93.969					<u>54,394</u>
Total for Department of Health & Human Services Programs					<u>31,073,931</u>
Department of Homeland Security Programs: National Dam Safety Program	97.041	I	Delaware Department of Natural Resources	15A01021	22,151
Total for Department of Homeland Security Programs					<u>22,151</u>
Total Research and Development Cluster					<u>115,055,138</u>
Non-clustered Programs:					
Unspecified Programs:					
Unspecified Program	99-11A00028	D			1,903
Total Unspecified Programs					<u>1,903</u>
United States Department of Agriculture Programs:					
United States Department of Agriculture	10-58-0510-4-014 N	D			9,888
Agricultural Research – Basic and Applied Research	10.001	D			166,424
Integrated Programs	10.303	D			50,958
Rural Business Enterprise Grants	10.769	D			28,002

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Schedule of Expenditures of Federal Awards
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Cluster Program title	CFDA	D – or – I	Pass-through entity name	Pass-through number	Program expenditures
Norman E. Borlaug International Agricultural Science and Technology Fellowship	10.777	D			\$ 5,157
Environmental Quality Incentives Program	10.912	D			290,519
Cochran Fellowship Program-International Training-Foreign Participant	10.962	D			(2,081)
Plant and Animal Disease, Pest Control, and Animal Care	10.025	D			347,141
Plant and Animal Disease, Pest Control, and Animal Care	10.025	I	Delaware Department of Agriculture	15A01246	38,785
Plant and Animal Disease, Pest Control, and Animal Care	10.025	I	Delaware Department of Agriculture	14A01256	213,333
Subtotal 10.025					599,259
Specialty Crop Block Grant Program – Farm Bill	10.170	I	Delaware Department of Agriculture	12-25-B-1452	24,747
Specialty Crop Block Grant Program – Farm Bill	10.170	I	Delaware Department of Agriculture	12-25-B-1661	22,969
Subtotal 10.170					47,716
Cooperative Extension Service	10.500	D			2,598,035
Cooperative Extension Service	10.500	I	University of Nebraska	25-6365-0040-604	4,602
Cooperative Extension Service	10.500	I	Kansas State University	S15145	13,238
Cooperative Extension Service	10.500	I	Kansas State University	S15157	20,057
Cooperative Extension Service	10.500	I	Kansas State University	S15061	5,354
Cooperative Extension Service	10.500	I	Kansas State University	S15023	13,371
Cooperative Extension Service	10.500	I	Kansas State University	S14151	5,112
Cooperative Extension Service	10.500	I	National 4-H Council	13A00650	(323)
Cooperative Extension Service	10.500	I	Rutgers, State University of New Jersey	12-0003	444
Cooperative Extension Service	10.500	I	Kansas State University	S14109	29,521
Subtotal 10.500					2,689,411
Child and Adult Care Food Program	10.558	I	Delaware Department of Education	14A01210	12,909
Urban and Community Forestry Program	10.675	I	National Wildlife Federation	1312-040	18,347
Total for United States Department of Agriculture Programs					3,916,509
Department of Commerce Programs:					
Department of Commerce	11-EA-133F-15-SE-0835	D			423,299
Department of Commerce	11-WC-133R-12-SE-2188	D			26,526
Sea Grant Support	11.417	D			121,313
Chesapeake Bay Studies	11.457	D			25,486
Science, Technology, Business, and/or Education Outreach	11.620	D			4,000
Department of Commerce	11-SA12-UOD01	I	Global Science & Technology Inc	SA12-UOD01	173,606
Integrated Ocean Observing System (IOOS)	11.012	I	Rutgers, State University of New Jersey	S1570035	439,563
Coastal Zone Management Administration Awards	11.419	I	Delaware Department of Natural Resources	14A00908	15,287
Congressionally Identified Awards and Projects	11.469	I	National Geographic Society	NA12SEC0080021.01	5,651
Broadband Technology Opportunities Program (BTOP)	11.557	I	State of Delaware DTI	11A00168	6,726
Broadband Technology Opportunities Program (BTOP)	11.557	I	State of Delaware DTI	11A00172	15,121
Subtotal 11.557					21,847
Total for Department of Commerce Programs					1,256,578
Department of Defense Programs:					
Department of Defense	12-14A01199	D			7,715
Department of Defense	12-H98230-09-C-0890	D			241
Department of Defense	12-N65540-14-P-5323	D			10,456
Department of Defense	12-NAFBA1-13-M-0311	D			56,975
Procurement Technical Assistance For Business Firms	12.002	D			224,458
Basic and Applied Scientific Research	12.300	D			42,660
Total for Department of Defense Programs					342,505
Department of Interior Programs:					
Department of Interior	15-G13AP00100	D			4,892
Marine Minerals Activities	15.424	D			43,123
National Cooperative Geologic Mapping Program	15.810	D			123,353
National Geological and Geophysical Data Preservation Program	15.814	D			22,180

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Schedule of Expenditures of Federal Awards
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Cluster Program title	CFDA	D – or – I	Pass-through entity name	Pass-through number	Program expenditures
Historic Preservation Fund Grants-In-Aid	15.904	I	The City of Delaware City	14A00223	\$ 5,813
Historic Preservation Fund Grants-In-Aid	15.904	I	Town of Milton	14A00235	5,537
Historic Preservation Fund Grants-In-Aid	15.904	I	New Castle County	PO164587	11,880
Subtotal 15.904					23,230
National Historic Landmark	15.912	I	The City of Lewes	15A00152	4,195
Total for Department of Interior Programs					220,973
Department of Justice Programs:					
Grants to Combat Domestic Violence, Dating Violence, Sexual Assault, and Stalking on Campus	16.525	D			151,757
Department of Justice	16-JR13-652	I	Criminal Justice Council	JR13-652	125,779
Education, Training, and Enhanced Services to End Violence Against Women with Disabilities	16.529	I	Delaware Coalition Against Domestic Viol	2010-FW-AX-K004	12,129
Violence Against Women Discretionary Grants for Indian Tribal Governments	16.587	I	Family Court of the State of Delaware	15A01205	473
Juvenile Mentoring Program	16.726	I	National 4-H Council	13A00601	(98)
Juvenile Mentoring Program	16.726	I	National 4-H Council	14A00196	97,417
Juvenile Mentoring Program	16.726	I	National 4-H Council	15A00194	35,661
Second Chance Act Prisoner Reentry Initiative	16.812	I	Criminal Justice Council	RM10-808	23,875
Total for Department of Justice Programs					446,993
Department of State Programs:					
Investing in People in The Middle East and North Africa	19.021	D			200,710
U.S. Ambassadors Fund for Cultural Preservation	19.025	D			(8,076)
Public Diplomacy Programs	19.040	D			5,362
Professional Exchanges – Annual Open Grant	19.415	D			145,239
Middle East Partnership Initiative (MEPI)	19.500	D			248,630
Academic Exchange Programs – Undergraduate Programs	19.009	D			37,149
Academic Exchange Programs – Undergraduate Programs	19.009	I	IREX	FY14-YALI-UD-01	69,208
Academic Exchange Programs – Undergraduate Programs	19.009	I	IREX	FY15-YALI-DELAWARE-02	34,857
Subtotal 19.009					141,214
U.S. Ambassadors Fund for Cultural Preservation	19.025	I	Institute of International Education	14A00662	92,351
Professional Exchanges – Annual Open Grant	19.415	I	American Councils for Intl Education	S-ECAGC-13-CA-130(BR)	285,189
Professional Exchanges – Annual Open Grant	19.415	I	American Councils for Intl Education	S-ECAGD-14-CA-1078	84,485
Subtotal 19.415					369,674
Total for Department of State Programs					1,195,104
Department of Transportation Programs:					
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	12A01643	(9)
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	TASK 3-1717	186,830
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	13A01378	113,498
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	13A01377	176,014
Highway Research and Development Program	20.200	I	Delaware Department of Transportation	13A01153	19,654
Subtotal 20.200					495,987
Federal Transit – Metropolitan Planning Grants	20.505	I	Wilmington Area Planning Council	MPO 14.04.02/03	27,490
State Planning and Research	20.515	I	Delaware Department of Transportation	13A00266	75,541
State Planning and Research	20.515	I	Delaware Department of Transportation	TASK 8-1717	23,466
Subtotal 20.515					99,007
Total for Department of Transportation Programs					622,484
Federal Communications Commission Programs:					
Federal Communications Commission	32-12A00768	D			33,941
Federal Communications Commission	32-15A00225	D			23,157
Total for Federal Communications Commission Programs					57,098

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Schedule of Expenditures of Federal Awards
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Cluster Program title	CFDA	D – or – I	Pass-through entity name	Pass-through number	Program expenditures
Library of Congress:					
Library of Congress	42-14A01136	I	Waynesburg University	14A01136	\$ 21,195
Total for Library of Congress					21,195
National Aeronautics and Space Administration Programs:					
Education	43.008	D			53,202
Total for National Aeronautics and Space Administration Programs					53,202
National Endowment for the Arts Programs:					
Promotion of the Arts – Partnership Agreements	45.025	I	Delaware Division of The Arts	2014.6717	(1,000)
Promotion of the Arts – Partnership Agreements	45.025	I	Delaware Division of The Arts	2015.7032	72,497
Total for National Endowment for the Arts Programs					71,497
National Endowment for the Humanities Programs:					
Promotion of the Humanities – Division of					
Preservation and Access	45.149	D			104,415
Promotion of the Humanities – Public Programs	45.164	I	Delaware Humanities Forum	13REG1005	10,440
Total for National Endowment for the Humanities Programs					114,855
Institute of Museum and Library Services:					
21st Century Museum Professionals	45.307	D			66,038
Total for Institute of Museum and Library Services					66,038
Small Business Administration Programs:					
Small Business Administration Programs	59-SBAHQ-13-E-0001	D			103,476
8(a) Business Development Program	59.006	D			92,930
Small Business Development Center	59.037	D			641,780
Federal and State Technology Partnership Program	59.058	D			34,991
Total for Small Business Administration Programs					873,177
Environmental Protection Agency Programs:					
Science To Achieve Results (STAR) Fellowship Program	66.514	D			248
Environmental Protection Agency	66-12A00893	I	Delaware Department of Natural Resources	12A00893	26
Environmental Protection Agency	66-166735	I	Delaware Department of Natural Resources	166735	5,102
Environmental Protection Agency	66-STATE-0000212843	I	Delaware Department of Natural Resources	STATE-0000212843	53,144
Beach Monitoring and Notification Program					
Implementation Grants	66.472	I	Delaware Department of Natural Resources	262589	89,568
Total for Environmental Protection Agency Programs					148,088
Department of Energy Programs:					
Energy Efficiency and Renewable Energy Information					
Dissemination, Outreach, Training and Technical					
Analysis/Assistance	81.117	D			179,438
Renewable Energy Research and Development	81.087	I	Arizona Geological Survey	DE-EE002850-2	8,995
Total for Department of Energy Programs					188,433
Department of Education Programs:					
Graduate Assistance in Areas of National Need	84.200	D			139,245
Assistive Technology	84.224	D			379,083
Transition to Teaching	84.350	D			200,382
Transition Programs for Students with Intellectual					
Disabilities into Higher Education	84.407	D			406,557
Department of Education	84-13A01287	I	Positive Outcomes Charter School	13A01287	116
Department of Education	84-14A00098	I	Lake Forest School District	14A00098	(1)
Department of Education	84-14A00105	I	Capital School District	14A00105	(2)
Department of Education	84-14A00106	I	Cape Henlopen School District	14A00106	(2)
Department of Education	84-14A00107	I	Sussex Academy of Arts and Sciences	14A00107	15
Department of Education	84-14A00108	I	Woodbridge School District	14A00108	37
Department of Education	84-14A00109	I	Sussex Technical	14A00109	(1)
Department of Education	84-14A00167	I	Milford School District	14A00167	(1)
Department of Education	84-14A00242	I	Laurel School District	14A00242	147

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Cluster Program title	CFDA	D – or – I	Pass-through entity name	Pass-through number	Program expenditures
Department of Education	84-14A00253	I	Seaford School District	14A00253	\$ (1)
Department of Education	84-14A00399	I	DE Dept of Children, Youth & Family	14A00399	24,977
Department of Education	84-14A01021	I	Delaware Department of Education	14A01021	2,298
Department of Education	84-14A01464	I	Lake Forest School District	14A01464	33,429
Department of Education	84-14A01471	I	Cape Henlopen School District	14A01471	11,807
Department of Education	84-14A01472	I	Milford School District	14A01472	59,569
Department of Education	84-14A01523	I	Red Clay Consolidated School District	14A01523	23,750
Department of Education	84-15A00062	I	Colonial School District	15A00062	12,500
Department of Education	84-15A00063	I	New Castle County Vocational School Dist	15A00063	6,250
Department of Education	84-15A00139	I	Seaford School District	15A00139	14,850
Department of Education	84-15A00178	I	Capital School District	15A00178	6,738
Department of Education	84-15A00432	I	Laurel School District	15A00432	14,952
Department of Education	84-15A00626	I	Woodbridge School District	15A00626	8,591
Department of Education	84-S14-2	I	Delaware Department of Education	S14-2	143,899
Department of Education	84-S14-48	I	Delaware Department of Education	S14-48	138,056
Department of Education	84-S14-52	I	Delaware Department of Education	S14-52	22,520
National Institute on Disability and Rehabilitation Research	84.133	I	TransCen Inc.	14A00393	6,497
National Institute on Disability and Rehabilitation Research	84.133	I	TransCen Inc.	15A00316	2,399
Subtotal 84.133					8,896
Safe and Drug-Free Schools and Communities – National Programs	84.184	I	Delaware Department of Education	SG 01-15	90,016
Twenty-First Century Community Learning Centers	84.287	I	Laurel School District	14A01228	63,424
Twenty-First Century Community Learning Centers	84.287	I	Delaware Department of Education	21 CCLC 50-13	9,290
Twenty-First Century Community Learning Centers	84.287	I	Delaware Department of Education	21 CCLC 13-14	140,517
Twenty-First Century Community Learning Centers	84.287	I	Delaware Department of Education	21 CCLC 10-15	12,530
Twenty-First Century Community Learning Centers	84.287	I	Delaware Department of Education	21 CCLC 07-14	21,650
Twenty-First Century Community Learning Centers	84.287	I	Delaware Department of Education	21 CCLC 05-14	121,099
Twenty-First Century Community Learning Centers	84.287	I	Delaware Department of Education	21 CCLC 57-13	138,172
Twenty-First Century Community Learning Centers	84.287	I	Delaware Department of Education	21 CCLC 01-14	18,882
Twenty-First Century Community Learning Centers	84.287	I	Delaware Department of Education	21 CCLC 68-13	19,954
Twenty-First Century Community Learning Centers	84.287	I	Delaware Department of Education	21 CCLC 48-13	93,091
Twenty-First Century Community Learning Centers	84.287	I	Delaware Department of Education	21 CCLC 42-13	11,771
Twenty-First Century Community Learning Centers	84.287	I	Delaware Department of Education	21 CCLC 40-13	83,870
Twenty-First Century Community Learning Centers	84.287	I	Delaware Department of Education	21 CCLC 34-14	22,040
Twenty-First Century Community Learning Centers	84.287	I	Delaware Department of Education	21 CCLC 01-15	6,076
Twenty-First Century Community Learning Centers	84.287	I	Delaware Department of Education	21 CCLC 69-13	28,631
Twenty-First Century Community Learning Centers	84.287	I	Delaware Department of Education	21 CCLC 70-13	19,990
Twenty-First Century Community Learning Centers	84.287	I	Delaware Department of Education	21 CCLC 73-13	83,731
Twenty-First Century Community Learning Centers	84.287	I	Delaware Department of Education	21 CCLC 74-13	20,908
Twenty-First Century Community Learning Centers	84.287	I	Delaware Department of Education	21ST CCLC 34-12/05-13	(77)
Twenty-First Century Community Learning Centers	84.287	I	Delaware Department of Education	21 CCLC 23-14	93,517
Twenty-First Century Community Learning Centers	84.287	I	Delaware Department of Education	21ST CCLC 46-12/15-13	(3,694)
Twenty-First Century Community Learning Centers	84.287	I	Delaware Department of Education	21 CCLC 28-14	212,158
Twenty-First Century Community Learning Centers	84.287	I	Delaware Department of Education	21ST CCLC 55-12/23-13	(1,074)
Twenty-First Century Community Learning Centers	84.287	I	Delaware Department of Education	21 CCLC 27-14	219,648
Subtotal 84.287					1,436,104
Special Education – State Personnel Development	84.323	I	Delaware Department of Education	SG-02-13	5,000
Special Education – State Personnel Development	84.323	I	Delaware Department of Education	SG-01-13	3,659
Subtotal 84.323					8,659

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Cluster Program title	CFDA	D – or – I	Pass-through entity name	Pass-through number	Program expenditures
Mathematics and Science Partnerships	84.366	I	Delaware Department of Education	MSPK12 1-13	\$ 122,107
Mathematics and Science Partnerships	84.366	I	Delaware Department of Education	MSP 1-15	1,256
Mathematics and Science Partnerships	84.366	I	Delaware Department of Education	MSP 2-14B	196,735
Mathematics and Science Partnerships	84.366	I	Delaware Department of Education	MSP 2-14	231,940
Subtotal 84.366					552,038
Improving Teacher Quality State Grants	84.367	I	Delaware Department of Education	S15-47	20,485
Improving Teacher Quality State Grants	84.367	I	National Writing Project Corporation	99-DE01-SEED2012-2A	12,608
Improving Teacher Quality State Grants	84.367	I	National Writing Project Corporation	99-DE01-SEED2012-1A	9,677
Improving Teacher Quality State Grants	84.367	I	National Writing Project Corporation	99-DE01-SEED2012 3A	16,118
Improving Teacher Quality State Grants	84.367	I	Delaware Department of Education	2-13	29,534
Improving Teacher Quality State Grants	84.367	I	Delaware Department of Education	15A00070	121,071
Improving Teacher Quality State Grants	84.367	I	Delaware Department of Education	1-13	87,316
Subtotal 84.367					296,809
Race to the Top – Early Learning Challenge	84.412	I	Delaware Department of Education	S15-51	36,972
Race to the Top – Early Learning Challenge	84.412	I	Delaware Department of Education	S14-41	32,404
Subtotal 84.412					69,376
Total for Department of Education Programs					4,111,658
Department of Health & Human Services Programs:					
Department of Health & Human Services	93-F31AA023143A	D			25,242
Department of Health & Human Services	93-F32GM113452	D			22,592
Nursing Workforce Diversity	93.178	D			283,311
Disabilities Prevention	93.184	D			379,248
Alcohol Research Programs	93.273	D			22,940
Advanced Education Nursing Traineeships	93.358	D			143,151
National Center for Research Resources	93.389	D			36,435
University Centers for Excellence in Developmental Disabilities Education, Research, and Service	93.632	D			525,169
Arthritis, Musculoskeletal and Skin Diseases Research	93.846	D			(1,996)
Biomedical Research and Research Training	93.859	D			299,294
Child Health and Human Development Extramural Research	93.865	D			162,792
Aging Research	93.866	D			(118,765)
Department of Health & Human Services	93-041212	I	Delaware Dept of Health & Social Service	041212	(28)
Department of Health & Human Services	93-14-478	I	Delaware Dept of Health & Social Service	14-478	53,694
Department of Health & Human Services	93-14A00617	I	Assoc of Univ Centers on Disabilities	14A00617	17,416
Department of Health & Human Services	93-14A01245	I	Delaware Dept of Health & Social Service	14A01245	215
Department of Health & Human Services	93-15-496	I	Delaware Dept of Health & Social Service	15-496	20,457
Department of Health & Human Services	93-15A00748	I	Assoc of Univ Centers on Disabilities	15A00748	19,836
Department of Health & Human Services	93-PBH(UD-SAFETY)15-2689	I	DE Dept of Children, Youth & Family	PBH(UD-SAFETY)15-2689	30,913
Public Health Emergency Preparedness	93.069	I	Delaware Dept of Health & Social Service	14-508	2,320
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	243,950
Maternal and Child Health Federal Consolidated Programs	93.110	I	Public Health Services	12-204	72,651
Substance Abuse and Mental Health Services – Projects of Regional and National Significance	93.243	I	Delaware Dept of Health & Social Service	041312	(520)
Substance Abuse and Mental Health Services – Projects of Regional and National Significance	93.243	I	Delaware Dept of Health & Social Service	041389	(6,716)
Substance Abuse and Mental Health Services – Projects of Regional and National Significance	93.243	I	Delaware Dept of Health & Social Service	041411	116,137
Substance Abuse and Mental Health Services – Projects of Regional and National Significance	93.243	I	Delaware Dept of Health & Social Service	041489	170,243

UNIVERSITY OF DELAWARE
Schedule of Expenditures of Federal Awards
Year ended June 30, 2015

Cluster Program title	CFDA	D – or – I	Pass-through entity name	Pass-through number	Program expenditures
Substance Abuse and Mental Health Services – Projects of Regional and National Significance	93.243	I	Delaware Dept of Health & Social Service	15A01173	\$ 1,840
Substance Abuse and Mental Health Services – Projects of Regional and National Significance	93.243	I	DE Dept of Children, Youth & Family	DPBHS(UD-EVL)FY11-11619	20
Substance Abuse and Mental Health Services – Projects of Regional and National Significance	93.243	I	DE Dept of Children, Youth & Family	PBH(UD-CORE)FY15-2688	31,128
Substance Abuse and Mental Health Services – Projects of Regional and National Significance	93.243	I	DE Dept of Children, Youth & Family	PBH(UD-EVAL)FY12-12236	9,987
Substance Abuse and Mental Health Services – Projects of Regional and National Significance	93.243	I	Delaware Dept of Health & Social Service	041412	239,090
Subtotal 93.243					561,209
Centers for Disease Control and Prevention – Investigations and Technical Assistance	93.283	I	Delaware Dept of Health & Social Service	14-520	49,535
Centers for Disease Control and Prevention – Investigations and Technical Assistance	93.283	I	Delaware Dept of Health & Social Service	14-362	55
Subtotal 93.283					49,590
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505	I	Delaware Dept of Health & Social Service	14-342	20,052
Health Care Innovation Awards (HCIA)	93.610	I	Christiana Care Health Services	601745	20,796
Developmental Disabilities Basic Support and Advocacy Grants	93.630	I	NC Council on Developmental Disabilities	31032	64,048
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	20,331
Grants to States for Operation of Offices of Rural Health	93.913	I	Delaware Dept of Health & Social Service	15-354	3,589
Block Grants for Prevention and Treatment of Substance Abuse	93.959	I	Delaware Dept of Health & Social Service	031520	109,706
Maternal and Child Health Services Block Grant to the States	93.994	I	Delaware Dept of Health & Social Service	15-208	151,046
Total for Department of Health & Human Services Programs					3,241,204
Corporation for National and Community Service Programs:					
AmeriCorps	94.006	I	Public Allies	OP00494.006-14-PADE	42,571
AmeriCorps	94.006	I	Public Allies	OP004-94.006-15-PADE	308,391
AmeriCorps	94.006	I	Public Allies	OP004-94.006-13-PADE	(4,106)
Total for Corporation for National and Community Service Programs					346,856
Department of Homeland Security Programs:					
Department of Homeland Security	97-CCP 13-003	I	Delaware Emergency Management Agency	CCP 13-003	9,954
Department of Homeland Security	97-EMPG-11-008	I	Delaware Emergency Management Agency	EMPG-11-008	5,826
Department of Homeland Security	97-EMPG-12-008	I	Delaware Emergency Management Agency	EMPG-12-008	12,225
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	I	Delaware Emergency Management Agency	FEMA-4090-DR-DE	(8,868)
Emergency Management Performance Grants	97.042	I	Delaware Emergency Management Agency	EMPG-14-005	64,020
Emergency Management Performance Grants	97.042	I	Delaware Emergency Management Agency	EPMG-12-006	18,149
Subtotal 97.042					82,169
Total for Department of Homeland Security Programs					101,306
Total Non-clustered Programs					17,397,656

UNIVERSITY OF DELAWARE
Schedule of Expenditures of Federal Awards
Year ended June 30, 2015

Cluster Program title	CFDA	D – or – I	Pass-through entity name	Pass-through number	Program expenditures
Head Start Cluster:					
Department of Health & Human Services Programs:					
Head Start	93.600	D			\$ 2,308,378
Head Start	93.600	I	Mountain States Group, Inc.	15A00623	14,990
Head Start	93.708	I	Delaware Department of Education	S-14-30	2,537
Total for Head Start Cluster					<u>2,325,905</u>
JAG Program Cluster:					
Department of Justice Programs:					
Edward Byrne Memorial Justice Assistance Grant Program	16.738	I	Criminal Justice Council	DB12-11	479
Edward Byrne Memorial Justice Assistance Grant Program	16.738	I	State of Delaware – Dept. of Justice	15A00210	24,120
Total for JAG Program Cluster					<u>24,599</u>
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	585,129
Total for SNAP Cluster					<u>585,129</u>
Special Education Cluster (IDEA):					
Department of Education Programs:					
Special Education_Grants to States (IDEA, Part B)	84.027	I	Delaware Department of Education	SG-59-13	24,956
Special Education_Grants to States (IDEA, Part B)	84.027	I	Delaware Department of Education	S13-52	(2,278)
Special Education_Grants to States (IDEA, Part B)	84.027	I	Delaware Department of Education	SG-23-14	757
Special Education_Grants to States (IDEA, Part B)	84.027	I	Delaware Department of Education	S15-24	53,727
Special Education_Grants to States (IDEA, Part B)	84.027	I	Delaware Department of Education	S13-51	(433)
Special Education_Grants to States (IDEA, Part B)	84.027	I	Delaware Department of Education	S15-25	76,424
Total for IDEA Cluster					<u>153,153</u>
Student Financial Assistance Programs:					
Department of Education Programs:					
Federal Supplemental Educational Opportunity Grants	84.007	D			691,224
Federal Work-Study Program	84.033	D			622,552
Federal Perkins Loan Program	84.038	D			14,896,017
Federal Pell Grant Program	84.063	D			10,659,041
Federal Direct Student Loans	84.268	D			100,735,012
Department of Health & Human Services Programs:					
Federal Nursing Student Loans	93.364	D			619,522
Total for Student Financial Assistance Programs					<u>128,223,368</u>
TRIO Cluster:					
Department of Education Programs:					
TRIO – Student Support Services	84.042	D			301,199
TRIO – Upward Bound	84.047	D			570,403
TRIO – McNair Post-Baccalaureate Achievement	84.217	D			182,034
Total for TRIO Cluster					<u>1,053,636</u>
Total expenditures of federal awards					<u>\$ 264,818,584</u>

See accompanying notes to schedule of expenditures of federal awards.

UNIVERSITY OF DELAWARE

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2015

(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, 2015. 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. Revenue from Federal awards is included in grants, 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* (OMB Circular A-21). Under these cost principles, certain types of expenditures are not allowable or are limited as to reimbursement. Expenditures for nonfinancial aid awards include facilities and administrative (F&A) costs. F&A costs allocated to such awards for the year ended June 30, 2015 were based on predetermined rates established with the Office of Naval Research, the University's cognizant federal agency, or with the grantor.

Effective December 26, 2014, OMB Circular A-21 and OMB Circular A-110, *Uniform Administration Requirements for Grants and Other Agreements with Institutions of Higher Education, Hospitals, and other Non-Profit Organizations* were incorporated into 2CFR part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

(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, 2015 are summarized as follows:

Loans administered by the University:	
Perkins (CFDA #84.038)	\$ 2,055,023
Nursing (CFDA #93.364)	<u>212,000</u>
	<u>\$ 2,267,023</u>
Loans administered by the Department of Education:	
Direct loans (CFDA #84.268)	\$ 100,735,012

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.

UNIVERSITY OF DELAWARE

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2015

The amounts included on the SEFA under the Perkins and Nursing loan programs include the balance of the respective loan program as of June 30, 2014 and new loans issued during fiscal 2015.

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.

(4) Subrecipient Pass-Through

During the year ended June 30, 2015, the University subgranted federal awards from the following programs:

Agency/program/grant title	CFDA	Expenditures
U.S. Department of Agriculture:		
Plant and Animal Disease, Pest Control, and Animal Care	10.025	\$ 67,919
Agricultural and Rural Economic Research	10.250	46,061
Specialty Crop Research Initiative	10.309	67,717
Agriculture and Food Research Initiative (AFRI)	10.310	1,415,604
Cooperative Extension Service	10.500	504,059
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	531,378
Environmental Quality Incentives Program	10.912	198,041
		<u>2,830,779</u>
Department of Commerce:		
Sea Grant Support	11.417	75,014
Unallied Management Projects	11.454	76,195
Meteorologic and Hydrologic Modernization Development	11.467	52,296
		<u>203,505</u>
Department of Defense:		
Department of Defense		
Basic and Applied Scientific Research		
Military Medical Research and Development	12.420	1,492,499
Basic, Applied, and Advanced Research in Science and Engineering	12.630	406,258
Air Force Defense Research Sciences Program	12.800	444,810
Research and Technology Development	12.910	329,135
		<u>2,672,702</u>
Department of Interior:		
Visitor Facility Enhancements – Vehicle Pullouts, Interpretive Trails, and Kiosks	15.654	17,842
		<u>17,842</u>

UNIVERSITY OF DELAWARE

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2015

<u>Agency/program/grant title</u>	<u>CFDA</u>	<u>Expenditures</u>
Department of Justice:		
Grants to Combat Domestic Violence, Dating Violence, Sexual Assault, and Stalking on Campus	16.525	\$ <u>52,752</u>
		<u>52,752</u>
Department of State:		
Professional Exchanges Annual Open Grant	19.415	79,583
Middle East Partnership Initiative (MEPI)	19.500	<u>42,137</u>
		<u>121,720</u>
Department of Transportation:		
Department of Transportation	20.000	<u>6,291</u>
		<u>6,291</u>
National Aeronautics and Space Administration:		
Aerospace Education Services Program	43.001	162,260
Education	43.008	<u>11,299</u>
		<u>173,559</u>
National Endowment for the Humanities:		
Promotion of the Humanities – Division of Preservation and Access	45.149	<u>57,916</u>
		<u>57,916</u>
National Science Foundation:		
Engineering Grants	47.041	291,152
Mathematical and Physical Sciences	47.049	42,430
Geosciences	47.050	370,311
Computer and Information Science and Engineering	47.070	117,593
Biological Sciences	47.074	1,221,127
Social, Behavioral, and Economic Sciences	47.075	69,624
Education and Human Resources	47.076	69,755
Polar Programs	47.078	148,421
International Science and Engineering (OISE)	47.079	<u>1,666,303</u>
		<u>3,996,716</u>
Department of Energy:		
Office of Science Financial Assistance Program	81.049	881,726
Renewable Energy Research and Development	81.087	643,772
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training, and Technical Analysis	81.117	13,300
Advanced Research and Projects Agency – Energy Financial Assistance Program	81.135	<u>127,288</u>
		<u>1,666,086</u>

UNIVERSITY OF DELAWARE

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2015

Agency/program/grant title	CFDA	Expenditures
Department of Education:		
Department of Education	84.000	\$ 95,701
Education Research, Development, and Dissemination	84.305	431,394
Research in Special Education	84.324	1,114,857
		<u>1,641,952</u>
Department of Health and Human Services:		
Department of Health & Human Services	93.000	35,718
HHS Programs for Disaster Relief Appropriations		
Act – Non Construction	93.095	62,599
Research Related to Deafness and Communication Disorders	93.173	142,660
Drug Abuse and Addiction Research Programs	93.279	6,438
Discovery and Applied Research for Technological		
Innovations to Improve Human Health	93.286	250,393
Trans-NIH Research Support	93.310	76,228
Cancer Treatment Research	93.395	60,783
Child Care and Development Block Grant	93.575	37,369
Head Start	93.600	678,471
Heart and Vascular Diseases Research	93.837	71,170
Arthritis, Musculoskeletal, and Skin Diseases Research	93.846	113,459
Diabetes, Endocrinology and Metabolism Research	93.847	82,130
Allergy, Immunology and Transplantation Research	93.855	44,985
Biomedical Research and Research Training	93.859	4,951,781
Child Health and Human Development Extramural Research	93.865	261,531
Aging Research	93.866	31,567
		<u>6,907,282</u>
		<u>\$ 20,349,102</u>



KPMG LLP
1601 Market Street
Philadelphia, PA 19103-2499

**Independent Auditors' Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

The Board of Trustees
University of Delaware:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of the University of Delaware (the University), which comprise the consolidated balance sheet as of June 30, 2015, and the related consolidated statements of activities, functional expenses, 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 22, 2015.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or 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

October 22, 2015



KPMG LLP
1601 Market Street
Philadelphia, PA 19103-2499

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's (the University) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2015. The University's major federal programs are identified in the summary of 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 each of the University's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the University 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, 2015.



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 item 2015-001. Our opinion on each major federal program is not modified with respect to this matter.

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

Report on Internal Control over Compliance

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit 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 each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2015-001, which we consider to be a significant deficiency.

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

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



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

We have audited the consolidated financial statements of the University as of and for the year ended June 30, 2015, and have issued our report thereon dated October 22, 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 expenditures of federal awards is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

KPMG LLP

March 18, 2016

UNIVERSITY OF DELAWARE

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

(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 compliance: **Yes – Finding 2015-001.** Material weaknesses: **None.**
- (e) The type of report issued on compliance for each major program: **Unmodified.**
- (f) Any audit findings that are required to be reported under Section 510(a) of OMB Circular A-133: **Yes – Finding 2015-001.**
- (g) Major programs:

Research and Development Cluster: Various Agencies and Departments and CFDA Nos.

Student Financial Assistance Cluster:

	<u>CFDA Nos.</u>
Federal Supplemental Educational Opportunity Grants	84.007
Federal Work-Study Program	84.033
Federal Perkins Loan Program	84.038
Federal Pell Grant Program	84.063
Federal Direct Student Loans	84.268
Federal Nursing Student Loans	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*

Nothing reported.

(3) Findings and Questioned Costs Related to Federal Awards

UNIVERSITY OF DELAWARE

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

Reference Number:	2015-001
Federal Agency:	All federal agencies in the Research and Development Cluster
Program Name (CFDA #):	Various
Federal Award Year:	July 1, 2014 to June 30, 2015
Federal Award Number:	Various
Compliance Requirement:	Cash Management

Criteria

Per OMB Circular A-110, section __.22 (b), (k) and (l), recipients may be paid in advance, provided they maintain or demonstrate the willingness to maintain:

1. written procedures that minimize the time elapsing between transfer of funds and disbursement by the recipient, and
2. financial management systems that meet the standards for fund control and accountability as established in section __.21.

Cash advances to a recipient organization shall be limited to the minimum amounts needed and be timed to be in accordance with the actual, immediate cash requirement of the recipient organization in carrying out the purpose of the approved program or project. The timing and amount of cash advances shall be as close as is administratively feasible to the actual disbursements by the recipient organization for direct program or project costs and the proportionate share of any allowable indirect costs.

Condition

The majority of federal awards received by the University are managed on a cost reimbursement basis funded by letters of credit. Reimbursement requests are submitted on a monthly basis for all expense transactions recorded in the general ledger. For certain transactions that have been posted to the general ledger on the basis of a goods receipt, for which there is no corresponding invoice received, the request for funding can result in a cash drawdown request in advance of cash expenditure by the University.

The University's federal funding, under the research and development cluster, of \$115,000,000 includes approximately 5% in transactions acquired under a purchase order for which there is a risk that funds were requested prior to receipt and payment of an invoice.

In a sample of 64 purchase order transactions totaling \$716,000 included in the draw requests reviewed for the research and development cluster, we noted 2 items totaling \$75,000 were not paid until after the draw request was made and received. The 2 items were paid by the University an average of 23 days after funds were received.

No additional monitoring of the cash draw versus expenditure payment was performed.

Cause

Expense is recognized for good purchases using a purchase order when the goods are marked as received in the system. As the University prepares its drawdowns based on certain expenses recorded in the system, requests for reimbursement can be made prior to payment for such items by the University.

UNIVERSITY OF DELAWARE

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

Effect

Without an effective monitoring control over cash draws versus cash payment, the University could draw reimbursement too soon and owe interest to the federal government.

Questioned Costs

There are no questioned costs related to this finding.

Recommendation

We recommend the University to enhance its current policies and procedures and review process over cash management as they pertain to drawdown requests to ensure cash drawdown is only for immediate cash needs.

Views of Responsible Officials

See accompanying corrective action plan.



Vice President for Finance
and Deputy Treasurer

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UNIVERSITY OF DELAWARE
Corrective Action Plan
A-133 Single Audit
Year ended June 30, 2015

FINDING 2015-001: Cash Management

Recommendation:

The University should enhance its current policies and procedures and review process over cash management as they pertain to drawdown requests to ensure cash drawdown is only for immediate cash needs.

University of Delaware Corrective Action Plan:

The University agrees to further strengthen its internal controls by amending its payment procedures over subcontracts and equipment purchases under federal awards so that amounts are paid immediately when processed and submitted for payment to the University Accounts Payable Department. This will ensure that all these types of invoices are paid prior to any requests for draw-downs for federal awards are made. In addition, the University will prepare a semi-annual analysis of differences between the dates subcontractor and equipment purchases invoices were posted versus paid for all federal awards; this report will be reviewed by the Controller and Associate Deputy Provost, Research Administration.

Completion Date:

To be implemented by March 31, 2016

Contact person:

Amy Connell, Controller 302 – 831-2175