



**UNIVERSITY OF DELAWARE**

Consolidated Financial Statements and  
Information on Federal Awards

June 30, 2012

(With Independent Auditors' Reports Thereon)

# UNIVERSITY OF DELAWARE

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KPMG LLP  
1601 Market Street  
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## Independent Auditors' Report

The Board of Trustees  
University of Delaware:

We have audited the accompanying consolidated statement of financial position of the University of Delaware (the University) as of June 30, 2012, and the related consolidated statements of activities, expenses by natural classification, and cash flows for the year then ended. These consolidated financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The prior year summarized financial information has been derived from the University's 2011 consolidated financial statements and, in our report dated October 31, 2011, we expressed an unqualified opinion on those consolidated financial statements.

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 financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the University of Delaware as of June 30, 2012, and the changes in its net assets and cash flows for the year then ended, in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2012 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be considered in assessing the results of our audit.

**KPMG LLP**

November 7, 2012

**UNIVERSITY OF DELAWARE**

Consolidated Statement of Financial Position

June 30, 2012

(with summarized financial information as of June 30, 2011)

(In thousands)

| <b>Assets</b>  | <b>2012</b>  | <b>2011</b> |
|--|--------------|-------------|
| Cash and cash equivalents  | \$ 45,433    | 40,677      |
| Restricted cash and cash equivalents                                   | 58,321       | 111,984     |
| Accounts and notes receivable  | 45,268       | 49,913      |
| Prepaid expenses and inventories                                       | 5,813        | 4,708       |
| Contributions receivable   | 32,273       | 22,041      |
| Student loan receivables   | 14,123       | 14,719      |
| Endowment funds and other investments                                  | 1,314,530    | 1,358,000   |
| Annuity and life income funds  | 7,731        | 8,629       |
| Funds held in trust by others  | 58,209       | 60,566      |
| Property, plant, and equipment, net of depreciation                    | 1,195,830    | 1,067,858   |
| Total assets   | \$ 2,777,531 | 2,739,095   |
| <b>Liabilities and Net Assets</b>                                      |              |             |
| Accounts payable and accrued liabilities                               | \$ 77,451    | 71,799      |
| Deferred revenues and student deposits                                 | 8,329        | 9,099       |
| Obligations under capital leases                                       | 6,557        | 7,099       |
| Notes and bonds payable  | 353,993      | 363,948     |
| Interest rate swap liabilities   | 41,487       | 21,434      |
| Annuity and life income funds payable                                  | 4,785        | 4,721       |
| Compensated absences payable   | 13,465       | 13,434      |
| Postretirement benefit obligation                                      | 283,690      | 209,491     |
| Advances from federal government for student loans                     | 14,995       | 14,903      |
| Asset retirement obligation  | 20,889       | 20,185      |
| Total liabilities  | 825,641      | 736,113     |
| Unrestricted   | 1,085,224    | 1,115,786   |
| Unrestricted – noncontrolling interest in First State Marine Wind, LLC | 1,551        | 1,307       |
| Temporarily restricted   | 533,671      | 566,294     |
| Permanently restricted   | 331,444      | 319,595     |
| Total net assets   | 1,951,890    | 2,002,982   |
| Total liabilities and net assets                                       | \$ 2,777,531 | 2,739,095   |

See accompanying notes to consolidated financial statements.

**UNIVERSITY OF DELAWARE**  
Consolidated Statement of Activities  
Year ended June 30, 2012  
(with summarized financial information for the year ended June 30, 2011)  
(In thousands)

|   | 2012                |                           |                           | 2011             |                  |
|---|---------------------|---------------------------|---------------------------|------------------|------------------|
|   | Unrestricted        | Temporarily<br>restricted | Permanently<br>restricted | Total            | Total            |
| Operating revenue:  |                     |                           |                           |                  |                  |
| Tuition and fees (less scholarships and fellowships<br>of \$106,186 during 2012, \$97,287 during 2011)                            | \$ 354,844          | —                         | —                         | 354,844          | 322,634          |
| Contributions   | 21,354              | 3,694                     | —                         | 25,048           | 18,816           |
| Contracts and other exchange transactions   | 165,692             | —                         | —                         | 165,692          | 175,151          |
| State operating appropriations  | 112,427             | —                         | —                         | 112,427          | 116,152          |
| Endowment spending payout   | 44,603              | —                         | —                         | 44,603           | 43,902           |
| Other investments payout (includes net realized gain<br>of \$3,473 during 2012 and \$3,112 during 2011)                           | 6,208               | 86                        | —                         | 6,294            | 6,334            |
| Activities of educational departments   | 13,919              | —                         | —                         | 13,919           | 10,388           |
| Sales and services of auxiliary enterprises<br>(less scholarships and fellowships of \$1,113 during<br>2012, \$1,092 during 2011) | 110,657             | —                         | —                         | 110,657          | 101,902          |
| Other revenue   | 17,501              | —                         | —                         | 17,501           | 14,808           |
| Total operating revenue   | <u>847,205</u>      | <u>3,780</u>              | <u>—</u>                  | <u>850,985</u>   | <u>810,087</u>   |
| Operating expenses:   |                     |                           |                           |                  |                  |
| Educational and general:  |                     |                           |                           |                  |                  |
| Instruction and departmental research   | 346,420             | —                         | —                         | 346,420          | 341,221          |
| Sponsored research  | 135,079             | —                         | —                         | 135,079          | 130,400          |
| Extension and public service  | 46,780              | —                         | —                         | 46,780           | 43,312           |
| Academic support  | 58,566              | —                         | —                         | 58,566           | 59,480           |
| Student services  | 28,821              | —                         | —                         | 28,821           | 28,002           |
| General institutional support   | 82,114              | —                         | —                         | 82,114           | 74,205           |
| Student aid   | 5,884               | —                         | —                         | 5,884            | 5,475            |
| Independent operations  | 679                 | —                         | —                         | 679              | 1,183            |
| Total educational and general expenses  | <u>704,343</u>      | <u>—</u>                  | <u>—</u>                  | <u>704,343</u>   | <u>683,278</u>   |
| Auxiliary enterprises   | 95,633              | —                         | —                         | 95,633           | 93,981           |
| Total operating expenses  | <u>799,976</u>      | <u>—</u>                  | <u>—</u>                  | <u>799,976</u>   | <u>777,259</u>   |
| Change in net assets from operating activities  | 47,229              | 3,780                     | —                         | 51,009           | 32,828           |
| Nonoperating activities:  |                     |                           |                           |                  |                  |
| Net realized and unrealized gains (losses)  | (40,544)            | (19,421)                  | (1,463)                   | (61,428)         | 203,192          |
| Decrease (increase) in postretirement benefit obligation  | (59,476)            | —                         | —                         | (59,476)         | 31,580           |
| Endowment income  | 7,715               | 7,484                     | 633                       | 15,832           | 18,979           |
| Endowment spending payout   | (44,603)            | —                         | —                         | (44,603)         | (43,902)         |
| Contributions for endowment and life income funds   | —                   | 223                       | 12,810                    | 13,033           | 5,338            |
| Contributions for buildings and program activities  | 10,231              | 15,476                    | —                         | 25,707           | 14,082           |
| State capital appropriations  | 3,889               | —                         | —                         | 3,889            | 1,066            |
| Hotel operations – net  | (1,370)             | —                         | —                         | (1,370)          | (67)             |
| Wind turbine operations – net   | (194)               | —                         | —                         | (194)            | 1,905            |
| Net change in asset retirement obligation liability   | 38                  | —                         | —                         | 38               | 6,226            |
| Other   | 7,272               | 7                         | (808)                     | 6,471            | 12,115           |
| Reclassifications of funds  | (1,684)             | 1,007                     | 677                       | —                | —                |
| Net assets released from restrictions   | 41,179              | (41,179)                  | —                         | —                | —                |
| Change in net assets  | <u>(30,318)</u>     | <u>(32,623)</u>           | <u>11,849</u>             | <u>(51,092)</u>  | <u>283,342</u>   |
| Net assets at beginning of year   | 1,117,093           | 566,294                   | 319,595                   | 2,002,982        | 1,719,640        |
| Net assets at end of year   | <u>\$ 1,086,775</u> | <u>533,671</u>            | <u>331,444</u>            | <u>1,951,890</u> | <u>2,002,982</u> |

See accompanying notes to consolidated financial statements.

**UNIVERSITY OF DELAWARE**

Consolidated Statement of Expenses by Natural Classification

Year ended June 30, 2012

(with summarized financial information for the year ended June 30, 2011)

(In thousands)

|  | 2012                                  |                    |                              |                  |                  |                               |             |                       |                        | 2011      |          |
|--|---------------------------------------|--------------------|------------------------------|------------------|------------------|-------------------------------|-------------|-----------------------|------------------------|-----------|----------|
|  | Instruction and departmental research | Sponsored research | Extension and public service | Academic support | Student services | General institutional support | Student aid | Auxiliary enterprises | Independent operations | Total     | Total    |
| Operating expenses:                        |                                       |                    |                              |                  |                  |                               |             |                       |                        |           |          |
| Expenses:                                  |                                       |                    |                              |                  |                  |                               |             |                       |                        |           |          |
| Salaries and wages                         | \$ 191,535                            | 61,467             | 22,727                       | 27,153           | 12,973           | 38,314                        | 2,835       | 8,063                 | —                      | 365,067   | 352,777  |
| Employee fringe benefits                   | 53,343                                | 14,585             | 6,680                        | 10,822           | 3,882            | 15,606                        | —           | 2,680                 | —                      | 107,598   | 104,507  |
| Employee postretirement benefits           | 13,497                                | 2,108              | 910                          | 1,122            | 348              | 1,476                         | —           | 281                   | —                      | 19,742    | 17,936   |
| Supplies and general                       | 36,730                                | 35,915             | 10,202                       | 4,545            | 6,919            | 20,384                        | 977         | 61,486                | 43                     | 177,201   | 175,594  |
| Travel                                     | 14,825                                | 3,347              | 1,147                        | 796              | 555              | 636                           | 87          | 79                    | 1                      | 21,473    | 20,252   |
| Operation and maintenance of plant         | 23,597                                | 6,983              | 2,769                        | 5,168            | 1,255            | 9,475                         | —           | —                     | 630                    | 49,877    | 55,165   |
| Information processing                     | 264                                   | 8                  | 10                           | (12)             | 3,010            | 8,539                         | —           | —                     | —                      | 11,819    | 11,917   |
| Interest expense                           | 2,580                                 | 344                | —                            | —                | 313              | 21                            | —           | 13,293                | —                      | 16,551    | 14,396   |
| Scholarships, fellowships and awards       | —                                     | —                  | —                            | —                | —                | —                             | 107,375     | —                     | —                      | 107,375   | 98,614   |
| Depreciation and accretion                 | 13,222                                | 9,328              | 2,238                        | 10,015           | 557              | 7,133                         | —           | 10,516                | 5                      | 53,014    | 50,265   |
| Loss on disposals                          | 998                                   | 1,598              | 111                          | 64               | 7                | 1,108                         | —           | 754                   | —                      | 4,640     | 1,184    |
| Amortization of bond discount (premium)    | 13                                    | 23                 | —                            | —                | (25)             | —                             | —           | (180)                 | —                      | (169)     | (82)     |
| Internal service (credits) charges         | (3,058)                               | 4                  | (5)                          | (967)            | (971)            | (20,578)                      | —           | (1,339)               | —                      | (26,914)  | (26,887) |
| Expense before scholarship allowance       | 347,546                               | 135,710            | 46,789                       | 58,706           | 28,823           | 82,114                        | 111,274     | 95,633                | 679                    | 907,274   | 875,638  |
| Reconciliation to statement of activities: |                                       |                    |                              |                  |                  |                               |             |                       |                        |           |          |
| Scholarship allowance                      | (1,126)                               | (631)              | (9)                          | (140)            | (2)              | —                             | (105,390)   | —                     | —                      | (107,298) | (98,379) |
| Total operating expenses                   | \$ 346,420                            | 135,079            | 46,780                       | 58,566           | 28,821           | 82,114                        | 5,884       | 95,633                | 679                    | 799,976   | 777,259  |

Notes:

- (a) Includes salaries and wages of \$24,613, fringe benefits of \$13,555, employee postretirement benefits of \$344, and depreciation expense for plant facilities of \$955 during 2012.
- (b) Includes salaries and wages of \$23,790 fringe benefits of \$12,475, employee postretirement benefits of \$298, and depreciation expense for plant facilities of \$1,139 during 2011.

See accompanying notes to consolidated financial statements.

**UNIVERSITY OF DELAWARE**

Consolidated Statement of Cash Flows

Year ended June 30, 2012

(with summarized financial information for the year ended June 30, 2011)

(In thousands)

|   | <u>2012</u>      | <u>2011</u>      |
|---|------------------|------------------|
| Cash flows from operating activities:   |                  |                  |
| Change in net assets  | \$ (51,092)      | 283,342          |
| Adjustments to reconcile change in net assets to net cash provided by operating activities:     |                  |                  |
| Depreciation  | 54,487           | 52,029           |
| Loss on disposals   | 4,640            | 1,184            |
| Amortization of discounts and premiums on notes and bonds payable and capital lease obligations | (158)            | (70)             |
| Net realized and unrealized gains (losses)  | 38,996           | (206,304)        |
| Gifts of land, building, and equipment  | (393)            | (745)            |
| State capital appropriations  | (3,889)          | (1,066)          |
| Contributions for endowment   | (13,033)         | (5,338)          |
| Contributions for buildings   | (15,476)         | (7,386)          |
| Endowment income restricted for reinvestment  | (633)            | (1,086)          |
| Changes in assets and liabilities:  |                  |                  |
| Accounts and notes receivable   | 4,645            | (7,949)          |
| Prepaid expenses and inventories  | (1,105)          | (1,382)          |
| Contributions receivable  | (10,232)         | (6,696)          |
| Accounts payable, accrued liabilities, and annuity and life income funds payable                | (1,080)          | 17,884           |
| Deferred revenues and students deposits   | (770)            | 959              |
| Interest rate swap liability  | 20,053           | (4,684)          |
| Asset retirement obligation   | 485              | (5,728)          |
| Compensated absences payable and postretirement benefit obligation                              | 74,230           | (17,571)         |
| Net cash provided by operating activities   | <u>99,675</u>    | <u>89,393</u>    |
| Cash flows from investing activities:   |                  |                  |
| Proceeds from sales and maturities of investments   | 1,201,224        | 3,463,000        |
| Purchases of investments  | (1,193,499)      | (3,445,824)      |
| Acquisitions of property, plant, and equipment  | (179,688)        | (141,575)        |
| Disbursements of loans to students  | (1,633)          | (1,507)          |
| Repayments of loans   | 2,229            | 2,165            |
| Net cash used in investing activities   | <u>(171,367)</u> | <u>(123,741)</u> |
| Cash flows from financing activities:   |                  |                  |
| Repayments of principal of notes and bonds payable  | (9,773)          | (123,922)        |
| Net proceeds from issuance of notes and bonds payable   | —                | 244,213          |
| Reduction in principal of capital leases  | (565)            | (540)            |
| State capital appropriations  | 3,889            | 1,066            |
| Endowment income restricted for reinvestment  | 633              | 1,086            |
| Contributions for endowment   | 13,033           | 5,338            |
| Contributions for buildings   | 15,476           | 7,386            |
| Advances from federal government for student loans  | 92               | 96               |
| Decrease (increase) in restricted cash and cash equivalents                                     | 53,663           | (93,792)         |
| Net cash provided by financing activities   | <u>76,448</u>    | <u>40,931</u>    |
| Net increase in cash and cash equivalents   | 4,756            | 6,583            |
| Cash and cash equivalents, beginning of year  | <u>40,677</u>    | <u>34,094</u>    |
| Cash and cash equivalents, end of year  | \$ <u>45,433</u> | \$ <u>40,677</u> |
| Supplemental disclosure of cash flow information:   |                  |                  |
| Interest paid   | \$ 16,865        | 13,778           |

See accompanying notes to consolidated financial statements.

# UNIVERSITY OF DELAWARE

## Notes to Consolidated Financial Statements

June 30, 2012

(with comparative information for the prior year)

### (1) Summary of Significant Accounting Policies

#### (a) Description of Operations

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

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

#### (b) Basis of Presentation

The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles (U.S. GAAP). Accordingly, such information should be read in conjunction with the University's consolidated financial statements for the year ended June 30, 2011, from which the summarized information was derived.

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

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

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

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

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



# UNIVERSITY OF DELAWARE

## Notes to Consolidated Financial Statements

June 30, 2012

(with comparative information for the prior year)

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

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

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

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

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

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

**(c) *Reclassifications of Funds***

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

**(d) *Auxiliary Operations***

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

## UNIVERSITY OF DELAWARE

### Notes to Consolidated Financial Statements

June 30, 2012

(with comparative information for the prior year)

**(e) *Cash and Cash Equivalents***

Cash equivalents include all highly liquid interest-bearing deposits and short-term investments with maturities of three months or less at time of purchase, excluding amounts held for long-term investments as disclosed in note 6. Deposits in escrow accounts for future bond interest payments and principal reduction and bond proceeds restricted to use on specific projects account for approximately 96% and 98% of restricted cash and cash equivalents as of June 30, 2012 and 2011, respectively. Other restrictions on use are for funds held for federal loan programs and funds held for the benefit of or under regulations promulgated by the federal government.

**(f) *Endowment Funds and Other Investments***

Investments in stocks, bonds, and notes are stated at estimated fair value, as described in note 3.

**(g) *Compensated Absences Payable***

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

**(h) *Operating versus Nonoperating***

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

**(i) *Income Taxes***

The University has been recognized by the Internal Revenue Service (IRS) as exempt from federal income tax under Section 501(c)(3) of the U.S. Internal Revenue Code, except for taxes on income from activities unrelated to its exempt purpose. Accordingly, no provisions for income taxes have been made in the accompanying consolidated financial statements. U.S. GAAP require management to evaluate tax positions taken by the University and recognize a tax liability (or asset) if the University has taken an uncertain tax position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the University, and has concluded that as of June 30, 2012, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the consolidated financial statements. The University is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

**(j) *Estimates***

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

## UNIVERSITY OF DELAWARE

### Notes to Consolidated Financial Statements

June 30, 2012

(with comparative information for the prior year)

**(k) *Impact of Recent Accounting Pronouncements***

In January 2010, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2010-06, *Fair Value Measurements and Disclosures (Topic 820): Improving Disclosures about Fair Value Measurements* (ASU 2010-06), which adds new requirements for disclosures about transfers into and out of Level 1 and 2 in the fair value hierarchy and additional disclosures about purchases, sales, issuances and settlements relating to Level 3 fair value measurements. Additionally, it clarifies existing fair value disclosures about the level of disaggregation about inputs and valuation techniques used to measure fair value. For public entities, ASU 2010-06 is generally effective for the first reporting period beginning after December 15, 2009, except for the requirement to provide Level 3 activity on a gross basis, which has an effective date for fiscal years beginning after December 15, 2010. The adoption of ASU 2010-06 only required additional disclosures and did not have a material impact on the consolidated financial statements.

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

In September 2011, FASB issued ASU 2011-09, *Compensation-Retirement Benefits-Multiemployer Plans (Subtopic 715-80)* (ASU 2011-09), which requires that employers provide additional separate disclosures for multiemployer pension plans and multiemployer other postretirement plans. For employers that participate in multiemployer pension plans, the amendments in this update require an employer to provide additional quantitative and qualitative disclosures about the employer's involvement, and the nature of the employer's commitment to the plan. For public entities, the amendments are effective for annual periods for fiscal years ending after December 15, 2011, with early adoption permitted. The amendments should be applied retrospectively for all prior periods presented. The adoption of ASU 2011-09 only required additional disclosures and did not have a material impact on the consolidated financial statements.

In December 2011, the FASB issued ASU 2011-11, *Balance Sheet (Topic 210) Disclosure about Offsetting Assets and Liabilities* (ASU 2011-11). The amendments enhance disclosures about financial instruments and derivative instruments that are either offset in accordance with U.S. GAAP or are subject to an enforceable master netting arrangement or similar agreement. The disclosure provisions of ASU 2011-11 are effective for annual reporting periods beginning on or after January 1, 2013 and should be applied retrospectively for all comparative periods presented. The adoption of ASU 2011-11 will only require additional disclosures and will not have a material impact on the consolidated financial statements.

**(l) *Reclassifications***

Certain 2011 financial information has been reclassified to conform to the 2012 presentation.

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#### (2) **Subsidiary Operations**

In October 2009, Blue Hen Wind, Inc. was created as a wholly owned, for-profit, subsidiary of the University. Simultaneously, Blue Hen Wind, Inc. entered into a Limited Liability Company Agreement with Gamesa Technology Corporation, Inc. and formed First State Marine Wind, LLC for the purpose of constructing and operating a wind turbine adjacent to the University's Hugh R. Sharp campus in Lewes. At inception, Blue Hen Wind, Inc. had a 49% ownership interest in First State Marine Wind, LLC. As of February 15, 2011, Blue Hen Wind, Inc.'s ownership interest increased to approximately 69%.

The operations of Blue Hen Wind, Inc. are consolidated into the University's financial statements. Operations for the year ended June 30, 2012, resulted in revenues from third parties of \$56,000 and expenses of \$250,000 being recognized. Operations for the year ended June 30, 2011, resulted in revenues of \$2,252,000 and expenses of \$347,000 being recognized. Gamesa Technology Corporation, Inc.'s noncontrolling interest in First State Marine Wind, LLC is presented as a separate component of net assets in the statement of financial position.

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

The operations of 1743 Holdings, LLC are consolidated into the University's financial statements. Operations for the year ended June 30, 2012 resulted in operating expenses of \$679,000 and nonoperating revenue – other of \$6,786,000, which are presented in independent operations and nonoperating activities, respectively, in the statement of activities. Operations for the year ended June 30, 2011, resulted in operating expenses of \$1,183,000 and nonoperating revenue – other of \$9,775,000.

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

Operations of Blue Hen Hotel, LLC are reported as nonoperating activities and for the years ended June 30, 2012 and 2011 resulted in total revenues of \$4,996,000 and \$4,967,000, respectively, and losses of \$1,370,000 and \$67,000, respectively. See note 11 for the impact of a related interest rate swap.

#### (3) **Fair Value Measurements**

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

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

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

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

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

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

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

**(a) Investments**

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

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

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

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

**(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.

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**(d) Debt and Related Interest Rate Swaps**

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

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

**(e) Contributions Receivable**

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

**(f) Student Loan Programs**

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

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The following tables present the University's fair value hierarchy for financial instruments that are measured at fair value on a recurring basis as shown on the June 30, 2012 and 2011 consolidated statements of financial position (in thousands):

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



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|                                       | <b>June 30, 2011</b> |                |                |                |
|---------------------------------------|----------------------|----------------|----------------|----------------|
|                                       | <u>Fair value</u>    | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
| Financial assets:                     |                      |                |                |                |
| Investments:                          |                      |                |                |                |
| Money market and other liquid funds   | \$ 11,851            | 11,142         | 709            | —              |
| U.S. government obligations:          |                      |                |                |                |
| Mortgage-backed securities            | 60,655               | 8,846          | 51,809         | —              |
| Treasury obligations                  | 33,052               | 24,292         | 8,760          | —              |
| Other                                 | 5,085                | 2,765          | 2,320          | —              |
|                                       | <u>98,792</u>        | <u>35,903</u>  | <u>62,889</u>  | <u>—</u>       |
| Corporate obligations                 | 167,217              | 3,164          | 164,053        | —              |
| Stock and convertible securities      | 159,222              | 157,951        | 1,271          | —              |
| International investments             | 92,077               | 91,002         | 1,075          | —              |
| Limited partnerships and LLCs         | 694,461              | —              | 233,572        | 460,889        |
| Inflation sensitive asset fund        | 64,707               | —              | 64,707         | —              |
| Stock futures fund                    | 30,534               | —              | 30,534         | —              |
| Real estate investment trust          | 37,625               | —              | 37,625         | —              |
| Other                                 | 10,143               | —              | 3,008          | 7,135          |
| Funds held in trust by others         | 60,566               | —              | —              | 60,566         |
| Total                                 | \$ <u>1,427,195</u>  | <u>299,162</u> | <u>599,443</u> | <u>528,590</u> |
| Financial liabilities:                |                      |                |                |                |
| Annuity and life income funds payable | \$ 4,721             | —              | —              | 4,721          |
| Interest rate swaps                   | 21,434               | —              | —              | 21,434         |
| Total                                 | \$ <u>26,155</u>     | <u>—</u>       | <u>—</u>       | <u>26,155</u>  |

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The following tables present a reconciliation of the consolidated statements of financial position amounts for financial instruments measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended June 30, 2012 and 2011 (in thousands):

|  | <u>Limited<br/>Partnerships<br/>and LLCs</u> | <u>Funds held<br/>in trust<br/>by others</u> | <u>Other</u>   | <u>Total</u>    |
|--|--|--|----------------|-----------------|
| Financial assets:                          |  |  |                |                 |
| Balance at June 30, 2011                   | \$ 460,889                                   | 60,566                                       | 7,135          | 528,590         |
| Net realized and unrealized gains (losses) | 18,904                                       | (753)  | —              | 18,151          |
| Purchases                                  | 61,598                                       | 26,925                                       | 282            | 88,805          |
| Sales                                      | <u>(48,500)</u>                              | <u>(28,529)</u>                              | <u>(1,711)</u> | <u>(78,740)</u> |
| Total at June 30, 2012                     | <u>\$ 492,891</u>                            | <u>58,209</u>                                | <u>5,706</u>   | <u>556,806</u>  |

|  |           |         |   |       |
|--|-----------|---------|---|-------|
| Change in unrealized gains (losses) related to financial instruments still held at June 30, 2012 | \$ 10,606 | (3,642) | — | 6,964 |
|--|-----------|---------|---|-------|

|  | <u>Interest<br/>rate swaps</u> | <u>Annuity and<br/>life income<br/>funds payable</u> | <u>Total</u>  |
|--|--------------------------------|--|---------------|
| Financial liabilities:                     |                                |  |               |
| Balance at June 30, 2011                   | \$ 21,434                      | 4,721  | 26,155        |
| Net realized and unrealized (gains) losses | 20,053                         | (31)   | 20,022        |
| Purchases                                  | —                              | 698  | 698           |
| Sales                                      | <u>—</u>                       | <u>(603)</u>   | <u>(603)</u>  |
| Total at June 30, 2012                     | <u>\$ 41,487</u>               | <u>4,785</u>   | <u>46,272</u> |

|  |           |      |        |
|--|-----------|------|--------|
| Change in unrealized (gains) losses related to financial instruments still held at June 30, 2012 | \$ 20,053 | (31) | 20,022 |
|--|-----------|------|--------|

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|   | <u>Limited<br/>Partnerships<br/>and LLCs</u> | <u>Funds held<br/>in trust<br/>by others</u>         | <u>Other</u>   | <u>Total</u>   |
|---|--|--|----------------|----------------|
| Financial assets:   |  |  |                |                |
| Balance at June 30, 2010  | \$ 367,016                                   | 51,141   | 7,959          | 426,116        |
| Net realized and unrealized gains (losses)  | 65,843                                       | 7,266  | —              | 73,109         |
| Purchases   | 44,556                                       | 29,768   | 339            | 74,663         |
| Sales   | (43,226)                                     | (27,609)   | (1,163)        | (71,998)       |
| Transfers into level 3  | 26,700                                       | —  | —              | 26,700         |
|   | <u>26,700</u>                                | <u>—</u>   | <u>—</u>       | <u>26,700</u>  |
| Total at June 30, 2011  | \$ <u>460,889</u>                            | <u>60,566</u>  | <u>7,135</u>   | <u>528,590</u> |
| Change in unrealized gains related to financial instruments still held at June 30, 2011 |  |  |                |                |
|   | \$ 19,403                                    | 3,617  | —              | 23,020         |
|   |  |  |                |                |
|   | <u>Interest<br/>rate swaps</u>               | <u>Annuity and<br/>life income<br/>funds payable</u> | <u>Total</u>   |                |
| Financial liabilities:  |  |  |                |                |
| Balance at June 30, 2010  | \$ 26,118                                    | 4,959  | 31,077         |                |
| Net realized and unrealized (gains) losses  | (4,684)                                      | (26)   | (4,710)        |                |
| Purchases   | —  | 1,232  | 1,232          |                |
| Sales   | —  | (1,444)  | (1,444)        |                |
|   | <u>—</u>                                     | <u>(1,444)</u>                                       | <u>(1,444)</u> |                |
| Total at June 30, 2011  | \$ <u>21,434</u>                             | <u>4,721</u>   | <u>26,155</u>  |                |
| Change in unrealized gains related to financial instruments still held at June 30, 2011 |  |  |                |                |
|   | \$ (4,684)                                   | (26)   | (4,710)        |                |

Transfers between leveled assets are based upon beginning of year value of the asset. As of June 30, 2012 and 2011 there were no transfers between Level 1 and Level 2. Transfers between Level 2 and Level 3 as of June 30, 2011 were due to a change in the redemption frequency of the long-short hedge fund from quarterly, including redeemable as of the date of the consolidated financial position, to annually at December 31.

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**(4) Contributions Receivable and Conditional Promises**

Contributions receivable at June 30, 2012 and 2011 are summarized as follows:

|   | <b>2012</b>    | <b>2011</b> |
|---|----------------|-------------|
|   | (In thousands) |             |
| Unconditional promises expected to be collected in: |                |             |
| Less than one year                                  | \$ 13,869      | 10,061      |
| One year to five years                              | 18,404         | 11,980      |
|   | \$ 32,273      | 22,041      |

The unamortized discount for contributions to be received after one year amounted to \$1,163,000 and \$537,000 in 2012 and 2011, respectively. Contributions to be received after one year are discounted at discount rates ranging from 1.5% to 5.0% and 2.3% to 5.1% for the years ended June 30, 2012 and 2011, respectively.

**(5) Student Loan Programs**

The student loan programs consist primarily of the Perkins Loan and Nursing Student Loan Programs. The U.S. government provides 75% of the funds for the Perkins loans and 90% for Nursing Student loans. The University provides 25% and 10% of the funds, respectively, to support these programs.

**(6) Investments**

Investments in stocks, bonds, and notes are recorded at fair value as described below and in note 3. Included in investments are endowment funds and other investments. The cost and market value at June 30, 2012 and 2011 were as follows:

|                                  | <b>2012</b>    |                   | <b>2011</b> |                   |
|----------------------------------|----------------|-------------------|-------------|-------------------|
|                                  | <b>Cost</b>    | <b>Fair value</b> | <b>Cost</b> | <b>Fair value</b> |
|                                  | (In thousands) |                   |             |                   |
| Money market and other           |                |                   |             |                   |
| liquid funds                     | \$ 17,614      | 17,614            | 11,907      | 11,851            |
| U.S. government obligations      | 93,740         | 97,275            | 96,689      | 98,792            |
| Corporate obligations            | 164,897        | 167,715           | 167,047     | 167,217           |
| Stock and convertible securities | 156,686        | 177,518           | 134,863     | 159,222           |
| International equity investments | 97,430         | 83,759            | 85,992      | 92,077            |
| Limited partnerships and LLCs    | 496,909        | 666,617           | 522,457     | 694,461           |
| Inflation sensitive asset fund   | 44,413         | 45,614            | 55,803      | 64,707            |
| Stock futures fund               | 33,892         | 33,117            | 33,177      | 30,534            |
| Real estate investment trust     | 24,380         | 25,568            | 32,237      | 37,625            |
| Other                            | 7,464          | 7,464             | 10,157      | 10,143            |
| Total                            | \$ 1,137,425   | 1,322,261         | 1,150,329   | 1,366,629         |

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Included in the investments table above are \$7,731,000 and \$8,629,000 of annuity and life income funds, which are shown separately on the consolidated statement of financial position at June 30, 2012 and 2011, respectively. Additionally, the University has \$58,209,000 and \$60,566,000 of funds held in trust by others that are shown separately on the consolidated statement of financial position at June 30, 2012 and 2011, respectively, but which are not included in the above table of investments.

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

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

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

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The following table presents at June 30, 2011 the attributes of the University's investments in alternative assets that estimate fair value using the net asset value reported by the funds (in thousands):

|                                | <u>Fair value</u> | <u>Estimated remaining lives</u> | <u>Unfunded commitments</u> | <u>Redemption frequency</u> | <u>Redemption notice frequency</u> |
|--------------------------------|-------------------|----------------------------------|-----------------------------|-----------------------------|------------------------------------|
| Inflation sensitive asset fund | \$ 64,707         | N/A                              | \$ N/A                      | Monthly                     | 15 days                            |
| Stock futures fund             | 30,534            | N/A                              | N/A                         | Monthly                     | 30 days                            |
| Real estate investment trust   | 37,625            | N/A                              | N/A                         | Monthly<br>Quarterly        | 15 days                            |
| Limited partnerships and LLCs: |                   |                                  |                             |                             |                                    |
| U.S. corporate debt funds      | 44,971            | N/A                              | N/A                         | Monthly                     | 45 days                            |
| U.S. equity funds              | 29,759            | N/A                              | N/A                         | Monthly                     | 30 days                            |
| International equity funds     | 163,631           | N/A                              | N/A                         | Monthly                     | 10 days                            |
| Multi-strategy fund of funds   | 201,901           | N/A                              | N/A                         | Annually                    | 100 days                           |
| Long-short hedge fund          | 25,544            | N/A                              | N/A                         | Annually                    | 90 days                            |
| Private equity                 | 36,744            | 2 – 8 years                      | 29,159                      | Not eligible                | N/A                                |
| Venture capital                | 27,218            | 4 – 10 years                     | 18,810                      | Not eligible                | N/A                                |
| Hybrid fund of funds           | 54,055            | 2 – 8 years                      | 10,030                      | Not eligible                | N/A                                |
| Distressed securities          | 12,594            | 2 – 9 years                      | 21,909                      | Not eligible                | N/A                                |
| Real estate                    | 35,420            | 1 – 12 years                     | 20,454                      | Not eligible                | N/A                                |
| Natural resources              | 32,950            | 5 – 11 years                     | 20,728                      | Not eligible                | N/A                                |
| Oil and gas                    | 29,674            | 4 – 8 years                      | 18,660                      | Not eligible                | N/A                                |
|                                | <u>694,461</u>    |                                  | <u>139,750</u>              |                             |                                    |
|                                | <u>\$ 827,327</u> |                                  | <u>\$ 139,750</u>           |                             |                                    |

(a) *Inflation Sensitive Asset Fund*

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

(b) *Stock Futures Fund*

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

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(with comparative information for the prior year)

(c) *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.

(d) *U.S. Corporate Debt Funds, U.S. Equity Funds, International Equity Funds*

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

(e) *Multi-strategy Fund of Funds*

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

(f) *Long-Short Hedge Fund*

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

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

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

(a) *Private Equity, Venture Capital, Hybrid Fund of Funds, and Distressed Securities*

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

(b) *Real Estate*

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

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(c) *Natural Resources and Oil and Gas*

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

Dividends and interest from investments during the periods were as follows:

|               | <b>2012</b>    | <b>2011</b> |
|---------------|----------------|-------------|
|               | (In thousands) |             |
| Operating (a) | \$ 3,030       | 3,347       |
| Endowment (b) | 15,832         | 18,979      |
|               | \$ 18,862      | 22,326      |

(a) Includes interest from Auxiliary operations of \$137,000 and \$124,000 in 2012 and 2011, respectively.

(b) Includes earnings of funds held in trust by others distributed to the University of \$2,668,000 and \$2,295,000 in 2012 and 2011, respectively.

**(7) Endowment Funds**

The University endowment consists of approximately 895 individual funds established for a variety of purposes. The endowment funds are subdivided into appropriate net asset classifications. The permanently restricted endowment funds, primarily consisting of funds whose return is unrestricted, represent gifts received under circumstances indicating a stipulation of the donor that principal is not to be expended. Temporarily restricted and unrestricted endowment funds represent funds where there is no requirement to maintain the principal.

(a) *Interpretation of Relevant Law*

Based upon its interpretation of the provisions of Delaware's enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), the University classifies the portion of donor-restricted endowment funds that is not classified as permanently restricted net assets as temporarily restricted net assets, unless it has previously been appropriated for use by the University in a manner consistent with the standard of prudence prescribed by UPMIFA. At the time of appropriation by the University, and providing there are no additional purpose restrictions in place, the temporarily restricted net assets will be reclassified to unrestricted net assets. As of June 30, 2012 and 2011, the amount of temporarily restricted endowment funds having no purpose restriction was \$342,664,000 and \$367,843,000, respectively. The University classifies as permanently restricted net assets the historical cost value of the original donor-restricted endowment.



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(with comparative information for the prior year)

**(b) *Return Objectives and Risk Parameters***

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

**(c) *Strategies Employed for Achieving Objectives***

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

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

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

The University endowment spending policy guidelines target an annual distribution in the range of 4.5% to 5.5% 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 4.2% and 4.0% at June 30, 2012 and 2011, respectively.

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

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(e) ***Funds with Deficiencies***

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the original gift amount maintained as permanently restricted net assets. Deficiencies of this nature were approximately \$563,000 and \$16,000 as of June 30, 2012 and June 30, 2011, respectively. Such deficiencies are recorded in unrestricted net assets. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions. Subsequent gains that restore the fair value of the assets of the endowment fund to the required level will be classified as an increase in unrestricted net assets.

(f) ***Net Asset Classification of Endowment Funds***

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

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

Net asset composition by type of fund consists of the following as of June 30, 2011 (in thousands):

|                                     | <u>Unrestricted</u> | <u>Temporarily<br/>restricted</u> | <u>Permanently<br/>restricted</u> | <u>Total</u>     |
|-------------------------------------|---------------------|-----------------------------------|-----------------------------------|------------------|
| Donor-restricted<br>endowment funds | \$ (16)             | 518,271                           | 256,369                           | 774,624          |
| Board-designated<br>endowment funds | 295,205             | 7,808                             | —                                 | 303,013          |
|                                     | <u>\$ 295,189</u>   | <u>526,079</u>                    | <u>256,369</u>                    | <u>1,077,637</u> |

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

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

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

Changes in endowment net assets for the year ended June 30, 2011 (in thousands):

|   | <u>Unrestricted</u> | <u>Temporarily<br/>restricted</u> | <u>Permanently<br/>restricted</u> | <u>Total</u>     |
|---|---------------------|-----------------------------------|-----------------------------------|------------------|
| Endowment net assets,<br>beginning of year    | \$ 253,631          | 423,813                           | 250,086                           | 927,530          |
| Investment return:                            |                     |                                   |                                   |                  |
| Investment income                             | 10,833              | 7,060                             | 1,086                             | 18,979           |
| Net appreciation – realized<br>and unrealized | <u>43,857</u>       | <u>127,515</u>                    | <u>407</u>                        | <u>171,779</u>   |
| Total investment<br>return                    | 308,321             | 558,388                           | 251,579                           | 1,118,288        |
| Contributions                                 | —                   | 116                               | 4,790                             | 4,906            |
| Endowment spending payout                     | (11,477)            | (32,425)                          | —                                 | (43,902)         |
| Other changes                                 | <u>(1,655)</u>      | <u>—</u>                          | <u>—</u>                          | <u>(1,655)</u>   |
|   | <u>\$ 295,189</u>   | <u>526,079</u>                    | <u>256,369</u>                    | <u>1,077,637</u> |

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(with comparative information for the prior year)

**(8) Annuity and Life-Income Funds**

The University held \$7,731,000 and \$8,629,000 in investments related to annuity and life-income funds as of June 30, 2012 and 2011, respectively. A related liability of \$4,785,000 and \$4,721,000 as of June 30, 2012 and 2011, respectively, represents the present value of future annuity payments due under these agreements, and was calculated for each annuity using discount rates and actuarial assumptions consistent with the terms of the gift.

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

The University is required by the laws of certain states to maintain reserves against charitable gift annuities. Such reserves amounted to \$151,000 and \$38,000 as of June 30, 2012 and 2011, respectively.

**(9) Property, Plant, and Equipment**

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

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

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

|                           | <b>Estimated<br/>lives (years)</b> |
|---------------------------|------------------------------------|
| Land improvements         | 15                                 |
| Buildings                 | 40                                 |
| Equipment and furnishings | 2 – 20                             |

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Property, plant, and equipment as of June 30, 2012 and 2011 consisted of the following:

|   | <b>2012</b>    | <b>2011</b> |
|---|----------------|-------------|
|   | (In thousands) |             |
| Land and improvements                     | \$ 101,346     | 99,860      |
| Buildings                                 | 1,223,193      | 1,162,413   |
| Equipment and furnishings                 | 423,016        | 404,136     |
| Collections and works of art              | 8,872          | 8,872       |
| Capital leasehold                         | 15,235         | 15,003      |
| Construction in progress                  | 203,740        | 107,297     |
| Total property, plant, and equipment      | 1,975,402      | 1,797,581   |
| Less accumulated depreciation             | (779,572)      | (729,723)   |
| Total property, plant, and equipment, net | \$ 1,195,830   | 1,067,858   |

The University has five major building and renovation projects as of June 30, 2012 budgeted to cost \$270,900,000. At year-end, \$111,062,000 has been disbursed with \$159,838,000 committed to complete these projects.

**(10) Obligations Under Capital Leases**

The University has obligations under capital leases that amounted to \$6,557,000 and \$7,099,000 as of June 30, 2012 and 2011, respectively. The University's obligation at June 30, 2012 includes a building lease with Delaware Technology Park for the Delaware Biotechnology Institute, a unit of the University. The lease consists of annual lease payments ranging from \$345,000 to \$900,000 to be paid over a 20-year term.

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

|            | <b>Principal</b> | <b>Interest</b> | <b>Total</b> |
|------------|------------------|-----------------|--------------|
|            | (In thousands)   |                 |              |
| 2013       | \$ 572           | 320             | 892          |
| 2014       | 607              | 287             | 894          |
| 2015       | 642              | 254             | 896          |
| 2016       | 682              | 214             | 896          |
| 2017       | 717              | 177             | 894          |
| Thereafter | 3,337            | 292             | 3,629        |
|            | \$ 6,557         | 1,544           | 8,101        |

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**(11) Notes and Bonds Payable**

Indebtedness at June 30, 2012 and 2011 consisted of the following:

|   | <b>2012</b>    | <b>2011</b> |
|---|----------------|-------------|
|   | (In thousands) |             |
|   | \$             |             |
| Series 2004B Revenue Bonds (a)                      | 39,720         | 40,835      |
| Series 2005 Revenue Bonds (b)                       | 43,750         | 45,315      |
| Series 2009A Revenue Bonds (c)                      | 68,600         | 68,600      |
| Series 2009B Revenue Bonds (d)                      | 55,085         | 60,625      |
| Series 2010A Revenue Bonds(e)                       | 119,580        | 119,580     |
| Series 2010B Revenue Bonds (f)                      | 11,080         | 12,080      |
| Blue Hen Hotel LLC Bonds (g)                        | 9,055          | 9,390       |
| University Early Learning Center Line of Credit (h) | 3,251          | 3,470       |
|   | 350,121        | 359,895     |
| Premiums on notes and bonds payable                 | 3,872          | 4,053       |
| Notes and bonds payable                             | \$ 353,993     | 363,948     |

**(a) Series 2004B Revenue Bonds**

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

The Series 2004B Bonds initially bear interest at a Daily Rate (0.20% at June 30, 2012) and will continue to bear interest at a Daily Rate until converted to bear interest at a Weekly, Flexible, Term, or Fixed Rate to maturity. The interest rate to be in effect for a particular period of time will be reset by the Remarketing Agent and will never exceed 12% per annum. A 3.25% interest cost through fiscal year 2035 is anticipated based on an existing interest rate exchange agreement, with additional costs of remarketing and a Standby Bond Purchase Agreement (SBPA) with a scheduled termination date of April 5, 2015. The Bonds are secured by a pledge of gross revenues received by the University from the operations of all project facilities including housing, dining, parking, and other revenue producing facilities. The Series 2004B Bonds mature on November 1, 2034, but are subject to optional redemption and tender for purchase prior to maturity.

**(b) Series 2005 Revenue Bonds**

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

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The Series 2005 Bonds initially bear interest at a Daily Rate (0.16% at June 30, 2012) and will continue to bear interest at a Daily Rate until converted to bear interest at a Weekly, Flexible, Term, or Fixed Rate to maturity. The interest rate to be in effect for a particular period of time will be reset by the Remarketing Agent and will never exceed 12% per annum. A 3.87% interest cost through fiscal year 2036 is anticipated on the \$37,880,000 project funds and 3.75% interest cost through fiscal year 2022 on the \$12,065,000, both based on existing interest rate exchange agreements, with additional costs of remarketing and a SBPA with scheduled termination date of May 31, 2016 at which time it may be terminated, extended or replaced. The Bonds are secured by a pledge of gross revenues received by the University from the operations of all project facilities including housing, dining, parking, and other revenue producing facilities. The Series 2005 Bonds mature on November 1, 2035, but are subject to optional redemption and tender for purchase prior to maturity.

**(c) Series 2009A Revenue Bonds**

In March 2009, the University issued \$71,310,000 of Series 2009A Variable Rate Revenue Bonds in term mode with a termination date of May 31, 2011. On June 1, 2011, replacement term mode bonds were issued for \$68,600,000 with a mandatory remarketing date of June 4, 2013, at which time, the bonds will be converted to any mode consistent with and as permitted by the Supplemental Agreement to the Trust Agreement for the 2009A bonds. These bonds were issued for the purpose of refinancing a taxable bank demand note, which was entered into on July 10, 2008, the proceeds of which the University used to redeem its Auction Rate Revenue Bonds Series 2007.

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

**(d) Series 2009B Revenue Bonds**

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

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

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**(e) Series 2010A Revenue Bonds**

In November 2010, the University issued \$119,580,000 of Series 2010A Revenue Bonds in fixed rate mode with the purposes of providing funds for certain project facilities. The American Recovery and Reinvestment Act of 2009 (ARRA) permitted the University to issue the 2010A Bonds as “Build America Bonds” to finance capital expenditures for the purposes for which it could have issued tax-exempt bonds and to elect to receive payments from U.S. Treasury equal to 35% of the corresponding interest payable on 2010A Bonds (the Subsidy Payments). For the year ended June 30, 2012, the University received Subsidy Payments of \$2,455,000, which are included in other operating revenue on the consolidated statement of activities. Interest income on these bonds is taxable to the bond holder. The Series 2010A Bonds are subject to mandatory redemption from November 1, 2028 through November 1, 2040, but are subject to optional redemption and tender for purchase prior to maturity.

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

**(f) Series 2010B Revenue Bonds**

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

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

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

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

The Series 2001 Bonds will initially bear interest at a Weekly Rate (0.27% at June 30, 2012) and will continue to bear interest at a Weekly Rate until converted to bear interest at a Daily, Flexible, Term, or Fixed Rate to maturity. The interest rate to be in effect for a particular period of time will be reset by the Remarketing Agent and will never exceed 18% per annum. A 5.50% interest cost through September 1, 2027 is anticipated based on an existing interest rate exchange agreement, with additional costs of remarketing and a SBPA with a scheduled termination date of December 12, 2012. The swap agreement counterparty has the right to terminate the agreement under certain market conditions in which the daily weighted average of the one-month LIBOR equals or exceeds 9.00% for the previous six-month period. If such right is exercised, the bond interest would revert to the market rate for weekly traded variable rate demand bonds.



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

To date, the Blue Hen Hotel, LLC has called \$2,445,000 of its outstanding bonds.

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

In December 2008, the University obtained a five-year extension to the \$5,000,000 line of credit that was originally opened in December 2003 to renovate the University Early Learning Center facility. The interest rate is a variable rate of 65% of the Bank's National Commercial Rate (calculated to be 2.60% at June 30, 2012) and there is an outstanding balance of \$3,251,000 at June 30, 2012.

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

The University's debt agreements require that the University meet certain financial, and other, covenants. The University was in compliance with these covenants at June 30, 2012 and 2011.

The carrying amount of variable rate long-term debt approximates fair value because these financial instruments bear interest at rates, which approximate current market rates for loans with similar maturities and credit quality. The fair value of fixed and variable rate Revenue Bonds (par amount of \$337,815,000) approximates \$380,044,000. Such amount has been estimated by discounting the future cash outflows associated with such debt by current market rates for loans with similar maturities and credit quality.

Certain long-term debt obligations expose the University to cash flow risk related to changes in interest rates. Management believes it is prudent and cost effective to hedge some of its exposure to interest rate risk. To achieve this objective, management has interest rate swap agreements for approximately \$167,525,000 (including \$9,055,000 related to the Blue Hen Hotel, LLC, note 2) of long-term debt obligations as of June 30, 2012. In accordance with FASB standards, not-for-profit organizations recognize the gain or loss on a hedging instrument as a change in net assets in the period of change. Accordingly, for the year ended June 30, 2012, the University has recognized an unrealized loss of \$20,053,000 (including a loss of \$1,084,000 related to the Blue Hen Hotel, LLC) in the consolidated statement of activities for the decrease in fair value of its interest rate swaps and a corresponding increase in the fair value of its interest rate swap liability in the consolidated statement of financial position.

**UNIVERSITY OF DELAWARE**

Notes to Consolidated Financial Statements

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(with comparative information for the prior year)

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

|            |    |         |
|------------|----|---------|
| 2013       | \$ | 6,380   |
| 2014       |    | 6,594   |
| 2015       |    | 6,914   |
| 2016       |    | 5,171   |
| 2017       |    | 5,194   |
| Thereafter |    | 323,740 |
|            | \$ | 353,993 |

**(12) Derivative Instruments**

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

|                               | Statement of<br>financial<br>position<br>location | Location of<br>gain (loss)           | Fair value<br>2012 | Fair value<br>2011 | Amount of<br>gain (loss)<br>2012 | Amount of<br>gain (loss)<br>2011 |
|-------------------------------|---|--------------------------------------|--------------------|--------------------|----------------------------------|----------------------------------|
| Interest rate swap agreements | Interest rate swap liabilities                    | Net realized and unrealized gains \$ | 41,487             | 21,434             | (20,053)                         | 4,684                            |

A portion of the total interest rate swap liabilities reported on the consolidated statement of financial position, \$38,642,000 at June 30, 2012, contains provisions that require the University’s debt and the counterparty to maintain an investment grade credit rating from one or both of the major credit rating agencies. A downgrade of the University or the counterparty’s rating may require that party to provide collateralization above a predetermined threshold on all rate swaps in net liability positions. The University’s current rating of AA+ by Standard & Poor’s would have to drop five levels or more to a rating of A – or below, at which time the University might be required to post collateral. To date, the University has not posted collateral for any rate swap agreements.

**(13) Employee Benefit Plans**

The University’s 403(b) Retirement Annuity Program is available to substantially all faculty and professional employees. This plan is administered through Fidelity Investments (Fidelity) and Teachers Insurance and Annuity Association (TIAA) – College Retirement Equities Fund (CREF). The University’s contribution for this program is fixed at 11 percent of annual base salary for eligible employees who contribute a minimum of four percent of their annual salary. The policy of the University is to pay its share of the annual premium accrued in connection with the University Retirement Annuity Program. As a result, there are no unfunded benefits. Pension plan expense for the University’s 403(b) Retirement Annuity Program was \$26,330,000 in 2012 and \$25,263,000 in 2011.

## UNIVERSITY OF DELAWARE

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Salaried and hourly staff employees participate in the Delaware State Employees' Pension Plan (the State Plan), a cost sharing defined benefit plan. The State Plan (established in 1970), is one of nine plans encompassed within the Delaware Public Employees' Retirement System (<http://www.delawarepensions.com/financials.shtml>). Under the state pension statute, a mandatory pre-tax contribution of three percent of salary in excess of \$6,000 per year plus five percent of salary in excess of the social security wage base is required. The policy of the University is to pay its share of the annual premium accrued in connection with the State Plan. As a result, there are no unfunded benefits. Pension plan expense for the State Plan was \$10,520,000 and \$9,756,000 in 2012 and 2011, respectively.

The State Plan financial statements and actuarial reports for June 30, 2011 (most recent available) do not include separate reportable information for each participant organization in the plan. However, the following information was derived from the data available:

- The University has 1,349 active participants in the State Plan. The State Plan, in total, has 60,919 participants, 35,572 of which are active participants.
- The University's contribution to the State Plan in fiscal year June 30, 2011 of \$9,756,000 was approximately 7.6% of the \$128,020,000 total annual required plan employer contributions to the plan.
- At June 30, 2011, the State Plan had a 94% funded ratio of the actuarial accrued liability, and the accrued benefit funding ratio was 108.4% at this same point in time.
- The funding objective of the State Plan is to establish contribution rates that, over time, will remain level as a percent of payroll. The contribution rate was developed to provide for current cost (i.e., normal cost expressed as a level percent of payroll) plus level percent of payroll amortizations of each layer of the unfunded liability over a specified period. The participant organizations to the State Plan have consistently funded the full amounts required based on the actuarial valuations and specific statutory provisions.

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

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

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

In addition to retirement benefits, the University also provides postretirement benefits primarily for medical insurance to retired employees who are not eligible under the State Plan. The University recognizes the funded status (i.e., the difference between the fair value of plan assets and the accumulated postretirement benefit obligation) of its postretirement benefit plan in the consolidated statement of

**UNIVERSITY OF DELAWARE**

Notes to Consolidated Financial Statements

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(with comparative information for the prior year)

financial position. Also, the University measures the fair value of plan assets and benefit obligations as of the date of the fiscal year-end consolidated statement of financial position. As of June 30, 2012, the University has not funded these benefits.

Net periodic postretirement benefit cost for 2012 and 2011 includes the following components:

|  | <b>2012</b>    | <b>2011</b> |
|--|----------------|-------------|
|  | (In thousands) |             |
| Service cost                             | \$ 7,513       | 7,204       |
| Interest cost                            | 12,573         | 11,030      |
| Amortization of unrecognized loss        | —              | —           |
| Net periodic postretirement benefit cost | \$ 20,086      | 18,234      |

The accumulated postretirement benefit obligation recognized in the consolidated statement of financial position at June 30, 2012 and 2011 is as follows:

|   | <b>2012</b>    | <b>2011</b> |
|---|----------------|-------------|
|   | (In thousands) |             |
| Accrued postretirement liability              | \$ 210,759     | 196,036     |
| Unrecognized net loss                         | 72,931         | 13,455      |
| Accumulated postretirement benefit obligation | \$ 283,690     | 209,491     |

Changes in the accumulated postretirement plan benefit obligation and funding status for 2012 and 2011 are as follows:

|  | <b>2012</b>    | <b>2011</b> |
|--|----------------|-------------|
|  | (In thousands) |             |
| Benefit obligation at beginning of year        | \$ 209,491     | 227,509     |
| Service cost                                   | 7,513          | 7,204       |
| Interest cost                                  | 12,573         | 11,030      |
| Actuarial (gain) or loss                       | 59,466         | (31,580)    |
| Disbursements                                  | (5,353)        | (4,672)     |
| Benefit obligation at end of year              | 283,690        | 209,491     |
| Fair value of plan assets at beginning of year | —              | —           |
| Employer contributions                         | 5,353          | 4,672       |
| Benefits paid                                  | (5,353)        | (4,672)     |
| Fair value of plan assets at end of year       | —              | —           |
| Funded Status at end of year                   | \$ 283,690     | 209,491     |

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The University expects to contribute \$6,385,000 to the plan for the year ended June 30, 2013.

The accumulated postretirement benefit obligation was determined using a discount rate of 4.90% and 5.90% in 2012 and 2011, respectively. The health care cost trend rates used reflect the differences between pre-65 and post-65 claims were 8.00% and 6.50%, respectively, in 2012, and 8.00% and 7.00%, respectively, in 2011. This rate gradually decreases to 5.00% by the year 2021 and 2015 for pre-65 and post-65 claims, respectively.

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):

|   | <b>Increase</b> | <b>Decrease</b> |
|---|-----------------|-----------------|
| Effect on service cost and interest cost components of net periodic postretirement benefit cost | \$ 4,548        | (3,510)         |
| Effect on benefit obligation as of June 30, 2012  | 57,565          | (44,719)        |

At June 30, 2012, the University's expected future benefit payments for future service are as follows (in thousands):

| Year ended June 30: |    |        |
|---------------------|----|--------|
| 2013                | \$ | 6,385  |
| 2014                |    | 7,133  |
| 2015                |    | 7,966  |
| 2016                |    | 8,711  |
| 2017                |    | 9,564  |
| 2018 through 2022   |    | 61,842 |

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

**(14) Asset Retirement Obligations**

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

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Notes to Consolidated Financial Statements

June 30, 2012

(with comparative information for the prior year)

The University had asset retirement obligations of \$20,889,000 and \$20,185,000 as of June 30, 2012 and 2011, respectively. The following table reconciles the obligation as of June 30, 2012 and 2011 (in thousands):

|  | <b>2012</b> | <b>2011</b> |
|--|-------------|-------------|
| Balance at beginning of year           | \$ 20,185   | 18,136      |
| Additional obligations incurred        | 1,365       | 40          |
| Obligations settled in current period  | (1,316)     | 9           |
| Changes in estimates, including timing | 131         | (249)       |
| Accretion expense                      | 524         | 2,249       |
| Balance at end of year                 | \$ 20,889   | 20,185      |

**(15) Net Assets**

Temporarily restricted net assets include the following at June 30, 2012 and 2011 (in thousands):

|  | <b>2012</b> | <b>2011</b> |
|--|-------------|-------------|
| Contributions receivable                       | \$ 32,273   | 22,041      |
| Annuity and life income funds                  | 832         | 1,548       |
| Accumulated gains on permanent endowment funds | 480,942     | 526,079     |
| Other time and purpose restrictions            | 19,624      | 16,626      |
|  | \$ 533,671  | 566,294     |

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

Permanently restricted net assets include the following at June 30, 2012 and 2011 (in thousands):

|                               | <b>2012</b> | <b>2011</b> |
|-------------------------------|-------------|-------------|
| Permanent loan funds          | \$ 311      | 300         |
| Annuity and life income funds | 2,115       | 2,360       |
| Funds held in trust by others | 58,209      | 60,566      |
| Permanent endowment funds     | 270,809     | 256,369     |
|                               | \$ 331,444  | 319,595     |

## UNIVERSITY OF DELAWARE

### Notes to Consolidated Financial Statements

June 30, 2012

(with comparative information for the prior year)

#### (16) 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 sales of auxiliary enterprises.

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

The table below identifies this financial assistance by source and by student classification for the year ended June 30, 2012.

|                | <u>Undergraduate</u> | <u>Graduate</u> | <u>Total</u>   |
|----------------|----------------------|-----------------|----------------|
|                |                      | (In thousands)  |                |
| Unrestricted   | \$ 36,437            | 52,386          | 88,823         |
| Federal grants | 642                  | 842             | 1,484          |
| State grants   | 10,353               | 143             | 10,496         |
| Private gifts  | 2,155                | 505             | 2,660          |
| Endowment      | 3,832                | 4               | 3,836          |
| Total          | <u>\$ 53,419</u>     | <u>53,880</u>   | <u>107,299</u> |

An additional \$5,884,000 of University-provided financial assistance was utilized by students for books, supplies, and off-campus living expenses.

#### (17) Fundraising Costs

Fundraising costs were approximately \$10,844,000 and \$10,506,340 for the years ended June 30, 2012 and 2011, respectively.

#### (18) 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.

#### (19) Subsequent Events

In connection with the preparation of the consolidated financial statements, the University evaluated subsequent events after the statement of financial position date of June 30, 2012 through November 7, 2012, which was the date the consolidated financial statements were issued.

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### Notes to Consolidated Financial Statements

June 30, 2012

(with comparative information for the prior year)

Subsequent to year end, the University entered into a series of leasing transactions related to the redevelopment of approximately 15 acres of land on the University's 272 acre STAR campus. The property which comprises the STAR campus was acquired by the University in November 2009 for the purpose of expanding the University's overall campus and to provide a site for, among other things, high technology, medical, and educational partnerships between the University, federal and state government, and leaders in various technology, medical, and educational fields.

On August 17, 2012, 1743 Holdings, LLC entered into a ground lease with a third-party for approximately six of the acres, and the structures thereon, for the purpose of renovating and expanding the existing structures and then leasing the space in the renovated unit to the University for use primarily by the College of Health Sciences. The ground lease has an initial term of 75 years, with a nominal rent while the University is occupying the unit. Rent reverts to a market-based rent at the time the University ceases to lease the unit. The space lease was entered into simultaneously with the ground lease and has an initial term of 29 ½ years, with the option of twelve additional 5-year extensions.

These transactions are structured to create the same economic effect as if the University built and owned the building, and as such, the University will reflect the costs associated with the renovation of the unit as an asset in the consolidated statement of financial position and will also record a corresponding financing obligation. All costs are flowed through to the University as if it were the owner of the unit through rent. At the end of the initial term of the space lease, however, the rent will cease to be tied to the financing of the unit, and will revert to a percentage of market rent. The renovations are expected to cost approximately \$30,500,000, and be completed by January 2014.

On August 29, 2012, 1743 Holdings, LLC entered into an additional ground lease with a third-party for the additional nine acres, and the structures thereon, for the purpose of renovating and expanding the existing structures, and leasing the units to entities external to the University, and, to the extent possible, entities that are related to health sciences. This ground lease has an initial term of 75 years, and rent is based upon formulas contained within the lease and approximate market rent. The University has no obligation, nor does it intend, to lease any space within these units.



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**Schedule of Expenditures of Federal Awards**  
**Year ended June 30, 2012**

| Program title  | CFDA number | Direct (D) or<br>pass-<br>through (I) | Pass-through entity name                | Pass-through number | Program<br>expenditures |
|--|-------------|---------------------------------------|---|---------------------|-------------------------|
| Research and Development Cluster   |             |                                       |   |                     |                         |
| United States Department of Agriculture Programs                         |             |                                       |   |                     |                         |
| Agricultural Research_Basic and Applied Research                         | 10.001      | D                                     |   |                     | \$ 229,254              |
| Agricultural Research_Basic and Applied Research                         | 10.001      | I                                     | Biotechnology Research & Dev Corp       | 07000916            | 10,502                  |
|  |             |                                       | US Biological Applied Research          |                     |                         |
| Agricultural Research_Basic and Applied Research                         | 10.001      | I                                     | Consortium                              | 12A00121            | 3,455                   |
| Plant and Animal Disease, Pest Control, and Animal Care                  | 10.025      | D                                     |   |                     | 94,787                  |
| Plant and Animal Disease, Pest Control, and Animal Care                  | 10.025      | I                                     | Maryland Dept of Natural Resources      | KOOP2401151         | 3,308                   |
| Wildlife Services  | 10.028      | I                                     | Wildlife Management Institute           | 2010-03             | 47,772                  |
| Federal-State Marketing Improvement Program                              | 10.156      | D                                     |   |                     | 6,025                   |
| Specialty Crop Block Grant Program - Farm Bill                           | 10.170      | I                                     | Delaware Department of Agriculture      | 12-25-B-1059        | 6,275                   |
| Specialty Crop Block Grant Program - Farm Bill                           | 10.170      | I                                     | Delaware Department of Agriculture      | SCBGP-FB-11-05      | 7,543                   |
| Specialty Crop Block Grant Program - Farm Bill                           | 10.170      | I                                     | Delaware Department of Agriculture      | SCBGP-FB-11-04      | 1,986                   |
| Specialty Crop Block Grant Program - Farm Bill                           | 10.170      | I                                     | Delaware Department of Agriculture      | SCBGP-FB-10-06      | 19,367                  |
| Specialty Crop Block Grant Program - Farm Bill                           | 10.170      | I                                     | Delaware State University               | P0086536            | 215                     |
| Specialty Crop Block Grant Program - Farm Bill                           | 10.170      | I                                     | Delaware Department of Agriculture      | SCBGP-FB-10-04      | 20,383                  |
| Grants for Agricultural Research, Special Research Grants                | 10.200      | D                                     |   |                     | 188,948                 |
| Grants for Agricultural Research, Special Research Grants                | 10.200      | I                                     | Cornell University                      | 64042-9697          | 6,211                   |
| Grants for Agricultural Research, Special Research Grants                | 10.200      | I                                     | Cornell University                      | 64042-9730          | 1,347                   |
| Grants for Agricultural Research, Special Research Grants                | 10.200      | I                                     | Connecticut,University of               | 7062                | 4,381                   |
| Grants for Agricultural Research, Special Research Grants                | 10.200      | I                                     | Cornell University                      | 59257-9246          | 11,598                  |
| Grants for Agricultural Research, Special Research Grants                | 10.200      | I                                     | Rutgers, State University of New Jersey | 4478                | 8,049                   |
| Grants for Agricultural Research, Special Research Grants                | 10.200      | I                                     | California-Davis, University of         | SA7598              | 129,175                 |
| Grants for Agricultural Research, Special Research Grants                | 10.200      | I                                     | Cornell University                      | 61002-9326          | 9,994                   |
| Cooperative Forestry Research  | 10.202      | D                                     |   |                     | 105,823                 |
| Payments to Agricultural Experiment Stations Under the Hatch Act         | 10.203      | D                                     |   |                     | 1,264,101               |
| Grants for Agricultural Research_Competitive Research Grants             | 10.206      | D                                     |   |                     | 579,993                 |
| Grants for Agricultural Research_Competitive Research Grants             | 10.206      | I                                     | Rutgers, State University of New Jersey | 3566                | 12,961                  |
| Grants for Agricultural Research_Competitive Research Grants             | 10.206      | I                                     | Maryland, University of                 | Z541310             | 52,250                  |
| Grants for Agricultural Research_Competitive Research Grants             | 10.206      | I                                     | Maryland, University of                 | Z521912             | 25,272                  |
| Grants for Agricultural Research_Competitive Research Grants             | 10.206      | I                                     | Texas at Austin, University of          | UTA07-524           | 58,098                  |
| Grants for Agricultural Research_Competitive Research Grants             | 10.206      | I                                     | North Carolina State University         | 2008-1433-01        | 12,857                  |
| Grants for Agricultural Research_Competitive Research Grants             | 10.206      | I                                     | Southern California, University of      | 135496              | 25,289                  |
| Grants for Agricultural Research_Competitive Research Grants             | 10.206      | I                                     | Tennessee, University of                | 102485              | (228)                   |
| Grants for Agricultural Research_Competitive Research Grants             | 10.206      | I                                     | Maryland, University of                 | Z521910             | 67,409                  |
| Animal Health and Disease Research                                       | 10.207      | D                                     |   |                     | 14,409                  |
| Food and Agricultural Sciences National Needs Graduate Fellowship Grants | 10.210      | D                                     |   |                     | 1,884                   |
| Small Business Innovation Research                                       | 10.212      | I                                     | Step Analysis, LLC                      | 11A00237            | 4,990                   |
| Sustainable Agriculture Research and Education                           | 10.215      | I                                     | Texas State University - San Marcos     | 8000000980.2        | 12,123                  |
| Sustainable Agriculture Research and Education                           | 10.215      | I                                     | Vermont, University of                  | ONE12-157           | 607                     |
| Sustainable Agriculture Research and Education                           | 10.215      | I                                     | Vermont, University of                  | ONE12-163           | 3,618                   |
| Sustainable Agriculture Research and Education                           | 10.215      | I                                     | Vermont, University of                  | SNE 11-02           | 1,586                   |
| Agricultural and Rural Economic Research                                 | 10.250      | D                                     |   |                     | 38,144                  |
| Integrated Programs  | 10.303      | D                                     |   |                     | 210,796                 |
| Integrated Programs  | 10.303      | I                                     | The Ohio State University               | 60025287            | 995                     |
| Integrated Programs  | 10.303      | I                                     | Cornell University                      | 61356-9474          | 2,314                   |
| Integrated Programs  | 10.303      | I                                     | Maryland, University of                 | Z531007             | 13,490                  |

**UNIVERSITY OF DELAWARE**  
**Schedule of Expenditures of Federal Awards**  
**Year ended June 30, 2012**

| Program title  | CFDA number           | Direct (D) or<br>pass-<br>through (I) | Pass-through entity name                 | Pass-through number  | Program<br>expenditures |
|--|-----------------------|---------------------------------------|--|----------------------|-------------------------|
| Homeland Security_Agricultural   | 10.304                | I                                     | Cornell University                       | 54039-8573           | 72,946                  |
| International Science and Education Grants   | 10.305                | D                                     |  |                      | 22,724                  |
| Organic Agriculture Research and Extension Initiative  | 10.307                | I                                     | Pennsylvania State University            | 4074-UD-USDA-5656    | 35,285                  |
| Specialty Crop Research Initiative   | 10.309                | I                                     | Delaware Department of Agriculture       | SCBGP-FB-11-07       | 1,486                   |
| Specialty Crop Research Initiative   | 10.309                | I                                     | Maryland, University of                  | Z546701              | 11,200                  |
| Specialty Crop Research Initiative   | 10.309                | I                                     | Delaware Department of Agriculture       | SCBGP-FB-11-01       | 2,089                   |
| Agriculture and Food Research Initiative (AFRI)  | 10.310                | D                                     |  |                      | 2,364,735               |
| Agriculture and Food Research Initiative (AFRI)  | 10.310                | I                                     | Mississippi State University             | 191400-322094-01     | 99,309                  |
| Agriculture and Food Research Initiative (AFRI)  | 10.310                | I                                     | North Carolina State University          | 2011-0494-15         | 39,956                  |
| Agriculture and Food Research Initiative (AFRI)  | 10.310                | I                                     | Rutgers, State University of New Jersey  | 3973                 | 25,208                  |
| Forestry Research  | 10.652                | D                                     |  |                      | 51,842                  |
| Cooperative Forestry Assistance  | 10.664                | D                                     |  |                      | 55,338                  |
| Soil and Water Conservation  | 10.902                | D                                     |  |                      | 50,328                  |
| Environmental Quality Incentives Program   | 10.912                | I                                     | National Fish & Wildlife Foundation      | 2008-0110-011        | 244,970                 |
| <i>Total for United States Department of Agriculture Programs</i>                                  |                       |                                       |  |                      | <b>6,396,772</b>        |
| <b>Department of Commerce Programs</b>   |                       |                                       |  |                      |                         |
| Geodetic Surveys and Services (Geodesy and Applications of the National Geodetic Reference System) | 11.400                | D                                     |  |                      | 96,121                  |
| Interjurisdictional Fisheries Act of 1986  | 11.407                | I                                     | GARDEN STATE SEAFOOD ASSOCIATION         | EA133F10CN0326       | 26,567                  |
| Sea Grant Support  | 11.417                | D                                     |  |                      | 1,361,694               |
| Sea Grant Support  | 11.417                | I                                     | Academy of Natural Sciences, Phila.      | 694-7900-7553        | 4,046                   |
| Coastal Zone Management Estuarine Research Reserves  | 11.420                | D                                     |  |                      | 19,849                  |
| Coastal Zone Management Estuarine Research Reserves  | 11.420                | I                                     | Delaware Department of Natural Resources | STATE-0000065121     | 46,910                  |
| Climate and Atmospheric Research   | 11.431                | I                                     | Colorado, University of                  | 1548564              | 23,980                  |
| Climate and Atmospheric Research   | 11.431                | I                                     | Delaware Department of Natural Resources |                      |                         |
| National Oceanic and Atmospheric Administration (NOAA) Cooperative Institutes                      | 11.432                | I                                     |  | 11A00567             | 65,130                  |
| National Oceanic and Atmospheric Administration (NOAA) Cooperative Institutes                      | 11.432                | I                                     | Mississippi State University             | 191001-363637-04-000 | 205                     |
| Marine Mammal Data Program   | 11.439                | D                                     |  |                      | 12,339                  |
| Unallied Management Projects   | 11.454                | I                                     | Phoel Associates, Inc.                   | 11A00366             | 92,591                  |
| Habitat Conservation   | 11.463                | I                                     | FishAmerica Foundation                   | FAF-10025            | 12,989                  |
| Meteorologic and Hydrologic Modernization Development  | 11.467                | D                                     |  |                      | 151,335                 |
| Unallied Science Program   | 11.472                | I                                     | Delaware Department of Natural Resources | STATE-0000065323     | 93,328                  |
| Coastal Services Center  | 11.473                | I                                     | Delaware Department of Natural Resources | 40 07010106894       | 19,787                  |
| Coastal Services Center  | 11.473                | I                                     | Monmouth University                      | MU-301352-13254      | 11,159                  |
| Coastal Services Center  | 11.473                | I                                     | National Oceanic/Atmospheric Admin.      | S952044              | (121)                   |
| Center for Sponsored Coastal Ocean Research_Coastal Ocean Program                                  | 11.478                | D                                     |  |                      | 321,817                 |
| Center for Sponsored Coastal Ocean Research_Coastal Ocean Program                                  | 11.478                | I                                     | South Carolina, University of            | 11-1828-21600-FB86   | 30,316                  |
| Center for Sponsored Coastal Ocean Research_Coastal Ocean Program                                  | 11.478                | I                                     | Maryland, University of                  | CA 08-10             | 9,463                   |
| Measurement and Engineering Research and Standards   | 11.609                | D                                     |  |                      | 2,492,921               |
| ARRA-Measurement and Engineering Research and Standards  | 11.609                | D                                     |  |                      | 238,376                 |
| Department of Commerce   | 11-DG133E11SE2030     | D                                     |  |                      | 65,231                  |
| Department of Commerce   | 11-DG-133E-12-SE-0672 | D                                     |  |                      | 7,771                   |
| Department of Commerce   | 11-N00014-10-1-0345   | D                                     |  |                      | 48,895                  |

**UNIVERSITY OF DELAWARE**  
**Schedule of Expenditures of Federal Awards**  
**Year ended June 30, 2012**

| Program title  | CFDA number    | Direct (D) or<br>pass-<br>through (I) | Pass-through entity name                | Pass-through number | Program<br>expenditures |
|--|----------------|---------------------------------------|---|---------------------|-------------------------|
| Department of Commerce   | 11-SA11-UOD01  | I                                     | Global Science & Technology Inc         | SA11-UOD01          | 162,601                 |
| <i>Total for Department of Commerce Programs</i>   |                |                                       |   |                     | <b>5,415,300</b>        |
| Department of Commerce National Oceanic and Atmospheric Administration (NOAA)                  |                |                                       |   |                     |                         |
| Integrated Ocean Observing System (IOOS)   | 11.012         | I                                     | Rutgers, State University of New Jersey | S1570029            | 33,692                  |
| <i>Total for Department of Commerce National Oceanic and Atmospheric Administration (NOAA)</i> |                |                                       |   |                     | <b>33,692</b>           |
| Department of Defense Programs   |                |                                       |   |                     |                         |
| Collaborative Research and Development   | 12.114         | I                                     | University of Nevada, Reno              | UNR 11-35           | 72,384                  |
| Basic and Applied Scientific Research  | 12.300         | D                                     |   |                     | 3,346,455               |
| Basic and Applied Scientific Research  | 12.300         | I                                     | Scripps Institute of Oceanography       | 10276959            | 237,155                 |
| Basic and Applied Scientific Research  | 12.300         | I                                     | Woods Hole Oceanographic Institute      | A100848             | 52,440                  |
| Basic and Applied Scientific Research  | 12.300         | I                                     | Woods Hole Oceanographic Institute      | A100750             | 316,381                 |
| Basic and Applied Scientific Research  | 12.300         | I                                     | California-San Diego University of      | 10285749            | 59,758                  |
| Basic and Applied Scientific Research  | 12.300         | I                                     | Phase Sensitive Innovations, Inc.       | 08000079            | 318,148                 |
| Basic and Applied Scientific Research  | 12.300         | I                                     | Johns Hopkins University                | 105972              | 3,031                   |
| Military Construction, National Guard  | 12.400         | I                                     | Iowa, University of                     | 1000617707          | 434,812                 |
| Military Medical Research and Development  | 12.420         | D                                     |   |                     | 921,534                 |
| Military Medical Research and Development  | 12.420         | I                                     | Thomas Jefferson University             | 080-02000-W05301    | 20,654                  |
| Basic Scientific Research  | 12.431         | D                                     |   |                     | 3,206,948               |
| Basic Scientific Research  | 12.431         | I                                     | Michigan, University of                 | 3001410025          | 82,970                  |
| Basic Scientific Research  | 12.431         | I                                     | South Dakota State University           | 3TG025              | 31,355                  |
| Basic Scientific Research  | 12.431         | I                                     | Colorado School of Mines                | 400231              | 180,815                 |
| Basic, Applied, and Advanced Research in Science and Engineering                               | 12.630         | D                                     |   |                     | 222,962                 |
| Basic, Applied, and Advanced Research in Science and Engineering                               | 12.630         | I                                     | Delaware State University               | 11-006JNA           | 26,801                  |
| Air Force Defense Research Sciences Program  | 12.800         | D                                     |   |                     | 1,438,926               |
| ARRA-Air Force Defense Research Sciences Program   | 12.800         | D                                     |   |                     | 46,409                  |
| Air Force Defense Research Sciences Program  | 12.800         | I                                     | EM Photonics, Inc.                      | 11A00064            | 127,625                 |
| Air Force Defense Research Sciences Program  | 12.800         | I                                     | Massachusetts Institute of Technology   | 5710002024          | 54                      |
| Air Force Defense Research Sciences Program  | 12.800         | I                                     | Rice University                         | R17536              | 74,227                  |
| Research and Technology Development  | 12.910         | D                                     |   |                     | 422,874                 |
| Research and Technology Development  | 12.910         | I                                     | Virginia Polytechnic Institute          | 450005-19650        | 34,484                  |
| Research and Technology Development  | 12.910         | I                                     | Massachusetts, University of            | 09-005334 A 00      | 89,592                  |
| Research and Technology Development  | 12.910         | I                                     | Southern California, University of      | 156230              | 45,693                  |
| Department of Defense  | 12-03-81       | I                                     | Systems and Materials Research Corp     | 03-81               | 8,185                   |
| Department of Defense  | 12-08001137    | I                                     | Scalable Networking Technologies        | 08001137            | 117,856                 |
| Department of Defense  | 12-09000853    | I                                     | Kubota Research Associates, Inc.        | 09000853            | 51,629                  |
| Department of Defense  | 12-10000367    | I                                     | Ascent Solar                            | 10000367            | 294,838                 |
| Department of Defense  | 12-10000953    | I                                     | Acellent Technologies, Inc.             | 10000953            | 188,798                 |
| Department of Defense  | 12-119-1       | I                                     | Signal Processing, Inc.                 | 119-1               | 43,902                  |
| Department of Defense  | 12-11A00313    | I                                     | EM Photonics, Inc.                      | 11A00313            | 5,781                   |
| Department of Defense  | 12-11A00635    | I                                     | Salbec, LLC                             | 11A00635            | 16,182                  |
| Department of Defense  | 12-11A01572    | I                                     | DIApedia, LLC                           | 11A01572            | 10,089                  |
| Department of Defense  | 12-12A01103    | I                                     | Massachusetts Institute of Technology   | 12A01103            | 556                     |
| Department of Defense  | 12-20009197    | I                                     | Telcordia Technologies, Inc.            | 20009197            | 113,340                 |
| Department of Defense  | 12-20013032    | I                                     | Telcordia Technologies, Inc.            | 20013032            | 53,289                  |
| Department of Defense  | 12-2010-0007   | I                                     | DSCI                                    | 2010-0007           | 595,391                 |
| Department of Defense  | 12-206-115-P-A | I                                     | Air Products and Chemicals, Inc.        | 206-115-P-A         | 417,506                 |

**UNIVERSITY OF DELAWARE**  
**Schedule of Expenditures of Federal Awards**  
**Year ended June 30, 2012**

| Program title   | CFDA number              | Direct (D) or<br>pass-<br>through (I) | Pass-through entity name                 | Pass-through number   | Program<br>expenditures |
|---|--------------------------|---------------------------------------|--|-----------------------|-------------------------|
| Department of Defense   | 12-25061                 | I                                     | Irvine Sensor Corp                       | 25061                 | -                       |
| Department of Defense   | 12-27099                 | I                                     | Louisiana State University               | 27099                 | 696                     |
| Department of Defense   | 12-3002205416            | I                                     | Michigan, University of                  | 3002205416            | 46,549                  |
| Department of Defense   | 12-541371 OP             | I                                     | Shaw Environmental & Infrastructure      | 541371 OP             | 80,921                  |
| Department of Defense   | 12-6-340-0211720         | I                                     | RTI International                        | 6-340-0211720         | (1,400)                 |
| Department of Defense   | 12-7000176693            | I                                     | Massachusetts Institute of Technology    | 7000176693            | 30,674                  |
| Department of Defense   | 12-BAA8095017            | I                                     | Viecore FSD, Inc.                        | BAA8095017            | 6,869                   |
| Department of Defense   | 12-DAAD19-01-2-0011      | I                                     | Telcordia Technologies, Inc.             | DAAD19-01-2-0011      | (1,394)                 |
| Department of Defense   | 12-FA8650-11-C-7132      | D                                     |  |                       | 453,866                 |
| Department of Defense   | 12-GTS-S-11-243          | I                                     | General Technical Services, LLC          | GTS-S-11-243          | 48,436                  |
| Department of Defense   | 12-HR0011-07-9-0005      | D                                     |  |                       | 4,740                   |
| Department of Defense   | 12-HR0011-10-3-0007      | I                                     | Intel Corporation                        | HR0011-10-3-0007      | 282,108                 |
| Department of Defense   | 12-HR0011-10-C-0080-002  | I                                     | SiOnyx Inc.                              | HR0011-10-C-0080-002  | (10,614)                |
| Department of Defense   | 12-HR0011-10-C-0080-002A | I                                     | SiOnyx Inc.                              | HR0011-10-C-0080-002A | 344,844                 |
| Department of Defense   | 12-N00014-10-C-0171      | D                                     |  |                       | 915,029                 |
| Department of Defense   | 12-N00173-11-P-0695      | D                                     |  |                       | 5,000                   |
| Department of Defense   | 12-PO #80227 434009      | I                                     | Fibertek, Inc.                           | PO #80227 434009      | 43,828                  |
| Department of Defense   | 12-PO No. S-875-110-006  | I                                     | UES, INC.                                | PO No. S-875-110-006  | 353,611                 |
| Department of Defense   | 12-PO# 2011-00113        | I                                     | Cornerstone Research Group, Inc.         | PO# 2011-00113        | (1,244)                 |
| Department of Defense   | 12-PO# 300-1715          | I                                     | V System Composites, Inc.                | PO# 300-1715          | 55,001                  |
| Department of Defense   | 12-PO# 9500009858        | I                                     | BBN Technologies                         | PO# 9500009858        | 109,451                 |
| Department of Defense   | 12-SC 53493-003          | I                                     | Physical Sciences Inc                    | SC 53493-003          | 34,185                  |
| Department of Defense   | 12-TCN 09251             | I                                     | Battelle                                 | TCN 09251             | 91,776                  |
| Department of Defense   | 12-W56HZV-07-C-0142      | D                                     |  |                       | 1,732,490               |
| Department of Defense   | 12-W912HQ-09-C-0031      | D                                     |  |                       | 193,897                 |
| Department of Defense   | 12-W912HQ-10-C-0057      | D                                     |  |                       | 374,080                 |
| Department of Defense   | 12-W912HZ-10-P-0234      | D                                     |  |                       | (455)                   |
| Department of Defense   | 12-W912HZ-11-P-0173      | D                                     |  |                       | 29,994                  |
| Department of Defense   | 12-W91CRB-08-D-0059      | D                                     |  |                       | 116,191                 |
| Department of Defense   | 12-W91CRB-12-P-0056      | D                                     |  |                       | 16,961                  |
| <i>Total Department of Defense Programs</i>                                       |                          |                                       |  |                       | <b>19,087,919</b>       |
| Central Intelligence Agency Programs  |                          |                                       |  |                       |                         |
| Central Intelligence Agency   | 13-2010*0671824*000      | D                                     |  |                       | 165,972                 |
| Central Intelligence Agency   | 13-2010*1266710*000      | D                                     |  |                       | 94,134                  |
| <i>Total Central Intelligence Agency Programs</i>                                 |                          |                                       |  |                       | <b>260,106</b>          |
| Department of Interior Programs   |                          |                                       |  |                       |                         |
| Fish, Wildlife, and Parks Programs on Indian Lands                                | 15.039                   | D                                     |  |                       | 56,394                  |
| Wildlife Restoration  | 15.611                   | I                                     | Delaware Department of Natural Resources | 05010002384           | 74,155                  |
| Wildlife Restoration  | 15.611                   | I                                     | Delaware Department of Natural Resources | 05010002394           | 49,733                  |
| State Wildlife Grants   | 15.634                   | I                                     | Delaware Department of Natural Resources | 65335                 | 86,131                  |
| Migratory Bird Conservation   | 15.647                   | I                                     | US Fish and Wildlife Service             | 09000366              | 39,548                  |
| Visitor Facility Enhancements - Vehicle Pullouts, Interpretive Trails, and Kiosks | 15.654                   | D                                     |  |                       | 54,782                  |

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| Program title   | CFDA number      | Direct (D) or<br>pass-<br>through (I) | Pass-through entity name                 | Pass-through number  | Program<br>expenditures |
|---|------------------|---------------------------------------|--|----------------------|-------------------------|
| Migratory Bird Monitoring, Assessment and Conservation  | 15.655           | D                                     |  |                      | 215,433                 |
| Migratory Bird Monitoring, Assessment and Conservation  | 15.655           | I                                     | Delaware Department of Natural Resources | 12A00915             | 20,484                  |
| Migratory Bird Monitoring, Assessment and Conservation  | 15.655           | I                                     | Delaware Department of Natural Resources | 12A01212             | 9,497                   |
| Assistance to State Water Resources Research Institutes   | 15.805           | D                                     |  |                      | 86,309                  |
| U.S. Geological Survey_ Research and Data Collection  | 15.808           | D                                     |  |                      | 40,203                  |
| National Center for Preservation Technology and Training  | 15.923           | I                                     | Rochester Institute of Technology        | 31185-01             | 1,253                   |
| Cooperative Research and Training Programs – Resources of the National Park System                                | 15.945           | D                                     |  |                      | 4,729                   |
| Department of Interior  | 15-10001191      | I                                     | Fraunhofer USA, Inc.                     | 10001191             | 10,032                  |
| Department of Interior  | 15-11A00224      | I                                     | Applied Coastal Research and Engineering | 11A00224             | 87,075                  |
| Department of Interior  | 15-J8819-10-0113 | D                                     |  |                      | 26,998                  |
| <i>Total Department of Interior Programs</i>  |                  |                                       |  |                      | <b>862,756</b>          |
| Department of Justice Programs  |                  |                                       |  |                      |                         |
| National Institute of Justice Research, Evaluation, and Development Project Grants                                | 16.560           | D                                     |  |                      | (37,949)                |
| National Institute of Justice Research, Evaluation, and Development Project Grants                                | 16.560           | I                                     | Oklahoma State University                | AA-5-37311-01        | 24,942                  |
| <i>Total Department of Justice Programs</i>   |                  |                                       |  |                      | <b>(13,007)</b>         |
| Department of Labor Programs  |                  |                                       |  |                      |                         |
| ARRA-Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors | 17.275           | D                                     |  |                      | 28,661                  |
| <i>Total Department of Labor Programs</i>   |                  |                                       |  |                      | <b>28,661</b>           |
| Department of State Programs  |                  |                                       |  |                      |                         |
| Environmental and Scientific Partnerships and Programs  | 19.017           | I                                     | National Academy of Science              | PGA-P210859          | 36,471                  |
| <i>Total Department of State Programs</i>   |                  |                                       |  |                      | <b>36,471</b>           |
| Department of Transportation Programs   |                  |                                       |  |                      |                         |
| Highway Research and Development Program  | 20.200           | I                                     | Delaware Department of Transportation    | 11A01479             | 35,804                  |
| Highway Research and Development Program  | 20.200           | I                                     | Delaware Department of Transportation    | 10000616             | 16,070                  |
| Highway Research and Development Program  | 20.200           | I                                     | Wilmington Area Planning Council         | TASK# MPO 12.04.01   | 16,001                  |
| Highway Research and Development Program  | 20.200           | I                                     | Rutgers, State University of New Jersey  | SUBCNT AGR# 00004504 | 77,765                  |
| Highway Research and Development Program  | 20.200           | I                                     | Lehigh University                        | 542621-78002         | 2,280                   |
| Highway Research and Development Program  | 20.200           | I                                     | Delaware Department of Transportation    | 12A00269             | 1,625                   |
| Highway Research and Development Program  | 20.200           | I                                     | Delaware Department of Transportation    | 12A00189             | 111,729                 |
| Highway Research and Development Program  | 20.200           | I                                     | Delaware Department of Transportation    | 12A00081             | 17,591                  |
| Highway Research and Development Program  | 20.200           | I                                     | Delaware Department of Transportation    | 11A01545             | 28,879                  |
| Highway Research and Development Program  | 20.200           | I                                     | Delaware Department of Transportation    | 11A01485             | 47,150                  |
| Highway Research and Development Program  | 20.200           | I                                     | Delaware Department of Transportation    | 08000259             | 19,869                  |

**UNIVERSITY OF DELAWARE**  
**Schedule of Expenditures of Federal Awards**  
**Year ended June 30, 2012**

| Program title                                | CFDA number | Direct (D) or<br>pass-<br>through (I) | Pass-through entity name              | Pass-through number | Program<br>expenditures |
|--|-------------|---------------------------------------|---------------------------------------|---------------------|-------------------------|
| Highway Research and Development Program     | 20.200      | I                                     | Delaware Department of Transportation | 11A01466            | 28,561                  |
| Highway Research and Development Program     | 20.200      | I                                     | Delaware Department of Transportation | 11A01470            | 13,447                  |
| Highway Research and Development Program     | 20.200      | I                                     | Delaware Department of Transportation | 10000071            | 248                     |
| Highway Research and Development Program     | 20.200      | I                                     | Delaware Department of Transportation | 09001448            | 615,262                 |
| Highway Research and Development Program     | 20.200      | I                                     | Delaware Department of Transportation | 09001362            | (117)                   |
| Highway Research and Development Program     | 20.200      | I                                     | Delaware Department of Transportation | 09000107            | 11,140                  |
| Highway Research and Development Program     | 20.200      | I                                     | Delaware Department of Transportation | 09000104            | 15,020                  |
| Highway Research and Development Program     | 20.200      | I                                     | Delaware Department of Transportation | 11A01477            | 36,434                  |
| Highway Planning and Construction            | 20.205      | I                                     | Nebraska, University of               | 26-1121-0001-102    | 34,172                  |
| Federal Transit_Capital Investment Grants    | 20.500      | D                                     |                                       |                     | 351,520                 |
| Federal Transit_Metropolitan Planning Grants | 20.505      | I                                     | Wilmington Area Planning Council      | MPO11.04.02         | 16,838                  |
| Federal Transit Technical Assistance         | 20.512      | D                                     |                                       |                     | 804,076                 |
| State Planning and Research                  | 20.515      | I                                     | Delaware Department of Transportation | 10000610            | 15,678                  |
| State Planning and Research                  | 20.515      | I                                     | Delaware Department of Transportation | 12A00089            | 35,956                  |
| State Planning and Research                  | 20.515      | I                                     | Delaware Department of Transportation | 11A01457            | 160,797                 |
| State Planning and Research                  | 20.515      | I                                     | Delaware Department of Transportation | 11A00611            | 59,621                  |
| State Planning and Research                  | 20.515      | I                                     | Delaware Department of Transportation | 11A00137            | 8,432                   |
| State Planning and Research                  | 20.515      | I                                     | Delaware Department of Transportation | 11A00465            | 105,237                 |
| State Planning and Research                  | 20.515      | I                                     | Delaware Department of Transportation | 11A00223            | 24,342                  |
| State Planning and Research                  | 20.515      | I                                     | Delaware Department of Transportation | 11A00156            | 19,336                  |
| State Planning and Research                  | 20.515      | I                                     | Delaware Department of Transportation | 11A00045            | 17,803                  |
| State Planning and Research                  | 20.515      | I                                     | Delaware Department of Transportation | 11A00039            | 48,493                  |
| State Planning and Research                  | 20.515      | I                                     | Delaware Department of Transportation | 11A00032            | 59,972                  |
| State Planning and Research                  | 20.515      | I                                     | Delaware Department of Transportation | 10001348            | 37,777                  |
| State Planning and Research                  | 20.515      | I                                     | Delaware Department of Transportation | 11A00024            | 47,645                  |
| State Planning and Research                  | 20.515      | I                                     | Delaware Department of Transportation | 10000191            | 2,126                   |
| State Planning and Research                  | 20.515      | I                                     | Delaware Department of Transportation | 11A00133            | 49,153                  |

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| Program title   | CFDA number       | Direct (D) or<br>pass-<br>through (I) | Pass-through entity name                                    | Pass-through number   | Program<br>expenditures |
|---|-------------------|---------------------------------------|---|---|-------------------------|
| Clean Fuels   | 20.519            | D                                     |   |   | 3,642                   |
| University Transportation Centers Program                       | 20.701            | D                                     |   |   | 413,592                 |
| Department of Transportation                                    | 20-08000942       | I                                     | A2 Technologies, LLC  | 08000942  | 12,751                  |
| Department of Transportation                                    | 20-DTMA1H10007    | D                                     |   |   | 40,462                  |
| Department of Transportation                                    | 20-PROJECT# 2776  | I                                     | Modjeski and Masters, Inc.                                  | PROJECT# 2776   | 12,413                  |
|   |                   |                                       |   | <i>Total Department of Transportation Programs</i>                  | <b>3,476,592</b>        |
| <b>National Aeronautics and Space Administration Programs</b>   |                   |                                       |   |   |                         |
| Aerospace Education Services Program                            | 43.001            | D                                     |   |   | 97,684                  |
| Aerospace Education Services Program                            | 43.001            | I                                     | Smithsonian Astrophysical Observatory                       | GO2-13007B  | 199                     |
| Aerospace Education Services Program                            | 43.001            | I                                     | California-Berkeley, University of                          | 00006185  | 66,781                  |
| Education   | 43.008            | D                                     |   |   | 233,787                 |
| Education   | 43.008            | I                                     | Delaware State University                                   | 12-001JNA   | 8,283                   |
| National Aeronautics and Space Administration                   | 43-11A00705       | I                                     | Misc organization   | 11A00705  | 7,896                   |
| National Aeronautics and Space Administration                   | 43-1287615        | I                                     | Jet Propulsion Laboratory<br>Von Braun Center for Science & | 1287615   | 30,867                  |
| National Aeronautics and Space Administration                   | 43-12A00668       | I                                     | Innovation  | 12A00668  | 37,879                  |
| National Aeronautics and Space Administration                   | 43-1447935        | I                                     | Jet Propulsion Laboratory                                   | 1447935   | 49,323                  |
| National Aeronautics and Space Administration                   | 43-D99031L        | I                                     | SOUTHWEST RESEARCH INSTITUTE                                | D99031L   | 18,119                  |
| National Aeronautics and Space Administration                   | 43-G08-9011X      | I                                     | Smithsonian Astrophysical Observatory                       | G08-9011X   | (4)                     |
| National Aeronautics and Space Administration                   | 43-NNG05GG83G     | D                                     |   |   | (3)                     |
| National Aeronautics and Space Administration                   | 43-NNX07AT51A     | D                                     |   |   | 133,623                 |
| National Aeronautics and Space Administration                   | 43-NNX08AI47G     | D                                     |   |   | 170,033                 |
| National Aeronautics and Space Administration                   | 43-NNX08AM37G     | D                                     |   |   | 107,138                 |
| National Aeronautics and Space Administration                   | 43-NNX08AM48G     | D                                     |   |   | 24,064                  |
| National Aeronautics and Space Administration                   | 43-NNX08AQ01G     | D                                     |   |   | 121,558                 |
| National Aeronautics and Space Administration                   | 43-NNX08AQ18G     | D                                     |   |   | 139,617                 |
| National Aeronautics and Space Administration                   | 43-NNX08AR70G     | D                                     |   |   | (148)                   |
| National Aeronautics and Space Administration                   | 43-NNX08AT76G     | D                                     |   |   | 56,854                  |
| National Aeronautics and Space Administration                   | 43-NNX08AW02A     | D                                     |   |   | 160,752                 |
| National Aeronautics and Space Administration                   | 43-NNX08BA62G     | D                                     |   |   | 174,897                 |
| National Aeronautics and Space Administration                   | 43-NNX09AB05A     | D                                     |   |   | 174,432                 |
| National Aeronautics and Space Administration                   | 43-NNX09AF33G     | D                                     |   |   | 163,020                 |
| National Aeronautics and Space Administration                   | 43-NNX09AG31G     | D                                     |   |   | 174,687                 |
| National Aeronautics and Space Administration                   | 43-NNX09AH79G     | D                                     |   |   | 8,679                   |
| National Aeronautics and Space Administration                   | 43-NNX09AI94G     | D                                     |   |   | 19,407                  |
| National Aeronautics and Space Administration                   | 43-NNX09AK24G     | D                                     |   |   | 388,330                 |
| National Aeronautics and Space Administration                   | 43-NNX10AE44G     | D                                     |   |   | 101,955                 |
| National Aeronautics and Space Administration                   | 43-NNX10AN63H     | D                                     |   |   | 486,204                 |
| National Aeronautics and Space Administration                   | 43-NNX11AC40G     | D                                     |   |   | 118,966                 |
| National Aeronautics and Space Administration                   | 43-PO# 262M08X002 | I                                     | Accudyne Systems, Inc.                                      | PO# 262M08X002  | 1                       |
|   |                   |                                       |   | <i>Total National Aeronautics and Space Administration Programs</i> | <b>3,274,880</b>        |
| <b>National Endowment for the Humanities Programs</b>           |                   |                                       |   |   |                         |
| Promotion of the Humanities_Division of Preservation and Access | 45.149            | D                                     |   |   | 121,580                 |
|   |                   |                                       |   | <i>Total National Endowment for the Humanities Programs</i>         | <b>121,580</b>          |
| <b>National Science Foundation Programs</b>                     |                   |                                       |   |   |                         |
| Engineering Grants  | 47.041            | D                                     |   |   | 3,858,916               |
| Engineering Grants  | 47.041            | I                                     | Arizona State University                                    | 12-726  | 188,172                 |
| Engineering Grants  | 47.041            | I                                     | Minnesota, University of                                    | A0000994102   | 133,954                 |

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| Program title                                     | CFDA number | Direct (D) or<br>pass-<br>through (I) | Pass-through entity name             | Pass-through number | Program<br>expenditures |
|---|-------------|---------------------------------------|--------------------------------------|---------------------|-------------------------|
| Engineering Grants                                | 47.041      | I                                     | University of Nevada, Reno           | UNR 11-85           | 62,790                  |
| Engineering Grants                                | 47.041      | I                                     | Rensselaer Polytechnic Institute     | A11765              | 7,024                   |
| Engineering Grants                                | 47.041      | I                                     | Hydroqual, Inc.                      | 10000847            | 43                      |
| Engineering Grants                                | 47.041      | I                                     | Massachusetts, University of         | 04-002341 F 00      | 86,044                  |
| Engineering Grants                                | 47.041      | I                                     | ImageCat, Inc.                       | 08-01-22:03         | 580                     |
| Engineering Grants                                | 47.041      | I                                     | Chesapeake Bay Research Consortium   | CBEO-2              | 103                     |
| Engineering Grants                                | 47.041      | I                                     | PAIR Technologies, LLC               | 08001384            | (289)                   |
| Engineering Grants                                | 47.041      | I                                     | New Hampshire, University of         | 12-050              | 8,032                   |
| Mathematical and Physical Sciences                | 47.049      | D                                     |                                      |                     | 4,188,542               |
| Mathematical and Physical Sciences                | 47.049      | I                                     | Rochester, University of             | 414386-G            | 54,830                  |
| Mathematical and Physical Sciences                | 47.049      | I                                     | Minnesota, University of             | CPS00002006204      | 49,987                  |
| Geosciences                                       | 47.050      | D                                     |                                      |                     | 4,033,569               |
| Geosciences                                       | 47.050      | I                                     | Consortium for Ocean Leadership      | T336A92             | 19,073                  |
| Geosciences                                       | 47.050      | I                                     | Southern California, University of   | 157588              | 14,373                  |
| Geosciences                                       | 47.050      | I                                     | Consortium for Ocean Leadership      | SAF12-05            | 1,805                   |
| Computer and Information Science and Engineering  | 47.070      | D                                     |                                      |                     | 2,451,041               |
| Biological Sciences                               | 47.074      | D                                     |                                      |                     | 5,403,918               |
| Biological Sciences                               | 47.074      | I                                     | Mississippi State University         | 191400-322935-01    | 27,910                  |
| Biological Sciences                               | 47.074      | I                                     | Samuel Robert Noble Foundation       | 2012-934-002        | 5,453                   |
| Biological Sciences                               | 47.074      | I                                     | Pennsylvania, University of          | IOS-0725968         | 19,947                  |
| Biological Sciences                               | 47.074      | I                                     | Georgetown University                | RX4220-414-UD       | 5,969                   |
| Social, Behavioral, and Economic Sciences         | 47.075      | D                                     |                                      |                     | 751,496                 |
| Education and Human Resources                     | 47.076      | D                                     |                                      |                     | 2,138,682               |
| Education and Human Resources                     | 47.076      | I                                     | Iowa State University                | 420-28-03C          | 8,212                   |
| Education and Human Resources                     | 47.076      | I                                     | Michigan State University            | RC101209UD          | 64,353                  |
| Education and Human Resources                     | 47.076      | I                                     | Maryland, University of              | 1043262B            | 180,468                 |
| Education and Human Resources                     | 47.076      | I                                     | Michigan State University            | 61-2567UD           | 90,857                  |
| Education and Human Resources                     | 47.076      | I                                     | Maryland, University of              | Z457902             | 400,404                 |
| Education and Human Resources                     | 47.076      | I                                     | Temple University                    | 330162-18110        | 13,689                  |
| Education and Human Resources                     | 47.076      | I                                     | Drexel University                    | 235568-3115-UD      | 18,791                  |
| Education and Human Resources                     | 47.076      | I                                     | Alabama at Birmingham, University of | 000352910-002       | 12,820                  |
| Education and Human Resources                     | 47.076      | I                                     | Drexel University                    | 235733              | 403,928                 |
| Education and Human Resources                     | 47.076      | I                                     | Purdue University                    | 4101-31775          | 34,287                  |
| Polar Programs                                    | 47.078      | D                                     |                                      |                     | 626,062                 |
| Polar Programs                                    | 47.078      | I                                     | Wisconsin-Madison, University of     | G067830             | 224,379                 |
| International Science and Engineering (OISE)      | 47.079      | D                                     |                                      |                     | 160,853                 |
| Office of Cyberinfrastructure                     | 47.080      | D                                     |                                      |                     | 3,138,895               |
| ARRA-Trans-NSF Recovery Act Research Support      | 47.082      | D                                     |                                      |                     | 5,491,718               |
| National Science Foundation                       | 47-1059892  | D                                     |                                      |                     | 65,583                  |
| National Science Foundation                       | 47-1115373  | D                                     |                                      |                     | 84,579                  |
| National Science Foundation                       | 47-1123692  | D                                     |                                      |                     | 14,707                  |
| National Science Foundation                       | 47-1130678  | D                                     |                                      |                     | 48,083                  |
| <i>Total National Science Foundation Programs</i> |             |                                       |                                      |                     | <b>34,594,632</b>       |
| Environmental Protection Agency Programs          |             |                                       |                                      |                     |                         |
| National Estuary Program                          | 66.456      | I                                     | Center For The Inland Bays           | 12A00739            | 3,883                   |
| National Estuary Program                          | 66.456      | I                                     | Center For The Inland Bays           | EPA CE99399010      | 9,276                   |
| Nonpoint Source Implementation Grants             | 66.460      | I                                     | Academy of Natural Sciences, Phila.  | 603-0162-7553       | 6,957                   |
| Chesapeake Bay Program                            | 66.466      | I                                     | Pennsylvania State University        | 4055-UD-USFWF-1931  | 49,254                  |



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| Program title  | CFDA number          | Direct (D) or<br>pass-<br>through (I) | Pass-through entity name                 | Pass-through number                                   | Program<br>expenditures |
|--|----------------------|---------------------------------------|--|---|-------------------------|
| Science To Achieve Results (STAR) Research Program   | 66.509               | D                                     |  |   | 170,116                 |
| Science To Achieve Results (STAR) Research Program   | 66.509               | I                                     | Texas Tech University                    | 21J016-01   | -                       |
| Office of Research and Development Consolidated Research/Training  | 66.511               | I                                     | Health Effects Institute                 | #4775-RFPA06-4/07-9-3                                 | 924                     |
| P3 Award: National Student Design Competition for Sustainability   | 66.516               | D                                     |  |   | 26,154                  |
| State and Tribal Response Program Grants   | 66.817               | I                                     | Delaware Department of Natural Resources | 77944   | 49,974                  |
| Environmental Protection Agency  | 66-08070800964       | I                                     | Delaware Department of Natural Resources | 08070800964   | 21,284                  |
| Environmental Protection Agency  | 66-12A00384          | I                                     | Resources                                | 12A00384  | 24,065                  |
| Environmental Protection Agency  | 66-RM-83436001-0     | I                                     | Center For The Inland Bays               | RM-83436001-0   | 23,811                  |
| Environmental Protection Agency  | 66-STATE-0000080465  | I                                     | Delaware Department of Natural Resources | STATE-0000080465                                      | 14,990                  |
|  |                      |                                       |  | <i>Total Environmental Protection Agency Programs</i> | <b>400,688</b>          |
| Department of Energy Programs  |                      |                                       |  |   |                         |
| Office of Science Financial Assistance Program   | 81.049               | D                                     |  |   | 4,736,607               |
| ARRA-Office of Science Financial Assistance Program  | 81.049               | D                                     |  |   | 4,029,282               |
| ARRA-Conservation Research and Development   | 81.086               | D                                     |  |   | 265,042                 |
| Renewable Energy Research and Development  | 81.087               | D                                     |  |   | 1,662,457               |
| ARRA-Renewable Energy Research and Development   | 81.087               | D                                     |  |   | 428,135                 |
| Renewable Energy Research and Development  | 81.087               | I                                     | Delaware State University                | 10-010MH  | 115,370                 |
| Renewable Energy Research and Development  | 81.087               | I                                     | Electron Energy Corporation              | 11A00124  | 81,789                  |
| Renewable Energy Research and Development  | 81.087               | I                                     | Research Foundation of SUNY, The         | 59372   | 1,058                   |
| Renewable Energy Research and Development  | 81.087               | I                                     | W. L. Gore & Associates, Inc.            | DE-FC36-08G018052                                     | 95,837                  |
| Renewable Energy Research and Development  | 81.087               | I                                     | California-Riverside, University of      | S-000534  | 109,531                 |
| Fossil Energy Research and Development   | 81.089               | I                                     | Virginia Polytechnic Institute           | 10001389  | 76,094                  |
| Defense Nuclear Nonproliferation Research  | 81.113               | D                                     |  |   | 298,402                 |
| ARRA-Advanced Research and Projects Agency – Energy Financial Assistance Program   | 81.135               | D                                     |  |   | 2,139,173               |
| Department of Energy   | 81-112782            | I                                     | Los Alamos National Laboratory           | 112782  | 34,641                  |
| Department of Energy   | 81-1186723           | I                                     | Sandia National Labs                     | 1186723   | 62,407                  |
| Department of Energy   | 81-162509-1          | I                                     | Los Alamos National Laboratory           | 162509-1  | 56,002                  |
| Department of Energy   | 81-40329             | I                                     | Pacific Northwest National Laboratory    | 40329   | 4,047                   |
| Department of Energy   | 81-B598104           | I                                     | Lawrence Livermore National Laboratory   | B598104   | 52,024                  |
| Department of Energy   | 81-MCA05100511DECEEP | I                                     | Center for Climate Strategies, Inc.      | MCA05100511DECEEP                                     | 6,124                   |
| Department of Energy   | 81-NBB 1150          | I                                     | National Biodiesel Board                 | NBB 1150  | 40,081                  |
|  |                      |                                       |  | <i>Total Department of Energy Programs</i>            | <b>14,294,103</b>       |
| Department of Education Programs   |                      |                                       |  |   |                         |
| Education Research, Development and Dissemination  | 84.305               | D                                     |  |   | 1,294,463               |
| Education Research, Development and Dissemination  | 84.305               | I                                     | Vanderbilt University                    | 21858-S1  | 42,391                  |
| Research in Special Education  | 84.324               | D                                     |  |   | 1,539,227               |
| Special Education_Technology and Media Services for Individuals with Disabilities  | 84.327               | D                                     |  |   | 63,826                  |
| Early Reading First  | 84.359               | D                                     |  |   | 852,538                 |
| Baccalaureate Degrees in Science, Technology, Engineering, Mathematics, and Critical Foreign Languages and Master's Degrees in Science, Technology, Engineering, Mathematics, and Critical Foreign Languages | 84.381               | D                                     |  |   | 124,201                 |

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| Program title  | CFDA number | Direct (D) or<br>pass-<br>through (I) | Pass-through entity name                                     | Pass-through number    | Program<br>expenditures |
|--|-------------|---------------------------------------|--|------------------------|-------------------------|
| National Writing Project   | 84.928      | I                                     | National Writing Project Corporation                         | 99-DE01                | 22,698                  |
| <i>Total Department of Education Programs</i>                                      |             |                                       |  |                        | <b>3,939,344</b>        |
| Department of Health & Human Services Programs                                     |             |                                       |  |                        |                         |
| Innovations in Applied Public Health Research                                      | 93.061      | I                                     | Center For Disease Control<br>Department of Health and Human | 2001383962             | 35,876                  |
| Public Health Emergency Preparedness   | 93.069      | I                                     | Services   | 12-444                 | 7,169                   |
| Food and Drug Administration_Research  | 93.103      | I                                     | Icetech, Inc.  | 11A00765               | 29,758                  |
| Oral Diseases and Disorders Research   | 93.121      | D                                     |  |                        | (6,346)                 |
| Injury Prevention and Control Research and State and Community Based Programs      | 93.136      | I                                     | Delaware Dept of Health & Social Service                     | 12-464                 | 25,057                  |
| Human Genome Research  | 93.172      | I                                     | European Molecular Biology Laboratory                        | 1 U41 HG006104-01      | 169,425                 |
| Research Related to Deafness and Communication Disorders                           | 93.173      | D                                     |  |                        | 378,128                 |
| Childhood Lead Poisoning Prevention Projects_State and Local Childhood Lead        |             |                                       |  |                        |                         |
| Poisoning Prevention and Surveillance of Blood Lead Levels in Children             | 93.197      | I                                     | Public Health Services                                       | 11-325                 | 1,142                   |
| Mental Health Research Grants  | 93.242      | D                                     |  |                        | 1,931,175               |
| Mental Health Research Grants  | 93.242      | I                                     | Children's Hospital of Philadelphia                          | 951143RSUB             | 42,880                  |
| Mental Health Research Grants  | 93.242      | I                                     | Minnesota, University of                                     | A000285206             | 8,109                   |
| Substance Abuse and Mental Health Services_Projects of Regional and National       |             |                                       |  |                        |                         |
| Significance   | 93.243      | I                                     | DE Dept of Children, Youth & Family                          | PBH(UD-TGCT)FY12-12230 | 16,330                  |
| Substance Abuse and Mental Health Services_Projects of Regional and National       |             |                                       |  |                        |                         |
| Significance   | 93.243      | I                                     | California-Los Angeles, University of                        | 12A00108               | 3,958                   |
| Occupational Safety and Health Program   | 93.262      | I                                     | Johns Hopkins University                                     | 2001392656             | 4,584                   |
| Alcohol Research Career Development Awards for Scientists and Clinicians           | 93.271      | D                                     |  |                        | 13,862                  |
| Alcohol Research Programs  | 93.273      | I                                     | Wayne State University                                       | WSU11015-A1            | 30,202                  |
| Drug Abuse and Addiction Research Programs   | 93.279      | D                                     |  |                        | 560,733                 |
| ARRA-National Institutes of Health Loan Repayment Program for Clinical Researchers | 93.280      | D                                     |  |                        | 3,731                   |
| National Institutes of Health Loan Repayment Program for Clinical Researchers      | 93.280      | D                                     |  |                        | 824,944                 |
| Centers for Disease Control and Prevention_Investigations and Technical Assistance | 93.283      | I                                     | Delaware Dept of Health & Social Service                     | 12-273                 | 34,431                  |
| Centers for Disease Control and Prevention_Investigations and Technical Assistance | 93.283      | I                                     | Delaware Dept of Health & Social Service                     | 11-406                 | 6,036                   |
| Centers for Disease Control and Prevention_Investigations and Technical Assistance | 93.283      | I                                     | Delaware Dept of Health & Social Service                     | 12-087                 | 46,107                  |
| Discovery and Applied Research for Technological Innovations to Improve Human      |             |                                       |  |                        |                         |
| Health   | 93.286      | D                                     |  |                        | 270,538                 |
| Discovery and Applied Research for Technological Innovations to Improve Human      |             |                                       |  |                        |                         |
| Health   | 93.286      | I                                     | Colorado, University of<br>Brandywine Counseling & Community | 000058842              | 66,003                  |
| National Community Centers of Excellence in Women's Health                         | 93.290      | I                                     | Service  | 11A00170               | 2,606                   |
| Trans-NIH Research Support   | 93.310      | D                                     |  |                        | 462,616                 |
| Nursing Research   | 93.361      | D                                     |  |                        | 466,856                 |
| National Center for Research Resources   | 93.389      | D                                     |  |                        | 8,503,656               |
| Cancer Treatment Research  | 93.395      | D                                     |  |                        | 15,463                  |
| Cancer Biology Research  | 93.396      | I                                     | Rice University  | R7G851                 | (2,325)                 |
| Cancer Biology Research  | 93.396      | I                                     | Rice University  | R70161                 | 29,391                  |
| Cancer Biology Research  | 93.396      | I                                     | Rice University  | R7G411                 | (81)                    |

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| Program title   | CFDA number | Direct (D) or<br>pass-<br>through (I) | Pass-through entity name                   | Pass-through number | Program<br>expenditures |
|---|-------------|---------------------------------------|--|---------------------|-------------------------|
| State Planning and Establishment Grants for the Affordable Care Act (ACA)'s Exchanges               | 93.525      | I                                     | Delaware Dept of Health & Social Service   | 11A00675            | (2,231)                 |
| Head Start  | 93.600      | D                                     |  |                     | 74,609                  |
| University Centers for Excellence in Developmental Disabilities Education, Research,<br>and Service | 93.632      | I                                     | Missouri-Kansas City, University of        | 29467               | 9,997                   |
| ARRA-Trans-NIH Recovery Act Research Support  | 93.701      | D                                     |  |                     | 1,803,213               |
| State Survey and Certification of Health Care Providers and Suppliers                               | 93.777      | I                                     | Delaware Dept of Health & Social Service   | 12A00320            | 62,747                  |
| Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and<br>Evaluations        | 93.779      | I                                     | Department of Health and Human<br>Services | 12-412              | 10,503                  |
| Cell Biology and Biophysics Research  | 93.821      | D                                     |  |                     | 267                     |
| Heart and Vascular Diseases Research  | 93.837      | D                                     |  |                     | 366,386                 |
| Heart and Vascular Diseases Research  | 93.837      | I                                     | Thomas Jefferson University                | 080-04000-R83401    | (21,038)                |
| Blood Diseases and Resources Research   | 93.839      | D                                     |  |                     | 608,740                 |
| Blood Diseases and Resources Research   | 93.839      | I                                     | North Carolina, University of              | 5-31781             | 62,625                  |
| Arthritis, Musculoskeletal and Skin Diseases Research   | 93.846      | D                                     |  |                     | 1,289,265               |
| Diabetes, Endocrinology and Metabolism Research   | 93.847      | D                                     |  |                     | 70,948                  |
| Kidney Diseases, Urology and Hematology Research  | 93.849      | D                                     |  |                     | (4,453)                 |
| Extramural Research Programs in the Neurosciences and Neurological Disorders                        | 93.853      | D                                     |  |                     | 322,578                 |
| Extramural Research Programs in the Neurosciences and Neurological Disorders                        | 93.853      | I                                     | Pennsylvania State University              | 2286-UD-DHHS-5032   | 36,855                  |
| Biomedical Research and Research Training   | 93.859      | D                                     |  |                     | 2,414,818               |
| Biomedical Research and Research Training   | 93.859      | I                                     | Pittsburgh, University of                  | 0002343 (119594-3)  | 107,767                 |
| Biomedical Research and Research Training   | 93.859      | I                                     | Texas A & M University                     | S110090             | 42,175                  |
| Biomedical Research and Research Training   | 93.859      | I                                     | New Mexico, University of                  | 3R855               | 10,576                  |
| Biomedical Research and Research Training   | 93.859      | I                                     | Compact Membrane Systems, Inc.             | 11A00658            | 34,859                  |
| Biomedical Research and Research Training   | 93.859      | I                                     | Pittsburgh, University of                  | 0002343 (117929-3)  | 21,369                  |
| Biomedical Research and Research Training   | 93.859      | I                                     | National Institutes of Health              | 201015151-01        | 199,387                 |
| Population Research   | 93.864      | D                                     |  |                     | 160,481                 |
| Child Health and Human Development Extramural Research  | 93.865      | D                                     |  |                     | 2,210,575               |
| Child Health and Human Development Extramural Research  | 93.865      | I                                     | Toronto, University of                     | 489416              | 84,813                  |
| Child Health and Human Development Extramural Research  | 93.865      | I                                     | Washington University, St Louis            | WU-11-85            | 44,076                  |
| Child Health and Human Development Extramural Research  | 93.865      | I                                     | Washington University, St Louis            | WU-12-131           | 34,212                  |
| Child Health and Human Development Extramural Research  | 93.865      | I                                     | Pennsylvania, University of                | 5-47208             | 653                     |
| Child Health and Human Development Extramural Research  | 93.865      | I                                     | customKYnetics, Inc.                       | 3010-001            | 2,249                   |
| Child Health and Human Development Extramural Research  | 93.865      | I                                     | Monell Chemical Senses Center              | 30013               | 12,809                  |
| Child Health and Human Development Extramural Research  | 93.865      | I                                     | Simbex                                     | 10001152            | 21,473                  |
| Child Health and Human Development Extramural Research  | 93.865      | I                                     | Kennedy Krieger Institute                  | 07000432            | 14,818                  |
| Child Health and Human Development Extramural Research  | 93.865      | I                                     | customKYnetics, Inc.                       | 3018-001            | 18,355                  |
| Aging Research  | 93.866      | I                                     | Maryland, University of                    | SR00000138          | 9,840                   |
| Vision Research   | 93.867      | D                                     |  |                     | 826,824                 |
| Vision Research   | 93.867      | I                                     | Indiana University                         | BL-4635567-UD       | 876                     |
| Vision Research   | 93.867      | I                                     | Washington University, St Louis            | WU-12-112           | 128,503                 |
| Medical Library Assistance  | 93.879      | D                                     |  |                     | 218,773                 |
| Grants to States for Operation of Offices of Rural Health   | 93.913      | I                                     | Delaware Dept of Health & Social Service   | 11-276              | 26                      |
| Center for Medical Rehabilitation Research  | 93.929      | D                                     |  |                     | 133,493                 |
| Geriatric Education Centers   | 93.969      | I                                     | Thomas Jefferson University                | 080-36000-M05905    | 39,616                  |
| Geriatric Education Centers   | 93.969      | I                                     | Thomas Jefferson University                | 080-36000-M05904    | 5,108                   |

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| Program title   | CFDA number   | Direct (D) or<br>pass-<br>through (I) | Pass-through entity name                 | Pass-through number | Program<br>expenditures |
|---|---------------|---------------------------------------|--|---------------------|-------------------------|
| International Research and Research Training                                | 93.989        | D                                     |  |                     | (9,310)                 |
| Department of Health & Human Services                                       | 93-11A01352   | I                                     | Family Court of Delaware                 | 11A01352            | 15,381                  |
| Department of Health & Human Services                                       | 93-12A00296   | I                                     | Family Court of Delaware                 | 12A00296            | 13,571                  |
| <i>Total Department of Health &amp; Human Services Programs</i>             |               |                                       |  |                     | <b>25,491,191</b>       |
| Corporation for National and Community Service Programs                     |               |                                       |  |                     |                         |
| Corporation for National and Community Service                              | 94-950037RSUB | I                                     | Children's Hospital of Philadelphia      | 950037RSUB          | 183,802                 |
| Corporation for National and Community Service                              | 94-950983RSUB | I                                     | Childrens Hospital of Philadelphia       | 950983RSUB          | 43,026                  |
| <i>Total Corporation for National and Community Service Programs</i>        |               |                                       |  |                     | <b>226,828</b>          |
| Department of Homeland Security Programs                                    |               |                                       |  |                     |                         |
| Centers for Homeland Security   | 97.061        | I                                     | Georgia State University Rsch Foundation | J3807-01            | -                       |
| Centers for Homeland Security   | 97.061        | I                                     | North Carolina, University of            | 5-36364             | 12,931                  |
| Centers for Homeland Security   | 97.061        | I                                     | Alaska-Fairbanks, University of          | FP902801            | 20,108                  |
| <i>Total Department of Homeland Security Programs</i>                       |               |                                       |  |                     | <b>33,039</b>           |
| <i>Total Research and Development Cluster</i>                               |               |                                       |  |                     | <b>117,961,547</b>      |
| <b>Non-clustered Programs</b>   |               |                                       |  |                     |                         |
| Unknown Agency  |               |                                       |  |                     |                         |
|   | 99-11A00028   | D                                     |  |                     | 28,059                  |
| <i>Total Unknown Agency</i>   |               |                                       |  |                     | <b>28,059</b>           |
| United States Department of Agriculture Programs                            |               |                                       |  |                     |                         |
| Agricultural Research_Basic and Applied Research                            | 10.001        | D                                     |  |                     | 203,383                 |
| Plant and Animal Disease, Pest Control, and Animal Care                     | 10.025        | D                                     |  |                     | 131,768                 |
| Plant and Animal Disease, Pest Control, and Animal Care                     | 10.025        | I                                     | Delaware Department of Agriculture       | 11A00734            | 129,219                 |
| Plant and Animal Disease, Pest Control, and Animal Care                     | 10.025        | I                                     | Delaware Department of Agriculture       | 12A01109            | 37,933                  |
| Wildlife Services   | 10.028        | D                                     |  |                     | 2,503                   |
|   |               |                                       | Delaware Department of Natural           |                     |                         |
| Wildlife Services   | 10.028        | I                                     | Resources                                | 11A01073            | 221                     |
| Specialty Crop Block Grant Program - Farm Bill                              | 10.170        | I                                     | Delaware Department of Agriculture       | SCBGP-09-D          | 3,634                   |
| Specialty Crop Block Grant Program - Farm Bill                              | 10.170        | I                                     | Delaware Department of Agriculture       | SCBGP-FB-11-06      | 11,951                  |
| Specialty Crop Block Grant Program - Farm Bill                              | 10.170        | I                                     | Delaware Department of Agriculture       | SCBGP-FB-10-08      | 7,314                   |
| Specialty Crop Block Grant Program - Farm Bill                              | 10.170        | I                                     | Delaware Department of Agriculture       | SCBGP-FB-10-05      | 11,879                  |
| Specialty Crop Block Grant Program - Farm Bill                              | 10.170        | I                                     | Delaware Department of Agriculture       | SCBGP-FB-09-9       | 4,659                   |
| Specialty Crop Block Grant Program - Farm Bill                              | 10.170        | I                                     | Delaware Department of Agriculture       | SCBGP-FB-09-8       | 274                     |
| Specialty Crop Block Grant Program - Farm Bill                              | 10.170        | I                                     | Delaware Department of Agriculture       | SCBGP-FB-09-5       | 234                     |
| Specialty Crop Block Grant Program - Farm Bill                              | 10.170        | I                                     | Delaware Department of Agriculture       | SCBGP-09-F          | 3,775                   |
| Specialty Crop Block Grant Program - Farm Bill                              | 10.170        | I                                     | Delaware Department of Agriculture       | SCBGP-09-C          | 3,093                   |
| Specialty Crop Block Grant Program - Farm Bill                              | 10.170        | I                                     | Delaware Department of Agriculture       | SCBGP-09-B          | 450                     |
| Specialty Crop Block Grant Program - Farm Bill                              | 10.170        | I                                     | Delaware Department of Agriculture       | SCBG-FB-09-6        | 8,676                   |
| Specialty Crop Block Grant Program - Farm Bill                              | 10.170        | I                                     | Delaware Department of Agriculture       | SCBGP-FB-09-4       | 11,114                  |
| Grants for Agricultural Research, Special Research Grants                   | 10.200        | I                                     | California-Davis, University of          | 200911201-DELA2     | 177                     |
| Grants for Agricultural Research, Special Research Grants                   | 10.200        | I                                     | Connecticut,University of                | 6272                | -                       |
| Payments to Agricultural Experiment Stations Under the Hatch Act            | 10.203        | D                                     |  |                     | 197,243                 |
| Secondary and Two-Year Postsecondary Agriculture Education Challenge Grants | 10.226        | D                                     |  |                     | 4,686                   |
| Integrated Programs   | 10.303        | D                                     |  |                     | 39,303                  |
| Integrated Programs   | 10.303        | I                                     | Pennsylvania State University            | 3640-UD-USDA-8446   | 13,194                  |
| Integrated Programs   | 10.303        | I                                     | Oregon State University                  | C0358A-B            | 2,121                   |
| Integrated Programs   | 10.303        | I                                     | Florida,University of                    | UF09177             | 21,875                  |
| International Science and Education Grants                                  | 10.305        | D                                     |  |                     | 4,156                   |
| Specialty Crop Research Initiative  | 10.309        | I                                     | Delaware Department of Agriculture       | SCBGP-FB-11-03      | 5,841                   |

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| Program title   | CFDA number         | Direct (D) or<br>pass-<br>through (I) | Pass-through entity name                 | Pass-through number | Program<br>expenditures |
|---|---------------------|---------------------------------------|--|---------------------|-------------------------|
| Agriculture and Food Research Initiative (AFRI)   | 10.310              | D                                     |  |                     | 52,796                  |
| Agriculture and Food Research Initiative (AFRI)   | 10.310              | I                                     | Western University of Health Sciences    | 12A00095            | 6,836                   |
| ARRA-Trade Adjustment Assistance for Farmers Training Coordination Program (TAAF)                   | 10.315              | D                                     |  |                     | 183,613                 |
| Commodity Partnerships for Risk Management Education  | 10.457              | D                                     |  |                     | 16,651                  |
| Cooperative Extension Service   | 10.500              | D                                     |  |                     | 2,682,531               |
| Cooperative Extension Service   | 10.500              | I                                     | National 4-H Council                     | 12A00583            | 9,103                   |
| Cooperative Extension Service   | 10.500              | I                                     | Nebraska, University of                  | 25-6329-0059-804    | 5,335                   |
| Cooperative Extension Service   | 10.500              | I                                     | Kansas State University                  | S08026              | 30,685                  |
| Cooperative Extension Service   | 10.500              | I                                     | Kansas State University                  | S11107              | 11,006                  |
| Cooperative Extension Service   | 10.500              | I                                     | Kansas State University                  | S11160              | 42,076                  |
| Cooperative Extension Service   | 10.500              | I                                     | Kansas State University                  | S12039              | 58,639                  |
| Cooperative Extension Service   | 10.500              | I                                     | Kansas State University                  | S12083              | 17,163                  |
| Cooperative Extension Service   | 10.500              | I                                     | Kansas State University                  | S12225              | 10,034                  |
| Cooperative Extension Service   | 10.500              | I                                     | National 4-H Council                     | 11A00683            | 21,723                  |
| Environmental Quality Incentives Program  | 10.912              | D                                     |  |                     | 158,182                 |
| Technical Agricultural Assistance   | 10.960              | D                                     |  |                     | 126                     |
|   | 10-UNKNOWN          | D                                     |  |                     | 90,937                  |
| <i>Total United States Department of Agriculture Programs</i>                                       |                     |                                       |  |                     | <b>4,258,112</b>        |
| Department of Commerce Programs   |                     |                                       |  |                     |                         |
| Coastal Zone Management Administration Awards   | 11.419              | I                                     | Delaware Department of Natural Resources | 11A01158            | 48,161                  |
| National Oceanic and Atmospheric Administration (NOAA) Cooperative Institutes                       | 11.432              | I                                     | Earth Resource Technology                | 8405-UDEL1          | 17,583                  |
| National Oceanic and Atmospheric Administration (NOAA) Cooperative Institutes                       | 11.432              | I                                     | Rutgers, State University of New Jersey  | S1408949            | 7,178                   |
| National Oceanic and Atmospheric Administration (NOAA) Cooperative Institutes                       | 11.432              | I                                     | Rutgers, State University of New Jersey  | S1408950            | 16,881                  |
| National Oceanic and Atmospheric Administration (NOAA) Cooperative Institutes                       | 11.432              | I                                     | Maryland, University of                  | SA7528121-A         | 7,392                   |
| Coastal Services Center   | 11.473              | D                                     |  |                     | 279,988                 |
| ARRA-Broadband Technology Opportunities Program (BTOP)  | 11.557              | D                                     |  |                     | 61,526                  |
| ARRA-State Broadband Data and Development Grant Program   | 11.558              | D                                     |  |                     | 353                     |
| Measurement and Engineering Research and Standards  | 11.609              | D                                     |  |                     | 42,145                  |
| Department of Commerce  | 11-EA133W07SE0116   | D                                     |  |                     | (34)                    |
| <i>Total Department of Commerce Programs</i>  |                     |                                       |  |                     | <b>481,173</b>          |
| Department of Commerce National Oceanic and Atmospheric Administration (NOAA)                       |                     |                                       |  |                     |                         |
| Integrated Ocean Observing System (IOOS)  | 11.012              | I                                     | Rutgers, State University of New Jersey  | S1570035            | 282,782                 |
| <i>Total Department of Commerce National Oceanic and Atmospheric Administration (NOAA) Programs</i> |                     |                                       |  |                     | <b>282,782</b>          |
| Department of Defense Programs  |                     |                                       |  |                     |                         |
| Procurement Technical Assistance For Business Firms   | 12.002              | D                                     |  |                     | 202,369                 |
| Military Medical Research and Development   | 12.420              | D                                     |  |                     | 19,464                  |
| Language Grant Program  | 12.900              | I                                     | Cape Henlopen School District            | 12A00208            | 10,000                  |
| Mathematical Sciences Grants Program  | 12.901              | D                                     |  |                     | 13,752                  |
| Department of Defense   | 12-000049318        | I                                     | Cape Henlopen School District            | 0000049318          | -                       |
| Department of Defense   | 12-11A00856         | I                                     | Jr Engineering Technology Society        | 11A00856            | 26,460                  |
| Department of Defense   | 12-H98230-09-C-0890 | D                                     |  |                     | 285,031                 |
| <i>Total Department of Defense Programs</i>   |                     |                                       |  |                     | <b>557,076</b>          |

**UNIVERSITY OF DELAWARE**  
**Schedule of Expenditures of Federal Awards**  
**Year ended June 30, 2012**

| Program title   | CFDA number              | Direct (D) or<br>pass-<br>through (I) | Pass-through entity name                 | Pass-through number                                 | Program<br>expenditures |
|---|--------------------------|---------------------------------------|--|---|-------------------------|
| <b>Housing &amp; Urban Development Programs</b>   |                          |                                       |  |   |                         |
| Emergency Shelter Grants Program  | 14.231                   | I                                     | New Castle County                        | 2011059108  | 1,627                   |
| Private Enforcement Initiatives   | 14.418                   | I                                     | Community Legal Aid Society              | 11A01064  | 5,959                   |
| Private Enforcement Initiatives   | 14.418                   | I                                     | Community Legal Aid Society              | 12A00578  | 27,453                  |
|   |                          |                                       |  | <i>Total Housing and Urban Development Programs</i> | <b>35,039</b>           |
| <b>Department of Interior Programs</b>  |                          |                                       |  |   |                         |
| National Cooperative Geologic Mapping Program   | 15.810                   | D                                     |  |   | 160,085                 |
| Rivers, Trails and Conservation Assistance  | 15.921                   | D                                     |  |   | 4,312                   |
|   |                          |                                       |  | <i>Total Department of Interior Programs</i>        | <b>164,397</b>          |
| <b>Department of Justice Programs</b>   |                          |                                       |  |   |                         |
| Grants to Combat Domestic Violence, Dating Violence, Sexual Assault, and Stalking on Campus | 16.525                   | D                                     |  |   | 1,291                   |
| Education, Training, and Enhanced Services to End Violence Against Women with Disabilities  | 16.529                   | I                                     | Delaware Coalition Against Domestic Viol | 2010-FW-AX-K004                                     | 25,132                  |
| Bulletproof Vest Partnership Program  | 16.607                   | I                                     | US Department of Justice                 | PO#000019501  | 11,108                  |
| Juvenile Mentoring Program  | 16.726                   | I                                     | National 4-H Council                     | 12A00156  | 36,744                  |
|   |                          |                                       |  | <i>Total Department of Justice Programs</i>         | <b>74,275</b>           |
| <b>Department of Labor Programs</b>   |                          |                                       |  |   |                         |
| Department of Labor   | 17-10000496              | I                                     | Division of Vocational Rehabilitation    | 10000496  | 20,436                  |
|   |                          |                                       |  | <i>Total Department of Labor Programs</i>           | <b>20,436</b>           |
| <b>Department of State Programs</b>   |                          |                                       |  |   |                         |
| Investing in People in The Middle East and North Africa                                     | 19.021                   | D                                     |  |   | 533,587                 |
| Program for Study of Eastern Europe and the Independent States of the Former Soviet Union   | 19.300                   | D                                     |  |   | 143,069                 |
| Educational Exchange_University Lecturers (Professors) and Research Scholars                | 19.401                   | D                                     |  |   | 32                      |
| Professional Exchanges_Annual Open Grant  | 19.415                   | I                                     | American Councils for Intl Education     | S-ECAPY-09-CA-171(KF)                               | 186,198                 |
| Professional Exchanges_Annual Open Grant  | 19.415                   | I                                     | American Councils for Intl Education     | S-ECAPY-11-CA-140(KF)                               | 8,369                   |
| Educational Exchange, American Studies Institute  | 19.418                   | D                                     |  |   | 5,082                   |
| Middle East Partnership Initiative (MEPI)   | 19.500                   | D                                     |  |   | 417,591                 |
| Department of State   | 19-10000572              | I                                     | American Councils for Intl Education     | 10000572  | (4,899)                 |
| Department of State   | 19-S-ECAAE-09-GR-156(SM) | D                                     |  |   | (88,710)                |
|   |                          |                                       |  | <i>Total Department of State Programs</i>           | <b>1,200,319</b>        |
| <b>Department of Transportation Programs</b>  |                          |                                       |  |   |                         |
| Highway Research and Development Program  | 20.200                   | I                                     | Delaware Department of Transportation    | 11A01517  | (5,241)                 |
| Highway Training and Education  | 20.215                   | D                                     |  |   | 6                       |
| Highway Training and Education  | 20.215                   | I                                     | Delaware Department of Transportation    | 11A01456  | 257,385                 |
| State Planning and Research   | 20.515                   | I                                     | Delaware Department of Transportation    | 11A00030  | 79,691                  |
| State Planning and Research   | 20.515                   | I                                     | Delaware Department of Transportation    | 12A00455  | 68,422                  |
| State Planning and Research   | 20.515                   | I                                     | Delaware Department of Transportation    | 11A00331  | 13,557                  |
| State Planning and Research   | 20.515                   | I                                     | Delaware Department of Transportation    | 11A00178  | 44,799                  |
| State Planning and Research   | 20.515                   | I                                     | Delaware Department of Transportation    | 11A00143  | 25,723                  |

**UNIVERSITY OF DELAWARE**  
**Schedule of Expenditures of Federal Awards**  
**Year ended June 30, 2012**

| Program title   | CFDA number         | Direct (D) or<br>pass-<br>through (I) | Pass-through entity name                 | Pass-through number | Program<br>expenditures |
|---|---------------------|---------------------------------------|--|---------------------|-------------------------|
| State Planning and Research   | 20.515              | I                                     | Delaware Department of Transportation    | 10001330            | 23,530                  |
| State Planning and Research   | 20.515              | I                                     | Delaware Department of Transportation    | 10001308            | 23,761                  |
| State Planning and Research   | 20.515              | I                                     | Delaware Department of Transportation    | 10000651            | 2,215                   |
| State Planning and Research   | 20.515              | I                                     | Delaware Department of Transportation    | 10000613            | 4,699                   |
| State Planning and Research   | 20.515              | I                                     | Delaware Department of Transportation    | 10001332            | 19,698                  |
| Alcohol Open Container Requirements   | 20.607              | I                                     | Delaware Office of Highway Safety        | 11A00607            | 39,699                  |
| <i>Total Department of Transportation Programs</i>  |                     |                                       |  |                     | <b>597,944</b>          |
| National Aeronautics and Space Administration Programs  |                     |                                       |  |                     |                         |
| National Aeronautics and Space Administration   | 43-DOE-C10-22       | I                                     | Delaware Department of Education         | DOE-C10-22          | 449,854                 |
| National Aeronautics and Space Administration   | 43-NNG05GO92H       | D                                     |  |                     | 61,981                  |
| National Aeronautics and Space Administration   | 43-NNX08AT36H       | D                                     |  |                     | 4,601                   |
| National Aeronautics and Space Administration   | 43-NNX09AR85H       | D                                     |  |                     | 24,650                  |
| <i>Total National Aeronautics and Space Administration</i>  |                     |                                       |  |                     | <b>541,086</b>          |
| National Endowment for the Arts Programs  |                     |                                       |  |                     |                         |
| Promotion of the Arts_Partnership Agreements  | 45.025              | I                                     | Delaware Division of The Arts            | 2012.6136           | 1,000                   |
| Promotion of the Arts_Partnership Agreements  | 45.025              | I                                     | Delaware Division of The Arts            | 2012.6137           | 16,999                  |
| Promotion of the Arts_Partnership Agreements  | 45.025              | I                                     | Delaware Division of The Arts            | 2012.6178           | 16,998                  |
| <i>Total National Endowment for the Arts Programs</i>   |                     |                                       |  |                     | <b>34,997</b>           |
| National Endowment for the Humanities Programs  |                     |                                       |  |                     |                         |
| Promotion of the Humanities_Federal/State Partnership   | 45.129              | I                                     | Delaware Humanities Forum                | 10REG2004           | 869                     |
| Promotion of the Humanities_Federal/State Partnership   | 45.129              | I                                     | Delaware Humanities Forum                | 10REG2007           | 11,969                  |
| Promotion of the Humanities_Federal/State Partnership   | 45.129              | I                                     | Delaware Humanities Forum                | 10REG3003           | 7,500                   |
| Promotion of the Humanities_Federal/State Partnership   | 45.129              | I                                     | Delaware Humanities Forum                | 10OPP2004           | 808                     |
| Promotion of the Humanities_Federal/State Partnership   | 45.129              | I                                     | Delaware Humanities Forum                | 10OPP2005           | 2,950                   |
| Promotion of the Humanities_Federal/State Partnership   | 45.129              | I                                     | Delaware Humanities Forum                | 10OPP3007           | 710                     |
| Promotion of the Humanities_Division of Preservation and Access   | 45.149              | D                                     |  |                     | 133,647                 |
| <i>Total National Endowment for the Humanities Programs</i>   |                     |                                       |  |                     | <b>158,453</b>          |
| Institute of Museum and Library Services  |                     |                                       |  |                     |                         |
| 21st Century Museum Professionals   | 45.307              | D                                     |  |                     | 43,800                  |
| <i>Total Institute of Museum and Library Services</i>   |                     |                                       |  |                     | <b>43,800</b>           |
| Small Business Administration Programs  |                     |                                       |  |                     |                         |
| 8(a) Business Development Program   | 59.006              | D                                     |  |                     | 73,636                  |
| Small Business Development Center   | 59.037              | D                                     |  |                     | 772,185                 |
| Small Business Administration Programs  | 59-SBAHQ-11-G-0005  | D                                     |  |                     | 14,418                  |
| <i>Total Small Business Administration Programs</i>   |                     |                                       |  |                     | <b>860,239</b>          |
| Environmental Protection Agency Programs  |                     |                                       |  |                     |                         |
| Surveys, Studies, Investigations and Special Purpose Grants within the Office of Research and Development | 66.510              | D                                     |  |                     | (1)                     |
| Science To Achieve Results (STAR) Fellowship Program  | 66.514              | D                                     |  |                     | 6,224                   |
| Environmental Protection Agency   | 66-12A00152         | I                                     | Delaware Department of Natural Resources | 12A00152            | 9,062                   |
| Environmental Protection Agency   | 66-12A00730         | I                                     | Delaware Department of Natural Resources | 12A00730            | 61,163                  |
| Environmental Protection Agency   | 66-STATE-0000064451 | I                                     | Delaware Department of Natural Resources | STATE-0000064451    | 48,403                  |

**UNIVERSITY OF DELAWARE**  
**Schedule of Expenditures of Federal Awards**  
**Year ended June 30, 2012**

| Program title  | CFDA number   | Direct (D) or<br>pass-<br>through (I) | Pass-through entity name            | Pass-through number     | Program<br>expenditures |
|--|---------------|---------------------------------------|-------------------------------------|-------------------------|-------------------------|
| <i>Total Environmental Protection Agency Programs</i>  |               |                                       |                                     |                         | <b>124,851</b>          |
| Department of Energy Programs  |               |                                       |                                     |                         |                         |
| ARRA-Energy Efficiency and Renewable Energy Information Dissemination, Outreach,<br>Training and Technical Analysis/Assistance | 81.117        | D                                     |                                     |                         | 2                       |
| Energy Efficiency and Renewable Energy Information Dissemination, Outreach,<br>Training and Technical Analysis/Assistance      | 81.117        | D                                     |                                     |                         | 177,880                 |
| <i>Total Department of Energy Programs</i>   |               |                                       |                                     |                         | <b>177,882</b>          |
| Department of Education Programs   |               |                                       |                                     |                         |                         |
| Assistive Technology   | 84.224        | D                                     |                                     |                         | 3,910                   |
| Twenty-First Century Community Learning Centers  | 84.287        | I                                     | Delaware Department of Education    | DSMP05-11/DSMP-01-12    | 70,001                  |
| Twenty-First Century Community Learning Centers  | 84.287        | I                                     | Delaware Department of Education    | 21ST CCLC 9-11          | 65,442                  |
| Twenty-First Century Community Learning Centers  | 84.287        | I                                     | Delaware Department of Education    | 21ST CCLC 6-11          | 81,588                  |
| Twenty-First Century Community Learning Centers  | 84.287        | I                                     | Delaware Department of Education    | 21ST CCLC 38-11/7-12    | 49,112                  |
| Twenty-First Century Community Learning Centers  | 84.287        | I                                     | Delaware Department of Education    | DSMP-05-12              | 31,831                  |
| Twenty-First Century Community Learning Centers  | 84.287        | I                                     | Delaware Department of Education    | 21ST CCLC 22-12         | 971                     |
| Twenty-First Century Community Learning Centers  | 84.287        | I                                     | Delaware Department of Education    | 21ST CCLC 15-11         | 198,468                 |
| Twenty-First Century Community Learning Centers  | 84.287        | I                                     | Delaware Department of Education    | 21ST CCLC 14-12         | 3,318                   |
| Twenty-First Century Community Learning Centers  | 84.287        | I                                     | Delaware Department of Education    | 01010004841             | 4                       |
| Twenty-First Century Community Learning Centers  | 84.287        | I                                     | Delaware Department of Education    | 21ST CCLC 20-12         | 9,790                   |
| Twenty-First Century Community Learning Centers  | 84.287        | I                                     | Delaware Department of Education    | 21ST CCLC 22-11         | 54,306                  |
| Special Education - State Personnel Development  | 84.323        | I                                     | Delaware Department of Education    | DOE-C11-03              | 3,024                   |
| Special Education - State Personnel Development  | 84.323        | I                                     | Delaware Department of Education    | S12-11                  | 41,406                  |
| Transition to Teaching   | 84.350        | D                                     |                                     |                         | 81,531                  |
| Early Reading First  | 84.359        | D                                     |                                     |                         | 171,866                 |
| Mathematics and Science Partnerships   | 84.366        | I                                     | Delaware Department of Education    | DSMP-05-10              | 52,410                  |
| Mathematics and Science Partnerships   | 84.366        | I                                     | Delaware Department of Education    | DSMP-01-11              | 81,324                  |
| Mathematics and Science Partnerships   | 84.366        | I                                     | Delaware Department of Education    | DSMP-03-06              | (368)                   |
| Improving Teacher Quality State Grants   | 84.367        | I                                     | Delaware Department of Education    | DOE-C11-01              | (1,437)                 |
| Improving Teacher Quality State Grants   | 84.367        | I                                     | Delaware Department of Education    | Title II SAHE 1-10      | 183,719                 |
| Improving Teacher Quality State Grants   | 84.367        | I                                     | Delaware Department of Education    | PO 0000077662           | 9,997                   |
| Improving Teacher Quality State Grants   | 84.367        | I                                     | Delaware Department of Education    | DSMP-02-11              | 28,277                  |
| Improving Teacher Quality State Grants   | 84.367        | I                                     | Delaware Department of Education    | Title II SAHE 1-11      | 82,129                  |
| Improving Teacher Quality State Grants   | 84.367        | I                                     | Colonial School District            | 11A01431                | 6,942                   |
| Improving Teacher Quality State Grants   | 84.367        | I                                     | Capital School District             | 11A00216                | 4,635                   |
| Improving Teacher Quality State Grants   | 84.367        | I                                     | Laurel School District              | 11A01467                | 1,758                   |
| Improving Teacher Quality State Grants   | 84.367        | I                                     | Capital School District             | 12A00177                | 14,938                  |
| Transition Programs for Students with Intellectual Disabilities into Higher Education  | 84.407        | D                                     |                                     |                         | 521,210                 |
| Department of Education  | 84-12A00235   | I                                     | Laurel School District              | 12A00235                | 14,934                  |
| Department of Education  | 84-12A00592   | I                                     | Capital School District             | 12A00592                | 24,973                  |
| Department of Education  | 84-DOE-C10-19 | I                                     | Delaware Department of Education    | DOE-C10-19              | (115)                   |
| Department of Education  | 84-S12-16     | I                                     | Delaware Department of Education    | S12-16                  | 49,374                  |
| <i>Total Department of Education Programs</i>  |               |                                       |                                     |                         | <b>1,941,268</b>        |
| Department of Health & Human Services Programs   |               |                                       |                                     |                         |                         |
| Special Programs for the Aging_Title IV_and Title II_Discretionary Projects  | 93.048        | D                                     |                                     |                         | 25,562                  |
| Special Programs for the Aging_Title IV_and Title II_Discretionary Projects  | 93.048        | I                                     | Community Legal Aid Society         | 11A01069                | 330                     |
| Comprehensive Community Mental Health Services for Children with Serious<br>Emotional Disturbances (SED)                       | 93.104        | I                                     | DE Dept of Children, Youth & Family | PBHS(UD-BEST)FY11-11791 | 219,001                 |
| Maternal and Child Health Federal Consolidated Programs  | 93.110        | D                                     |                                     |                         | 65,634                  |
| Maternal and Child Health Federal Consolidated Programs  | 93.110        | I                                     | Public Health Services              | 12-204                  | 78,780                  |



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**Schedule of Expenditures of Federal Awards**  
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| Program title   | CFDA number  | Direct (D) or<br>pass-<br>through (I) | Pass-through entity name                 | Pass-through number       | Program<br>expenditures |
|---|--------------|---------------------------------------|--|---------------------------|-------------------------|
| Maternal and Child Health Federal Consolidated Programs   | 93.110       | I                                     | Department of Health and Human           |                           |                         |
| Disabilities Prevention   | 93.184       | D                                     | Services                                 | 12-278                    | 4,697                   |
|   |              |                                       |  |                           | 182,835                 |
| Traumatic Brain Injury State Demonstration Grant Program  | 93.234       | I                                     | Delaware Dept of Health & Social Service | 10-380                    | 146,054                 |
| Substance Abuse and Mental Health Services_Projects of Regional and National Significance   | 93.243       | I                                     | Delaware Dept of Health & Social Service | 041189                    | 133,585                 |
| Substance Abuse and Mental Health Services_Projects of Regional and National Significance   | 93.243       | I                                     | Delaware Dept of Health & Social Service | DPBHS(UD-PEVAL)FY11-11682 | 3,212                   |
| 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   | 18,433                  |
| Substance Abuse and Mental Health Services_Projects of Regional and National Significance   | 93.243       | I                                     | DE Dept of Children, Youth & Family      | DPBHS(UDEL-TRN)FY11-11653 | 12,571                  |
| Substance Abuse and Mental Health Services_Projects of Regional and National Significance   | 93.243       | I                                     | Delaware Dept of Health & Social Service | 041111                    | (3,013)                 |
| Alcohol National Research Service Awards for Research Training  | 93.272       | D                                     |  |                           | 9,177                   |
| Drug-Free Communities Support Program Grants  | 93.276       | D                                     |  |                           | 13,255                  |
| Drug Abuse and Addiction Research Programs  | 93.279       | D                                     |  |                           | 23,395                  |
| Mental Health National Research Service Awards for Research Training  | 93.282       | D                                     |  |                           | (75)                    |
| Advanced Education Nursing Traineeships   | 93.358       | D                                     |  |                           | 17,494                  |
| Cancer Research Manpower  | 93.398       | D                                     |  |                           | 17,949                  |
| Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program   | 93.505       | I                                     | Delaware Dept of Health & Social Service | 12-348                    | 1,163                   |
| Developmental Disabilities Basic Support and Advocacy Grants  | 93.630       | I                                     | NC Council on Developmental Disabilities | 11A00750                  | 30,651                  |
| Developmental Disabilities Projects of National Significance  | 93.631       | D                                     |  |                           | 149,792                 |
| University Centers for Excellence in Developmental Disabilities Education, Research, and Service  | 93.632       | D                                     |  |                           | 533,336                 |
| University Centers for Excellence in Developmental Disabilities Education, Research, and Service  | 93.632       | I                                     | Developmental Disabilities Plan Co       | DD-1008                   | 1,783                   |
| Trans-NIH Recovery Act Research Support   | 93.701       | I                                     | Nemours/A. I. duPont Hosp for Children   | 08000666                  | (2)                     |
| ARRA-National Center for Research Resources, Recovery Act Construction Support  | 93.702       | D                                     |  |                           | 5,191,477               |
| Blood Diseases and Resources Research   | 93.839       | D                                     |  |                           | 53,069                  |
| Arthritis, Musculoskeletal and Skin Diseases Research   | 93.846       | D                                     |  |                           | 38,048                  |
| Biomedical Research and Research Training   | 93.859       | D                                     |  |                           | 241,923                 |
| Child Health and Human Development Extramural Research  | 93.865       | D                                     |  |                           | 176,061                 |
| Aging Research  | 93.866       | D                                     |  |                           | 178,626                 |
| Grants to States for Operation of Offices of Rural Health   | 93.913       | I                                     | Delaware Dept of Health & Social Service | 12-325                    | 21,000                  |
| Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems | 93.938       | I                                     | Delaware Department of Education         | DOE-C11-26                | (2)                     |
| Block Grants for Prevention and Treatment of Substance Abuse  | 93.959       | I                                     | Delaware Dept of Health & Social Service | 031120                    | (13,711)                |
| Department of Health & Human Services   | 93-000048042 | I                                     | Delaware Dept of Health & Social Service | 000048042                 | 219,371                 |
| Department of Health & Human Services   | 93-031220    | I                                     | Delaware Dept of Health & Social Service | 031220                    | 103,337                 |

**UNIVERSITY OF DELAWARE**  
**Schedule of Expenditures of Federal Awards**  
**Year ended June 30, 2012**

| Program title   | CFDA number             | Direct (D) or<br>pass-<br>through (I) | Pass-through entity name                 | Pass-through number    | Program<br>expenditures |
|---|-------------------------|---------------------------------------|--|------------------------|-------------------------|
| Department of Health & Human Services   | 93-041211               | I                                     | Delaware Dept of Health & Social Service | 041211                 | 136,760                 |
| Department of Health & Human Services   | 93-041212               | I                                     | Delaware Dept of Health & Social Service | 041212                 | 128,172                 |
| Department of Health & Human Services   | 93-10000401             | I                                     | Children and Families First DE, Inc.     | 10000401               | 116,736                 |
| Department of Health & Human Services   | 93-10001209             | I                                     | Assoc of Univ Centers on Disabilities    | 10001209               | (20)                    |
| Department of Health & Human Services   | 93-11A01416             | D                                     |  |                        | 10,361                  |
| Department of Health & Human Services   | 93-12-445               | I                                     | Delaware Dept of Health & Social Service | 12-445                 | 10,241                  |
| Department of Health & Human Services   | 93-12A00288             | I                                     | Delaware Dept of Health & Social Service | 12A00288               | 65,208                  |
| Department of Health & Human Services   | 93-12A00798             | I                                     | Assoc of Univ Centers on Disabilities    | 12A00798               | 22,702                  |
| Department of Health & Human Services   | 93-DD-1110              | I                                     | Developmental Disabilities Plan Co       | DD-1110                | 15,724                  |
| <i>Total Department of Health and Human Services Programs</i>                                   |                         |                                       |  |                        | <b>8,400,682</b>        |
| Corporation for National and Community Service Programs   |                         |                                       |  |                        |                         |
| Learn and Serve America_School and Community Based Programs                                     | 94.004                  | D                                     |  |                        | 29,649                  |
| ARRA-AmeriCorps   | 94.006                  | D                                     |  |                        | 1                       |
| AmeriCorps  | 94.006                  | I                                     | Public Allies                            | OP004-94.006-11-PADE   | 33,586                  |
| AmeriCorps  | 94.006                  | I                                     | Public Allies                            | OP004-94.006-12-SITE   | 342,620                 |
| AmeriCorps  | 94.006                  | I                                     | Delaware Dept of Health & Social Service | 10001218               | 2,175                   |
| <i>Total Corporation for National and Community Service Programs</i>                            |                         |                                       |  |                        | <b>408,031</b>          |
| Department of Homeland Security Programs  |                         |                                       |  |                        |                         |
| Pre-Disaster Mitigation (PDM) Competitive Grants  | 97.017                  | I                                     | Delaware Emergency Management Agency     | PDMC-PL-03-DE-2008-001 | (733)                   |
| Department of Homeland Security   | 97-EMPG-10-005          | I                                     | Delaware Emergency Management Agency     | EMPG-10-005            | (3,851)                 |
| Department of Homeland Security   | 97-EPMG-11-005          | I                                     | Agency                                   | EPMG-11-005            | 64,485                  |
| Department of Homeland Security   | 97-HMGP-1896-DR-DE-001  | I                                     | Federal Emergency Management Agency      | HMGP-1896-DR-DE-001    | 214                     |
| <i>Total Department of Homeland Security Programs</i>   |                         |                                       |  |                        | <b>60,115</b>           |
| United States Agency for International Development Programs                                     |                         |                                       |  |                        |                         |
| United States Agency for International Development  | 98-168-C-00-04-00105-00 | D                                     |  |                        | (14,501)                |
| <i>Total United States Agency for International Development</i>                                 |                         |                                       |  |                        | <b>(14,501)</b>         |
| <b>Total Non-clustered Programs</b>   |                         |                                       |  |                        | <b>20,436,515</b>       |
| <b>CCDF Cluster</b>   |                         |                                       |  |                        |                         |
| ARRA-Child Care and Development Block Grant   | 93.713                  | D                                     |  |                        | 100                     |
| <b>Total CCDF Cluster</b>   |                         |                                       |  |                        | <b>100</b>              |
| <b>CDBG – Entitlement Grants Cluster</b>  |                         |                                       |  |                        |                         |
| ARRA-Community Development Block Grant ARRA Entitlement Grants (CDBG-R) – (Recovery Act Funded) | 14.253                  | D                                     |  |                        | 14,606                  |
| <b>Total CDBG - Entitlement Grants Cluster</b>  |                         |                                       |  |                        | <b>14,606</b>           |
| <b>Early Intervention Services (IDEA) Cluster</b>   |                         |                                       |  |                        |                         |
| ARRA-Special Education--Grants for Infants and Families, Recovery Act                           | 84.393                  | D                                     |  |                        | 3,672                   |
| <b>Total Early Intervention Services (IDEA) Cluster</b>   |                         |                                       |  |                        | <b>3,672</b>            |

**UNIVERSITY OF DELAWARE**  
**Schedule of Expenditures of Federal Awards**  
**Year ended June 30, 2012**

| Program title  | CFDA number | Direct (D) or<br>pass-<br>through (I) | Pass-through entity name                 | Pass-through number | Program<br>expenditures                           |                              |
|--|-------------|---------------------------------------|--|---------------------|---|------------------------------|
| <b>Head Start Cluster</b>  |             |                                       |  |                     |   |                              |
| Head Start   | 93.600      | D                                     |  |                     | 2,134,862   |                              |
| ARRA-Early Head Start  | 93.709      | D                                     |  |                     | 293,302   |                              |
|  |             |                                       |  |                     | <b>Total Head Start Cluster</b>                   | <b>2,428,164</b>             |
| <b>School Improvement Grants Cluster</b>   |             |                                       |  |                     |   |                              |
| School Improvement Grants  | 84.377      | I                                     | Seaford School District                  | 12A00126            | 14,940  |                              |
|  |             |                                       |  |                     | <b>Total School Improvement Grants Cluster</b>    | <b>14,940</b>                |
| <b>SNAP Cluster</b>  |             |                                       |  |                     |   |                              |
| State Administrative Matching Grants for Supplemental Nutrition Assistance Program | 10.561      | I                                     | Delaware Dept of Health & Social Service | 110820              | 372,934   |                              |
| State Administrative Matching Grants for Supplemental Nutrition Assistance Program | 10.561      | I                                     | Delaware Dept of Health & Social Service | 64263               | 383,056   |                              |
|  |             |                                       |  |                     | <b>Total SNAP Cluster</b>                         | <b>755,990</b>               |
| <b>Special Education Cluster (IDEA)</b>  |             |                                       |  |                     |   |                              |
| ARRA-Special Education--Grants to States (Idea, Part B), Recovery Act              | 84.391      | D                                     |  |                     | 2,295   |                              |
| ARRA-Special Education--Preschool Grants (Idea Preschool), Recovery Act            | 84.392      | D                                     |  |                     | (5)   |                              |
|  |             |                                       |  |                     | <b>Total Special Education Cluster (IDEA)</b>     | <b>2,290</b>                 |
| <b>Student Financial Assistance Cluster</b>  |             |                                       |  |                     |   |                              |
| Federal Supplemental Educational Opportunity Grants                                | 84.007      | D                                     |  |                     | 651,176   |                              |
| Federal Work-Study Program   | 84.033      | D                                     |  |                     | 549,321   |                              |
| Federal Pell Grant Program   | 84.063      | D                                     |  |                     | 8,534,244   |                              |
|  |             |                                       |  |                     | <b>Total Student Financial Assistance Cluster</b> | <b>9,734,741</b>             |
| <b>TRIO Cluster</b>  |             |                                       |  |                     |   |                              |
| TRIO_Upward Bound  | 84.047      | D                                     |  |                     | 9,143   |                              |
|  |             |                                       |  |                     | <b>Total Trio Cluster</b>                         | <b>9,143</b>                 |
|  |             |                                       |  |                     | <b>Total Expenditures of Federal Awards</b>       | <b>\$ <u>151,361,708</u></b> |

**UNIVERSITY OF DELAWARE**

Notes to Schedule of Expenditures of Federal Awards

June 30, 2012

**(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, 2012. Because the SEFA presents only a selected portion of the operations of the University, it is not intended to, and does not, present the financial position, changes in net assets, and cash flows.

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

**(2) Basis of Accounting**

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

**(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, 2012 are summarized as follows:

|  |                              |
|--|------------------------------|
| Loans made by the University:              |                              |
| Perkins                                    | \$ 1,591,750                 |
| Nursing                                    | <u>                    —</u> |
|  | <u>\$ 1,591,750</u>          |
| Loans made by the Department of Education: |                              |
| Direct loans                               | <u>\$ 96,829,582</u>         |

The Perkins and Nursing Student Loan programs are administered directly by the University, and balances and transactions relating to these programs are included in the University's consolidated financial statements. The balance of loans outstanding under the Perkins Loan program was \$13,136,925 and the balance of loans outstanding under the Nursing Student Loan program was \$614,680 at June 30, 2012, respectively.

**UNIVERSITY OF DELAWARE**

Notes to Schedule of Expenditures of Federal Awards

June 30, 2012

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, 2012, the University sub-granted Federal awards from the following programs:

| <u>Agency/program/grant title</u>   | <u>CFDA<br/>number</u> | <u>Expenditures</u> |
|---|------------------------|---------------------|
| Research and Development:   |                        |                     |
| U.S. Department of Agriculture:   |                        |                     |
| Grants for Agricultural Research,<br>Special Research Grants                                    | 10.200                 | \$ 61,495           |
| Grants for Agricultural Research<br>Competitive Research Grants                                 | 10.206                 | 103,784             |
| Integrated Programs<br>Agriculture and Food Research<br>Initiative (AFRI)                       | 10.303                 | 35,800              |
|   | 10.310                 | 975,262             |
| Department of Commerce:   |                        |                     |
| Sea Grant Support   | 11.417                 | 8,311               |
| Meteorologic and Hydrologic<br>Modernization Development  | 11.467                 | 78,154              |
| ARRA-Measurement and<br>Engineering Research and Standards                                      | 11.609                 | 148,194             |
| Department of Defense:  |                        |                     |
| Department of Defense   | 12.000                 | 427,177             |
| Military Medical Reseach and Development  | 12.420                 | 347,952             |
| Air Force Defense Research Sciences Program   | 12.800                 | 48,730              |
| Department of Interior:   |                        |                     |
| U.S. Geological Survery, Research and<br>Data Collection  | 15.808                 | 17,520              |
| U.S. Department of State:   |                        |                     |
| Program for Study of Eastern<br>Europe and the Independent<br>States of the Former Soviet Union | 19.300                 | 144,711             |

**UNIVERSITY OF DELAWARE**

Notes to Schedule of Expenditures of Federal Awards

June 30, 2012

| <u>Agency/program/grant title</u>   | <u>CFDA<br/>number</u> | <u>Expenditures</u> |
|---|------------------------|---------------------|
| National Aeronautics and Space:<br>Administration:  | 43.000                 | \$ 710,329          |
| National Endowment for the Humanities:<br>Promotion of the Humanities, Division<br>of Preservation and Access | 45.149                 | 39,431              |
| National Science Foundation:  |                        |                     |
| Engineering Grants  | 47.041                 | 41,025              |
| Mathematical and Physical Sciences  | 47.049                 | 105,156             |
| Geosciences   | 47.050                 | (60,336)            |
| Biological Sciences   | 47.074                 | 1,135,029           |
| Social, Behavioral, and Economic Sciences   | 47.075                 | 96,975              |
| Education and Human Resources   | 47.076                 | 200,067             |
| Office of Cyberinfrastructure   | 47.080                 | 961,144             |
| ARRA-Trans-NSF Recovery Act<br>Research Support   | 47.082                 | 1,609,868           |
| U.S. Department of Energy:  |                        |                     |
| ARRA-Office of Science Financial<br>Assistance Program  | 81.049                 | 1,641,259           |
| Renewable Energy Research and Development   | 81.087                 | 346,053             |
| ARRA-Advanced Research and<br>Projects Agency – Energy<br>Financial Assistance Program                        | 81.135                 | 820,829             |
| Department of Education:  |                        |                     |
| Education Research, Development, and Dissemination  | 84.305                 | 495,380             |
| Research in Special Education   | 84.324                 | 967,516             |
| Department of Health and Human Services:  |                        |                     |
| Research Related to Deafness<br>and Communication Disorders   | 93.173                 | 92,979              |
| Mental Health Research Grants   | 93.242                 | 15,782              |
| Discovery and Applied Research for Technological<br>Innovations to Improve Human Health                       | 93.286                 | (1,632)             |
| Trans-NIH Research Support  | 93.310                 | 52,493              |
| National Center for Research Resources  | 93.389                 | 1,745,788           |
| Cancer Treatment Research   | 93.395                 | 560                 |
| ARRA-Trans-NIH Recovery<br>Act Research Support   | 93.701                 | 265,008             |
| Child Health and Human<br>Development Extramural Research   | 93.865                 | 123,711             |

**UNIVERSITY OF DELAWARE**

Notes to Schedule of Expenditures of Federal Awards

June 30, 2012

| <u>Agency/program/grant title</u>   | <u>CFDA<br/>number</u> | <u>Expenditures</u>  |
|---|------------------------|----------------------|
| Arthritis, Musculoskeletal and<br>Skin Diseases Research  | 93.846                 | \$ 127,380           |
| Biomedical Research and<br>Research Training  | 93.859                 | 331,251              |
| Center for Medical Rehabilitation Research  | 93.929                 | 80,213               |
| Non-Research and Development:   |                        |                      |
| U.S. Department of Agriculture:   |                        |                      |
| Cooperative Extension Service   | 10.500                 | 464,241              |
| State Administrative Matching Grants<br>for Supplemental Nutrition<br>Assistance Program  | 10.561                 | 515,362              |
| Environmental Quality Incentives Program  | 10.912                 | 18,582               |
| U.S. Department of Energy:  |                        |                      |
| Energy Efficiency and Renewable<br>Energy Information Dissemination,<br>Outreach, Training and Technical<br>Analysis/Assistance | 81.117                 | 9,376                |
| Department of Education:  |                        |                      |
| Early Reading First   | 84.359                 | 53,324               |
| U.S. Department of Health and Social Services:  |                        |                      |
| Department of Health and Human<br>Services  | 93.000                 | 50,547               |
| Maternal and Child Health Federal Consolidated<br>Programs  | 93.110                 | 2,000                |
| Traumatic Brain Injury State<br>Demonstration Grant Program   | 93.234                 | 34,511               |
| U.S. Department of Health and Human Services:   |                        |                      |
| Head Start  | 93.600                 | 592,931              |
| ARRA--Early Head Start  | 93.709                 | 58,955               |
| Corporation for National Service  |                        |                      |
| Learn and Serve America School and Community<br>Based Program   | 94.004                 | 175                  |
| U.S. Agency for International Development   | 98.000                 | (14,501)             |
|   |                        | <u>\$ 16,125,851</u> |



KPMG LLP  
1601 Market Street  
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**Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in accordance with *Government Auditing Standards***

The Board of Trustees  
University of Delaware:

We have audited the consolidated financial statements of the University of Delaware (the University) as of and for the year ended June 30, 2012, and have issued our report thereon dated November 7, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

Management of the University is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the University's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over financial reporting.

A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the University's consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.





We noted certain matters that we reported to management of the University in a separate letter dated November 7, 2012.

This report is intended solely for the information and use of the board of trustees, management, others within the University, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

November 7, 2012



KPMG LLP  
1601 Market Street  
Philadelphia, PA 19103-2499

**Independent Auditors' Report on Compliance with Requirements  
That Could have a Direct and Material Effect on Each Major Program  
and on Internal Control over Compliance in Accordance with  
OMB Circular A-133, and Schedule of Expenditures of Federal Awards**

The Board of Trustees  
University of Delaware:

**Compliance**

We have audited the University of Delaware (the University)'s compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* (the Compliance Supplement) that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2012. The University's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the University's management. Our responsibility is to express an opinion on the University's compliance based on our audit.

We did not audit the University's compliance with the requirements governing maintaining contact with borrowers and billing and collection procedures in accordance with the requirements of the Student Financial Assistance Cluster: Federal Perkins Loan program as described in the Compliance Supplement. Those requirements govern functions performed by University Accounting Services, LLC (UAS). Since we did not apply auditing procedures to satisfy ourselves as to compliance with those requirements, the scope of work was not sufficient to enable us to express, and we do not express, an opinion on compliance with those requirements. UAS' compliance with the requirements governing the functions that it performs for the University for the year ended June 30, 2012 was examined by other accountants in accordance with the U.S. Department of Education's Audit Guide, *Audits of Federal Student Financial Assistance Programs at Participating Institutions and Institution Servicers*. Our report does not include the results of the other accountants' examination of UAS's compliance with such requirements.

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. Our audit does not provide a legal determination of the University's compliance with those requirements.

In our opinion, the University complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. However, the results of our auditing procedures disclosed instances of



noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2012-01, 2012-02 and 2012-03.

### **Internal Control over Compliance**

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

Requirements governing maintaining contact with borrowers and billing and collection procedures in the Student Financial Assistance Cluster: Federal Perkins Loan program as described in the Compliance Supplement are performed by UAS. Internal control over compliance related to such functions for the year ended June 30, 2012 was reported on by other accountants in accordance with the U.S. Department of Education's Audit Guide, *Audits of Federal Student Financial Assistance Programs at Participating Institutions and Institution Servicers*. Our report does not include the results of the other accountants' testing of UAS's internal control over compliance related to such functions.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 2012-01, 2012-02 and 2012-03. 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.

### **Schedule of Expenditures of Federal Awards**

We have audited the consolidated financial statements of the University as of and for the year ended June 30, 2012, and have issued our report thereon dated November 7, 2012 which contained an unqualified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. We have not performed any procedures with respect to the audited consolidated financial statements subsequent to November 7, 2012. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the consolidated financial statements.



Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the consolidated financial statements as a whole

The University's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the University's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the board of trustees, management, others within the University, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

March 27, 2013

**UNIVERSITY OF DELAWARE**

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

**(1) Summary of Auditors' Results**

- (a) The type of report issued on the consolidated financial statements: **Unqualified.**
- (b) Significant deficiencies in internal controls were disclosed by the audit of the consolidated financial statements: **None reported.** Material weaknesses: **No.**
- (c) Noncompliance that is material to the consolidated financial statements: **No.**
- (d) Significant deficiencies in internal controls over major programs: **Yes (2012-01, 2012-02 and 2012-03)** Material weaknesses: **No.**
- (e) The type of report issued on compliance for major programs: **Unqualified.**
- (f) Any audit findings that are required to be reported under Section 510(a) of OMB Circular A-133: **Yes (2012-01, 2012-02 and 2012-03)**
- (g) Major programs:

**Research and Development: Various Agencies and Departments**

**Student Financial Assistance Cluster:**

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

**ARRA- National Center for Research Resources, Recovery Act Construction Support:**

**CFDA No. 93.702**

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

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

No findings reported.

**(3) Findings and Questioned Costs Related to Federal Awards**

See findings 2012-01, 2012-02 and 2012-03.

**UNIVERSITY OF DELAWARE**

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

**Reference Number:** 2012-01  
**Federal Agency:** U.S. Department of Education  
**Program Name (CFDA #):** Student Financial Assistance Cluster: Federal Pell Grant Program (CFDA No. 84.063)  
**Federal Award Year:** July 1, 2011 to June 30, 2012  
**Federal Award Number:** P063P110066  
**Compliance Requirement:** Reporting

***Criteria***

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

***Condition***

KPMG notes that the University of Delaware did not submit Pell payment data to the COD for one (1) student (whose Pell disbursement totaled \$2,775) for the Fall 2011 semester. Our sample consisted of 48 Pell disbursements during the year ended June 30, 2012 for 25 students totaling \$88,873.

***Questioned Costs***

Questioned costs related to this finding are not readily determinable.

***Cause***

Although a file transmission with disbursement changes for Pell is reported to the COD every weekday and a monthly reconciliation of financial disbursements at the University is completed, the final student by student reconciliation is only performed by the aid close-out deadline in September each year.

***Effect***

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

***Recommendation***

We recommend the University develop and implement a process to reconcile the data submitted to the COD to University records at the individual student level at least every 30 calendar days to detect disbursements that were made to students and reported but not accepted at the COD.

***Views of Responsible Officials***

See accompanying corrective action plan.

**UNIVERSITY OF DELAWARE**

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

**Reference Number:** 2012-02  
**Federal Agency:** U.S. Department of Education  
**Program Name (CFDA #):** Student Financial Aid Cluster: Direct Loan Program (CFDA No. 84.268) and Perkins Loan Program (84.038)  
**Federal Award Year:** July 1, 2011 to June 30, 2012  
**Federal Award Number:** P268K120066 (Direct Loans)  
**Compliance Requirement:** Disbursements To or On Behalf of Students

***Criteria***

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

***Condition***

The University does not retain documentation that students are notified of loan disbursements in accordance with federal regulations.

***Cause***

The University's policies do not require retention of documentation of the notifications related to loan disbursements.

***Effect***

Student may not be notified of their disbursements and rights to cancel loans within the appropriate timeframe. Also, without evidence that such notification was made, there is a possibility that the University will not have evidence to refute a student claim that they were not appropriately notified in an attempt to invalidate the loan.

***Questioned Costs***

Questioned costs related to this finding are not readily determinable.

***Recommendation***

We recommend the University develop and implement a process to reasonably ensure that documentation of the notification of disbursements and cancellation rights is maintained.

***Views of Responsible Officials***

See accompanying corrective action plan.

## UNIVERSITY OF DELAWARE

### Schedule of Findings and Questioned Costs

Year ended June 30, 2012

**Reference Number:** 2012-03  
**Federal Agency:** U.S. Department of Education  
**Program Name (CFDA #):** Student Financial Aid Cluster: Direct Loans (CFDA No. 84.268)  
**Federal Award Year:** July 1, 2011 to June 30, 2012  
**Federal Award Number:** P268K120066  
**Compliance Requirement:** Enrollment Reporting

#### ***Criteria***

Under the Direct Loan program, schools must complete and return within 30 days the Enrollment Reporting roster file [formerly the Student Status Confirmation Report (SSCR)] placed in their Student Aid Internet Gateway (SAIG) mailboxes sent by ED via NSLDS (*OMB No. 1845-0035*). The institution determines how often it receives the Enrollment Reporting roster file with the default set at every two months, but the minimum is twice a year. Once received, the institution must update for changes in student status, report the date the enrollment status was effective, enter the new anticipated completion date, and submit the changes electronically through the batch method or the NSLDS web site. Institutions are responsible for timely reporting, whether they report directly or via a third-party servicer. Unless the school expects to complete its next roster within 60 days, the school must notify the lender or the guaranty agency within 30 days, if it discovers that a student who received a loan either did not enroll or ceased to be enrolled on at least a half-time basis (Direct Loan, 34 CFR section 685.309).

#### ***Condition***

KPMG notes there were three (3) instances out of the sample of 40 students' status changes that were not properly reported to NSLDS. All of these instances related to students who were still enrolled but who dropped credits during a semester that resulted in their enrollment classification changing (for example, full time to half time).

#### ***Questioned Costs***

Questioned costs related to this finding are not readily determinable.

#### ***Cause***

The University entered in to an agreement with the National Student Loan Clearinghouse (NSLC) in reporting student status changes to National Student Loan Data System (NSLDS). On a periodic basis, the status of all students is reported to the NSLC, which in return reports any changes in student status from the prior report. In some instances, the report generated to submit to the NSLC is inaccurate, resulting in a status change not being reported by the NSLC to the NSLDS.

#### ***Effect***

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

#### ***Recommendation***

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

#### ***Views of Responsible Officials***

See accompanying corrective action plan.





**University of Delaware**  
Management Responses and Corrective Action Plan  
Schedule of Findings and Questioned Costs  
A-133 Single Audit  
Year ended June 30, 2012

**Finding 2012-01: Federal Pell Grant Program Reporting**

***Recommendation:***

We recommend the University develop and implement a process to reconcile the data submitted to the COD to University records at the individual student level at least every 30 calendar days to detect disbursements that were made to students and reported but not accepted at the COD.

***University of Delaware Corrective Action Plan:***

As noted in the finding, although a file transmission with disbursement changes on PELL is reported to the COD every weekday and a reconciliation of financial disbursements at the University is completed monthly, the final student-by-student reconciliation with the COD was only being performed by the aid year final closeout deadline in September of each year.

The University appeared to be in compliance with the 30 calendar day reporting requirement by reporting changes each weekday. However, the University recognizes that additional controls are necessary to ensure that not only are awards reported, but accepted properly by the COD within this timeframe.

In December 2012, the University began implementing a student-by-student reconciliation on PELL with the COD to ensure that all changes that are reported daily are properly accepted by the COD and processed.

Furthermore, as of February 28, 2013, the COD announced that disbursements or adjustments made on or after April 1, 2013 must be reported within 15 days. The University will be enhancing controls even further to ensure reporting occurs within the 15 day requirement by the April 1, 2013 effective date.

***Expected Completion Date:***

April 2013

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

**Finding 2012-02: Disbursements To or On Behalf of Students**

***Recommendation:***

We recommend the University develop and implement a process to reasonably ensure that documentation of the notification of disbursements and cancellation rights is maintained.

***University of Delaware Corrective Action Plan:***

As noted in the finding, University students/parents are notified in multiple ways of their offered loans and how to cancel loans prior to disbursement (billing communications, interactive custom web portal, etc.). However, the University was not initiating an additional communication at time of loan disbursement.

The University recognizes that an additional, retained, communication is required to ensure that the University has evidence to refute a student claim that they were not appropriately notified in an attempt to invalidate the loan. The University also recognizes that the disclosure sent by the COD is not enough once we moved to passive award notices.

Therefore, effective with the start of the 2012-2013 year (August 2012) all students/parents began receiving an additional notification when there are disbursement/adjustments to their student/parent loan to ensure they are aware of the disbursement and their right and procedure to cancel the loan.

***Completion Date:***

Implemented in August 2012

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

**Finding 2012-03: Enrollment Reporting**

***Recommendation:***

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

***University of Delaware Corrective Action Plan:***

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

In order to ensure the proper status is reported to meet requirements, the University's Office of Student Financial Services will work with the Office of the University Registrar to quality control check the enrollment reports produced. Any discrepancies will be evaluated and corrected. If necessary, programming changes to the reports will be initiated with IT to ensure proper classifications are reported. This has already begun with the Fall 2012 enrollment reports and will continue every 30 days to ensure proper status changes are reported.

***Expected Completion Date:***

April 2013

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

**Reporting Contact:**

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University of Delaware  
302-831-2107

**Chief Institutional Officer:**

Patrick T. Harker  
President  
University of Delaware

March 27, 2013