



UNIVERSITY OF DELAWARE

Consolidated Financial Statements and
Information on Federal Awards

June 30, 2011

(With Independent Auditor's 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, 2011, 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 2010 consolidated financial statements and, in our report dated October 27, 2010, 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, 2011, 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 October 31, 2011 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

October 31, 2011

UNIVERSITY OF DELAWARE

Consolidated Statement of Financial Position

June 30, 2011

(with summarized financial information as of June 30, 2010)

(In thousands)

Assets	2011	2010
Cash and cash equivalents	\$ 40,677	34,094
Restricted cash and cash equivalents	111,984	18,192
Accounts and notes receivable	49,913	41,964
Prepaid expenses and inventories	4,708	3,326
Contributions receivable	22,041	15,345
Student loan receivables	14,719	15,377
Endowment funds and other investments	1,358,000	1,175,474
Annuity and life income funds	8,629	8,572
Funds held in trust by others	60,566	54,021
Property, plant, and equipment, net of depreciation	1,067,858	970,974
Total assets	\$ 2,739,095	2,337,339
Liabilities and Net Assets		
Accounts payable and accrued liabilities	\$ 71,799	53,677
Deferred revenues and student deposits	9,099	8,140
Obligations under capital leases	7,099	7,616
Notes and bonds payable	363,948	243,750
Interest rate swap liabilities	21,434	26,118
Annuity and life income funds payable	4,721	4,959
Compensated absences payable	13,434	12,987
Postretirement benefit obligation	209,491	227,509
Advances from federal government for student loans	14,903	14,807
Asset retirement obligation	20,185	18,136
Total liabilities	736,113	617,699
Unrestricted	1,115,786	958,025
Unrestricted – noncontrolling interest in First State Marine Wind, LLC	1,307	—
Temporarily restricted	566,294	454,692
Permanently restricted	319,595	306,923
Total net assets	2,002,982	1,719,640
Total liabilities and net assets	\$ 2,739,095	2,337,339

See accompanying notes to consolidated financial statements.

UNIVERSITY OF DELAWARE
Consolidated Statement of Activities
Year ended June 30, 2011
(with summarized financial information for the year ended June 30, 2010)
(In thousands)

	2011			2010	
	Unrestricted	Temporarily restricted	Permanently restricted	Total	Total
Operating revenue:					
Tuition and fees (less scholarships and fellowships of \$97,287 during 2011, \$87,948 during 2010)	\$ 322,634	—	—	322,634	296,648
Contributions	17,085	1,731	—	18,816	19,885
Contracts and other exchange transactions	175,151	—	—	175,151	165,951
State operating appropriations	116,152	—	—	116,152	117,873
Endowment spending payout	43,902	—	—	43,902	46,239
Other investments payout (includes net realized gain of \$3,112 during 2011 and \$3,678 during 2010)	6,260	74	—	6,334	6,896
Activities of educational departments	10,388	—	—	10,388	9,725
Sales and services of auxiliary enterprises (less scholarships and fellowships of \$1,092 during 2011, \$457 during 2010)	101,902	—	—	101,902	99,519
Other revenue	14,808	—	—	14,808	15,665
Total operating revenue	<u>808,282</u>	<u>1,805</u>	<u>—</u>	<u>810,087</u>	<u>778,401</u>
Operating expenses:					
Educational and general:					
Instruction and departmental research	341,221	—	—	341,221	315,998
Sponsored research	130,400	—	—	130,400	123,126
Extension and public service	43,312	—	—	43,312	43,719
Academic support	59,480	—	—	59,480	57,904
Student services	28,002	—	—	28,002	27,494
General institutional support	74,205	—	—	74,205	69,465
Student aid	5,475	—	—	5,475	4,805
Independent operations	1,183	—	—	1,183	556
Total educational and general expenses	<u>683,278</u>	<u>—</u>	<u>—</u>	<u>683,278</u>	<u>643,067</u>
Auxiliary enterprises	93,981	—	—	93,981	94,955
Total operating expenses	<u>777,259</u>	<u>—</u>	<u>—</u>	<u>777,259</u>	<u>738,022</u>
Change in net assets from operating activities	31,023	1,805	—	32,828	40,379
Nonoperating activities:					
Net realized and unrealized gains	60,300	133,969	8,923	203,192	97,505
Decrease (increase) in postretirement benefit obligation	31,580	—	—	31,580	(24,194)
Endowment income	10,833	7,060	1,086	18,979	19,198
Endowment spending payout	(43,902)	—	—	(43,902)	(46,239)
Contributions for endowment and life income funds	—	187	5,151	5,338	6,196
Contributions for buildings and program activities	6,696	7,386	—	14,082	15,911
State capital appropriations	1,066	—	—	1,066	900
Hotel operations – net	(67)	—	—	(67)	(1,243)
Wind turbine operations – net	1,905	—	—	1,905	—
Net change in asset retirement obligation liability	6,226	—	—	6,226	606
Other	14,349	454	(2,688)	12,115	(4,116)
Reclassifications of funds	(1,782)	1,582	200	—	—
Net assets released from restrictions	40,841	(40,841)	—	—	—
Change in net assets	<u>159,068</u>	<u>111,602</u>	<u>12,672</u>	<u>283,342</u>	<u>104,903</u>
Net assets at beginning of year	<u>958,025</u>	<u>454,692</u>	<u>306,923</u>	<u>1,719,640</u>	<u>1,614,737</u>
Net assets at end of year	<u>\$ 1,117,093</u>	<u>566,294</u>	<u>319,595</u>	<u>2,002,982</u>	<u>1,719,640</u>

See accompanying notes to consolidated financial statements.

UNIVERSITY OF DELAWARE

Consolidated Statement of Expenses by Natural Classification

Year ended June 30, 2011

(with summarized financial information for the year ended June 30, 2010)

(In thousands)

	2011									2010	
	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	185,528	59,703	20,862	26,949	12,280	36,636	2,784	8,035	—	352,777	337,749
Employee fringe benefits	53,291	14,022	6,182	10,275	3,540	14,562	—	2,635	—	104,507	95,144
Employee postretirement benefits	12,296	1,955	773	1,039	286	1,322	—	265	—	17,936	17,959
Supplies and general	37,630	32,505	9,163	5,289	6,757	23,240	975	59,853	182	175,594	166,866
Travel	13,925	3,015	1,005	937	392	779	105	93	1	20,252	19,304
Operation and maintenance of plant	27,486	9,721	3,258	6,273	1,514	5,913	—	—	1,000	55,165	(a) 50,670
Information processing	146	1	1	2	3,096	8,671	—	—	—	11,917	11,086
Interest expense	1,476	256	—	—	313	36	—	12,315	—	14,396	11,590
Scholarships, fellowships, and awards	—	—	—	—	—	—	98,614	—	—	98,614	87,866
Depreciation and accretion	12,122	9,441	2,070	9,625	617	4,123	—	12,267	—	50,265	49,025
Loss on disposals	637	276	14	9	1	142	—	105	—	1,184	4,377
Amortization of bond discount (premium)	—	23	—	—	—	—	—	(105)	—	(82)	(34)
Internal service (credits) charges	(2,599)	5	(2)	(797)	(793)	(21,219)	—	(1,482)	—	(26,887)	(25,175)
Expense before scholarship allowance	341,938	130,923	43,326	59,601	28,003	74,205	102,478	93,981	1,183	875,638	826,427
Reconciliation to statement of activities:											
Scholarship allowance	(717)	(523)	(14)	(121)	(1)	—	(97,003)	—	—	(98,379)	(88,405)
Total operating expenses	\$ 341,221	130,400	43,312	59,480	28,002	74,205	5,475	93,981	1,183	777,259	738,022

Notes:

- (a) 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.
- (b) Includes salaries and wages of \$22,931, fringe benefits of \$11,189, employee postretirement benefits of \$299, and depreciation expense for plant facilities of \$860 during 2010.

See accompanying notes to consolidated financial statements.

UNIVERSITY OF DELAWARE

Consolidated Statement of Cash Flows

Year ended June 30, 2011

(with summarized financial information for the year ended June 30, 2010)

(In thousands)

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Change in net assets	\$ 283,342	104,903
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	52,029	50,759
Loss on disposals	1,184	4,377
Amortization of discounts and premiums on notes and bonds payable and capital lease obligations	(70)	(23)
Net realized and unrealized gains	(206,304)	(76,989)
Gifts of land, building, and equipment	(745)	(429)
State capital appropriations	(1,066)	(900)
Contributions for endowment	(5,338)	(5,771)
Contributions for buildings, gross	(7,386)	(5,655)
Endowment income restricted for reinvestment	(1,086)	(1,582)
Changes in assets and liabilities:		
Accounts and notes receivable	(7,949)	(10,976)
Prepaid expenses and inventories	(1,382)	(1,693)
Contributions receivable	(6,696)	(10,255)
Accounts payable, accrued liabilities, and annuity and life income funds payable	17,884	8,911
Deferred revenues and students deposits	959	(351)
Interest rate swap liability	(4,684)	(20)
Asset retirement obligation	(5,728)	6,375
Compensated absences payable and postretirement benefit obligation	(17,571)	38,871
Net cash provided by operating activities	<u>89,393</u>	<u>99,552</u>
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	3,463,000	2,779,592
Purchases of investments	(3,445,824)	(2,827,804)
Acquisitions of property, plant, and equipment	(141,575)	(90,293)
Disbursements of loans to students	(1,507)	(2,277)
Repayments of loans	2,165	1,877
Net cash used in investing activities	<u>(123,741)</u>	<u>(138,905)</u>
Cash flows from financing activities:		
Repayments of principal of notes and bonds payable	(123,922)	(6,895)
Net proceeds from issuance of notes and bonds payable	244,213	9,276
Reduction in principal of capital leases	(540)	(510)
State capital appropriations	1,066	900
Endowment income restricted for reinvestment	1,086	1,582
Contributions for endowment	5,338	5,771
Contributions for buildings, gross	7,386	5,655
Advances from federal government for student loans	96	82
(Increase) decrease in restricted cash and cash equivalents	(93,792)	2,271
Net cash provided by financing activities	<u>40,931</u>	<u>18,132</u>
Net increase (decrease) in cash and cash equivalents	6,583	(21,221)
Cash and cash equivalents, beginning of year	34,094	55,315
Cash and cash equivalents, end of year	\$ <u>40,677</u>	<u>34,094</u>
Supplemental disclosure of cash flow information:		
Interest paid	\$ 13,778	10,789

See accompanying notes to consolidated financial statements.

UNIVERSITY OF DELAWARE

Notes to Consolidated Financial Statements

June 30, 2011

(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, 2010, 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 either 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, 2011

(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 until appropriated by the University.

(c) *Reclassifications of Funds*

The reclassification of funds includes transfers made in accordance with contractual agreements relative to federal loan programs, operating funds designated by the University for investment in endowment, 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.

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Notes to Consolidated Financial Statements

June 30, 2011

(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 98% and 94% of restricted cash and cash equivalents as of June 30, 2011 and 2010, 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) 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

The nonoperating section of the consolidated statement of activities represents the activities of the University's endowment, gains/losses on other investments, capital contributions restricted for plant, hotel operations, wind turbine operations, and funds set aside for loans to faculty, staff, and students. All other University activities are accounted for in the operating section of the consolidated statement of activities.

(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, 2011, 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

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Notes to Consolidated Financial Statements

June 30, 2011

(with comparative information for the prior year)

statements. Estimates also affect the reported amount of revenue and expenses during the reporting period. Actual results could differ from these estimates.

(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 University has adopted the disclosure requirements of the ASU, except for the Level 3 gross basis activity reporting which will be adopted in fiscal 2012. The adoption of ASU 2010-06 only required additional disclosures and did not have a material impact on the consolidated financial statements.

In January 2010, FASB issued ASU 2010-07, *Not-for-Profit Entities (Topic 958), Not-for-Profit Entities: Mergers and Acquisition* (ASU 2010-07), which codified previous guidance on accounting for a combination of not-for-profit entities and applies to a combination that meets the definition of either a merger of not-for-profit entities or an acquisition by a not-for-profit entity. The guidance also requires the presentation of noncontrolling interests in the net assets of consolidated subsidiaries be reported as a separate component of the appropriate class of net assets in the consolidated statements of financial position and the amount of consolidated excess of revenues over expenses attributable to the University and to the noncontrolling interest be disclosed. The provisions of the standard related to the presentation and disclosure of noncontrolling interests are to be applied retrospectively to all periods presented. The adoption of this standard did not have a material impact on the University's consolidated financial statements.

In July 2010, the FASB issued ASU 2010-28, *Receivables (Topic 310): Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses* (ASU 2010-28), which increases disclosures about credit quality of financing receivables and the allowance for credit losses, and requires disclosures to be made at a greater level of disaggregation. For public entities, the disclosures as of the end of the reporting period are effective for periods ending on or after December 15, 2010 and the disclosures about activity that occurs during a reporting period are effective for period beginning on or after December 15, 2010. The amount of financing receivables subject to this ASU is immaterial to the University's financial position and results of operations.

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

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Notes to Consolidated Financial Statements

June 30, 2011

(with comparative information for the prior year)

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.

(1) Reclassifications

Certain prior year amounts have been reclassified to conform to current year presentation.

(2) Subsidiary Operations

In October 2009, Blue Hen Wind, Inc. was created as a wholly owned, for-profit, subsidiary of the University. Simultaneously, Blue Hen Wind, Inc. entered into a Limited Liability Company Agreement with Gamesa Technology Corporation, Inc. and formed First State Marine Wind, LLC for the purpose of constructing and operating a wind turbine near the University's 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, 2011, resulted in revenues of \$2,252,000 and expenses of \$347,000 being recognized. Operations for the year ended June 30, 2010, did not result in any revenues or expenses being recognized by Blue Hen Wind, Inc. 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. The fiscal year 2011 net income attributable to the noncontrolling interest is \$942,000.

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.

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

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 for the years ended June 30, 2011 and 2010 resulted in total revenues of \$4,967,000 and \$4,513,000, respectively, and operating losses of \$67,000 and \$1,243,000, respectively. See note 11 for the impact of a related interest rate swap.

UNIVERSITY OF DELAWARE

Notes to Consolidated Financial Statements

June 30, 2011

(with comparative information for the prior year)

(3) Fair Value Measurements

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

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

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

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

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

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

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

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classified as Level 2; although the commingled fund net asset value is available, these funds are not traded in active public markets. Investments in commingled funds can be redeemed at net asset value on at least a monthly basis. Corporate obligations and obligations of agencies of the U.S. government are classified as Level 2 as they are not traded in an active market but are valued using third-party vendor pricing services by custodian banks.

Valuations for limited partnerships, Limited Liability Companies (LLC), and inflation sensitive assets are based on valuations provided by external investment managers or on audited financial statements when available. The University generally uses valuations as reported by investment managers as a practical expedient to estimate fair value without further adjustment. If the manager's reporting date is for a date prior to June 30, the University adjusts the net asset value for any capital contributions or distributions during the period from the investment manager measurement date to June 30. The University has classified those investments that can be redeemed at net asset value at or near the date of the consolidated statement of financial position as Level 2. The remaining investments contain illiquid underlying assets, which are not publicly traded 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 Counsel 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 2 in instances in which the trusts are invested in marketable securities for which

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market pricing data is available at the statement of financial position date, and Level 3 in instances in which the trusts are invested in nonmarketable assets.

(d) *Debt and Related Interest Rate Swaps*

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

The fair value of the University's interest rate swaps related to its debt obligation is based on a third-party valuation independent of the counterparty. Although a number of observable inputs are utilized in determining the fair value of its swaps, the University has classified this liability as a 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, 2011 and 2010 consolidated statements of financial position (in thousands):

	June 30, 2011			
	<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	709,305	—	279,347	429,958
Inflation sensitive assets	64,707	—	64,707	—
Stock futures fund	30,534	—	30,534	—
Real estate investment trust	22,781	—	22,781	—
Other	10,143	—	3,008	7,135
Funds held in trust by others	60,566	—	28,829	31,737
Total	\$ <u>1,427,195</u>	<u>299,162</u>	<u>659,203</u>	<u>468,830</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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	June 30, 2010			
	<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	\$ 27,689	27,321	368	—
U.S. government obligations:				
Mortgage-backed securities	63,235	—	63,235	—
Treasury obligations	51,567	51,372	195	—
Other	12,370	—	12,370	—
	<u>127,172</u>	<u>51,372</u>	<u>75,800</u>	<u>—</u>
Corporate obligations	136,664	91	136,573	—
Stock and convertible securities	141,067	137,800	3,267	—
International investments	78,803	76,819	1,984	—
Limited partnerships and LLCs	556,172	—	212,524	343,648
Inflation sensitive assets	49,230	—	49,230	—
Stock futures fund	23,189	—	23,189	—
Real estate investment trust	21,349	—	21,349	—
Other	22,711	532	14,220	7,959
Funds held in trust by others	54,021	—	23,715	30,306
Total	\$ <u>1,238,067</u>	<u>293,935</u>	<u>562,219</u>	<u>381,913</u>
Financial liabilities:				
Annuity and life income funds payable	\$ 4,959	—	—	4,959
Interest rate swaps	26,118	—	—	26,118
Total	\$ <u>31,077</u>	<u>—</u>	<u>—</u>	<u>31,077</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, 2011 and 2010 (in thousands):

	<u>Limited Partnerships and LLCs</u>	<u>Funds held in trust by others</u>	<u>Other</u>	<u>Total</u>
Financial assets:				
Balance at June 30, 2010	\$ 343,648	30,306	7,959	381,913
Net realized and unrealized gains (losses)	58,280	2,672	—	60,952
Purchases, sales, issuances and settlements	1,330	(1,241)	(824)	(735)
Transfers into level 3	26,700	—	—	26,700
Total at June 30, 2011	<u>\$ 429,958</u>	<u>31,737</u>	<u>7,135</u>	<u>468,830</u>
Change in unrealized gains related to financial instruments still held at June 30, 2011				
	\$ 19,403	3,617	—	23,020
	<u>Interest rate swaps</u>	<u>Annuity and life income 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, sales, issuances and settlements	—	(212)	(212)	
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)	

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	<u>Limited Partnerships and LLCs</u>	<u>Funds held in trust by others</u>	<u>Other</u>	<u>Total</u>
Financial assets:				
Balance at June 30, 2009	\$ 266,525	35,692	9,073	311,290
Net realized and unrealized gains (losses)	22,723	(3,287)	—	19,436
Purchases, sales, issuances, and settlements	81,100	(2,099)	(479)	78,522
Transfers out of level 3	<u>(26,700)</u>	<u>—</u>	<u>(635)</u>	<u>(27,335)</u>
Total at June 30, 2010	\$ <u>343,648</u>	<u>30,306</u>	<u>7,959</u>	<u>381,913</u>

Change in unrealized losses related to financial instruments still held at June 30, 2010	\$ 21,360	12,241	—	33,601
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	<u>Interest rate swaps</u>	<u>Annuity and life income funds payable</u>	<u>Total</u>
Financial liabilities:			
Balance at June 30, 2009	\$ 26,138	5,385	31,523
Net realized and unrealized (gains) losses	9,247	378	9,625
Purchases, sales, issuances, and settlements	<u>(9,267)</u>	<u>(804)</u>	<u>(10,071)</u>
Total at June 30, 2010	\$ <u>26,118</u>	<u>4,959</u>	<u>31,077</u>

Change in unrealized losses related to financial instruments still held at June 30, 2010	\$ 7,247	378	7,625
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(4) Contributions Receivable and Conditional Promises

Contributions receivable at June 30, 2011 and 2010 are summarized as follows:

	<u>2011</u>	<u>2010</u>
	(In thousands)	
Unconditional promises expected to be collected in:		
Less than one year	\$ 10,061	3,668
One year to five years	<u>11,980</u>	<u>11,677</u>
	<u>\$ 22,041</u>	<u>15,345</u>

The unamortized discount for contributions to be received after one year amounted to \$537,000 and \$505,000 in 2011 and 2010, respectively. Contributions to be received after one year are discounted at a discount rates ranging from 2.3% to 5.1% and 2.4% to 6.2% for the years ended June 30, 2011 and 2010, 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.

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(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, 2011 and 2010 were as follows:

	2011		2010	
	Cost	Fair value	Cost	Fair value
	(In thousands)			
Money market and other				
liquid funds	\$ 11,907	11,851	27,689	27,689
U.S. government obligations	96,689	98,792	123,290	127,172
Corporate obligations	167,047	167,217	135,923	136,664
Stock and convertible securities	134,863	159,222	139,505	141,067
International investments	85,992	92,077	90,990	78,803
Limited partnerships and LLCs	537,457	709,305	473,801	556,172
Inflation sensitive assets	55,803	64,707	55,480	49,230
Stock futures fund	33,177	30,534	32,488	23,189
Real estate investment trust	17,237	22,781	21,227	21,349
Other	10,157	10,143	22,256	22,711
	<u>\$ 1,150,329</u>	<u>1,366,629</u>	<u>1,122,649</u>	<u>1,184,046</u>
Total	<u>\$ 1,150,329</u>	<u>1,366,629</u>	<u>1,122,649</u>	<u>1,184,046</u>

Included in the investments table above are \$8,629,000 and \$8,572,000 of annuity and life income funds, which are shown separately on the consolidated statement of financial position at June 30, 2011 and 2010, respectively. Additionally, the University has \$60,566,000 and \$54,021,000 of funds held in trust by others that are shown separately on the consolidated statement of financial position at June 30, 2011 and 2010, respectively, but which are not included in the above table of investments.

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.

The limited partnerships and LLCs are primarily invested in private equity funds, real estate, and other alternative investments in various industries. 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.

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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	30 days
Stock futures fund	30,534	N/A	N/A	Monthly	30 days
Real estate investment trust	22,781	N/A	N/A	Monthly	10 days
Limited partnerships and LLCs:					
U.S. corporate debt funds	44,971	N/A	N/A	Monthly	30 days
U.S. equity funds	29,759	N/A	N/A	Monthly	30 days
International equity funds	163,631	N/A	N/A	Monthly	30 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	50,264	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>709,305</u>		<u>139,750</u>		
	\$ <u><u>827,327</u></u>		\$ <u><u>139,750</u></u>		

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The following table presents at June 30, 2010 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	\$ 49,230	N/A	\$ N/A	Monthly	30 days
Stock futures fund	23,189	N/A	N/A	Monthly	30 days
Real estate investment trust	21,349	N/A	N/A	Monthly	10 days
Limited partnerships and LLCs:					
U.S. corporate debt funds	7,382	N/A	N/A	Monthly	30 days
U.S. equity funds	24,938	N/A	N/A	Monthly	30 days
International equity funds	125,305	N/A	N/A	Monthly	30 days
Multi-strategy fund of funds	194,032	N/A	N/A	Annually	100 days
Long-short hedge fund	26,700	N/A	N/A	Quarterly	90 days
Private equity	28,242	2 – 8 years	18,500	Not eligible	N/A
Venture capital	18,389	4 – 10 years	29,500	Not eligible	N/A
Hybrid fund of funds	48,490	2 – 8 years	17,000	Not eligible	N/A
Distressed securities	11,454	2 – 9 years	15,800	Not eligible	N/A
Real estate	23,101	1 – 12 years	26,100	Not eligible	N/A
Natural resources	23,719	5 – 11 years	19,700	Not eligible	N/A
Oil and gas	24,420	4 – 8 years	21,700	Not eligible	N/A
	<u>556,172</u>		<u>148,300</u>		
	<u>\$ 649,940</u>		<u>\$ 148,300</u>		

Inflation Sensitive Asset Fund

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

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.

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

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

Multi-strategy Fund of Funds

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

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June 30, 2011 and 2010, \$26,142,000 and \$28,199,000, respectively, of these investments are classified as level 2 assets in the fair value hierarchy tables in note 3. The remaining investments in this category are classified as level 3 assets.

Long-Short Hedge Fund

This category includes investments both long and short in U.S. and non-U.S. stocks and other marketable assets. The investment is made through a commingled fund vehicle. At June 30, 2010, the fund was redeemable quarterly, including redeemable as of the date of the consolidated statement of financial position, and therefore classified as a level 2 asset in the fair value hierarchy table at June 30, 2010 in note 3. During fiscal 2011, the redemption frequency was changed to annually at December 31, and therefore classified as a level 3 asset at June 30, 2011.

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.

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

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

Real Estate

This category includes illiquid investments in residential and commercial real estate assets, projects, or land held in commingled limited partnership funds. At June 30, 2011 and 2010, \$14,844,000 and \$0, respectively, of these investments are classified as level 2 assets in the fair value hierarchy tables in note 3. The remaining investments in this category are classified as level 3 assets.

Natural Resources and Oil and Gas

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

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

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

	2011	2010
	(In thousands)	
Operating (a)	\$ 3,347	3,507
Endowment (b)	18,979	19,198
	\$ 22,326	22,705

- (a) Includes interest from Auxiliary operations of \$124,000 and \$289,000 in 2011 and 2010, respectively.
- (b) Includes earnings of funds held in trust by others distributed to the University of \$2,295,000 and \$2,836,000 in 2011 and 2010, respectively.

(7) Endowment Funds

The University endowment consists of approximately 844 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, 2011 and 2010, the amount of temporarily restricted endowment funds having no purpose restriction was \$367,843,000 and \$309,745,000, respectively. The University continues to classify as permanently restricted net assets the historical cost value of the original donor-restricted endowment.

(b) Return Objectives and Risk Parameters

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

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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 4.0% and 4.3% at June 30, 2011 and 2010, respectively.

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

(e) *Funds with Deficiencies*

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the original gift amount maintained as permanently restricted net assets. Deficiencies of this nature were approximately \$16,000 and \$1,760,000 as of June 30, 2011 and June 30, 2010, 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.

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(f) Net Asset Classification of Endowment Funds

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

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

Net asset composition by type of fund consists of the following as of June 30, 2010 (in thousands):

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ (1,760)	417,223	250,086	665,549
Board-designated endowment funds	<u>255,391</u>	<u>6,590</u>	<u>—</u>	<u>261,981</u>
	<u>\$ 253,631</u>	<u>423,813</u>	<u>250,086</u>	<u>927,530</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, 2011 (in thousands):

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Endowment net assets, 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 and unrealized	<u>43,857</u>	<u>127,515</u>	<u>407</u>	<u>171,779</u>
Total investment 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>

Changes in endowment net assets for the year ended June 30, 2010 (in thousands):

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 233,169	386,303	240,487	859,959
Investment return:				
Investment income	10,361	7,255	1,582	19,198
Net appreciation – realized and unrealized	<u>22,430</u>	<u>63,913</u>	<u>1,828</u>	<u>88,171</u>
Total investment return	265,960	457,471	243,897	967,328
Contributions	—	7	6,189	6,196
Endowment spending payout	(12,329)	(33,910)	—	(46,239)
Other changes	<u>—</u>	<u>245</u>	<u>—</u>	<u>245</u>
	<u>\$ 253,631</u>	<u>423,813</u>	<u>250,086</u>	<u>927,530</u>

(8) Annuity and Life-Income Funds

The University held \$8,629,000 and \$8,572,000 in investments related to annuity and life-income funds as of June 30, 2011 and 2010, respectively. A related liability of \$4,721,000 and \$4,959,000 as of June 30, 2011 and 2010, respectively, represents the present value of future annuity payments due under these

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agreements, and was calculated for each annuity using discount rates and actuarial assumptions consistent with American Council of Gift Annuities standards.

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 \$38,000 and \$197,000 as of June 30, 2011 and 2010, respectively.

(9) Property, Plant, and Equipment

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

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

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

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

Property, plant, and equipment as of June 30, 2011 and 2010 consisted of the following:

	2011	2010
	(In thousands)	
Land and improvements	\$ 99,860	79,440
Buildings	1,162,413	1,141,013
Equipment and furnishings	404,136	380,750
Collections and works of art	8,872	8,673
Capital leasehold	15,003	14,841
Construction in progress	107,297	23,546
Total property, plant, and equipment	1,797,581	1,648,263
Less accumulated depreciation	(729,723)	(677,289)
Total property, plant, and equipment, net	\$ 1,067,858	970,974

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The University has four major building and renovation projects as of June 30, 2011 budgeted to cost \$217,250,000. At year-end, \$66,654,000 has been disbursed with \$150,596,000 committed to complete these projects.

(10) Obligations Under Capital Leases

The University has obligations under capital leases that amounted to \$7,099,000 and \$7,616,000 as of June 30, 2011 and 2010, respectively. The University's obligation at June 30, 2011 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:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
		(In thousands)	
2012	\$ 542	346	888
2013	572	320	892
2014	607	287	894
2015	642	254	896
2016	682	214	896
Thereafter	4,054	469	4,523
	<u>\$ 7,099</u>	<u>1,890</u>	<u>8,989</u>

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(11) Notes and Bonds Payable

Indebtedness at June 30, 2011 and 2010 consisted of the following:

	2011	2010
	(In thousands)	
Series 1997 Revenue Bonds (a)	\$ —	35
Series 2004A Revenue Bonds (b)	—	2,080
Series 2004B Revenue Bonds (c)	40,835	40,835
Series 2005 Revenue Bonds (d)	45,315	46,815
Series 2009A Revenue Bonds (e)	68,600	71,310
Series 2009B Revenue Bonds (f)	60,625	64,000
Series 2010A Revenue Bonds(g)	119,580	—
Series 2010B Revenue Bonds (h)	12,080	—
Blue Hen Hotel LLC Bonds (i)	9,390	9,710
University Early Learning Center Line of Credit (j)	3,470	3,682
Note payable (k)	—	349
	359,895	238,816
Premiums on notes and bonds payable	4,053	4,934
Notes and bonds payable	\$ 363,948	243,750

(a) Series 1997 Revenue Bonds

In May 1997, the University issued \$15,500,000 of Series 1997 Revenue Bonds to fund a portion of the costs to renovate and equip certain housing facilities for students. The Series 1997 Bonds bear interest rates ranging from 5% to 5.125%, mature at various dates through November 1, 2010 and are secured by a pledge of gross revenues received by the University for operation of its existing facilities located on the University's main campus, which provide housing, dining, or healthcare services for students; the Student Center fees; and certain parking and bookstore revenues. All outstanding Series 1997 Bonds were redeemed in November 2010.

The Series 2005 Bond issue refunded \$12,065,000 of the Series 1997 Bonds with maturities ranging from 2010 to 2022 (note (d) below).

(b) Series 2004A Revenue Bonds

In April 2004, the University issued \$12,070,000 of Series 2004A Revenue Bonds. Approximately \$8,041,000 of these Series 2004A Bonds were used to retire the Series 1993 Revenue Notes. The remaining portion of the Series 2004A Revenue 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 2004A Bonds will bear interest rates ranging from 2% to 5%, maturing over various dates through November 2010, and are secured by a pledge of gross revenues received by the University

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from the operations of all project facilities including housing, dining, parking, and other revenue producing facilities. All outstanding Series 2004A Bonds were redeemed in November 2010.

(c) *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 will initially bear interest at a Daily Rate (0.05% at June 30, 2011) 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, 2012. 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.

(d) *Series 2005 Revenue Bonds*

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

The Series 2005 Bonds will initially bear interest at a Daily Rate (0.05% at June 30, 2011) 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.

The Series 2005 Bonds in the amount of \$45,315,000 were remarketed on June 1, 2011 as a result of a change in the SBPA provider.

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(e) *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 with a termination date of June 4, 2013. 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 will 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. The Bonds are subject to mandatory tender on June 2013. A 3.76% interest cost is expected through October 31, 2037 based on an existing interest rate exchange agreement, plus costs of remarketing.

(f) *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.

(g) *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, 2011, the University received Subsidy Payments of \$1,112,000, which are included in other operating revenue on the consolidated statement of activities. 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.

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(h) 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 2011 to 2019. The Bonds are subject to optional redemption and tender for purchase prior to maturity.

(i) Blue Hen Hotel LLC Bonds

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

The Series 2001 Bonds will initially bear interest at a Weekly Rate (0.45% at June 30, 2011) 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.

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 \$2,110,000 of its outstanding bonds.

(j) 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 2.6% at June 30, 2011) and there is an outstanding balance of \$3,469,000 at June 30, 2011.

(k) Note Payable

The University's note payable bears an interest rate of 3.0%. The note payable, for the U.S. Department of Housing and Urban Development Loan, was paid off in November 2010.

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

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\$347,035,000) approximates \$357,426,000. 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 \$172,690,000 (including \$9,390,000 related to the Blue Hen Hotel, LLC, note 2) of long-term debt obligations as of June 30, 2011. In accordance with FASB standards, not-for-profit organizations shall 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, 2011, the University has recognized an unrealized gain of \$4,684,000 (including a gain of \$368,000 related to the Blue Hen Hotel, LLC) in the consolidated statement of activities for the increase in fair value of its interest rate swaps and a corresponding decrease in the fair value of its interest rate swap liability in the consolidated statement of financial position.

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

2012	\$	5,961
2013		6,380
2014		6,594
2015		6,914
2016		5,171
Thereafter		332,928
	\$	363,948

(12) Derivative Instruments

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

	<u>Statement of financial position location</u>	<u>Location of gain (loss)</u>	<u>Fair value 2011</u>	<u>Fair value 2010</u>	<u>Amount of gain (loss) 2011</u>	<u>Amount of gain (loss) 2010</u>
Interest rate swap agreements	Interest rate swap liabilities	Net realized and unrealized gains \$	21,434	26,118	4,684	(9,247)

A portion of the total interest rate swap liabilities reported on the consolidated statement of financial position, \$19,673,000 at June 30, 2011, contains provisions that require the University's debt and the counterparty to maintain an investment grade credit rating from one or both of the major credit rating agencies. A downgrade of the University or the counterparty's rating may require that party to provide collateralization above a predetermined threshold on all rate swaps in net liability positions. The University's current rating of AA+ by Standard & Poor's would have to drop five levels or more to a rating

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

(13) Employee Benefit Plans

Substantially all faculty and professional employees are provided pension benefits under the University's Retirement Annuity Program. The policy of the University is to pay its share of the annual premium accrued in connection with the University Retirement Annuity Program; there are no unfunded benefits. Pension plan expense for the University Retirement Annuity Program was \$25,263,000 in 2011 and \$24,325,000 in 2010. Expenses under the State of Delaware Pension Plan, which covers all other employees, were \$9,756,000 and \$8,428,000 in 2011 and 2010, respectively.

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 of Delaware Pension Plan. The University recognizes the funded status (i.e., the difference between the fair value of plan assets and the accumulated postretirement benefit obligation) of its postretirement benefit plan in the consolidated statement of financial position. Also, the University measures the fair value of plan assets and benefit obligations as of the date of the fiscal year-end consolidated statement of financial position. As of June 30, 2011, the University has not funded these benefits.

Net periodic postretirement benefit cost for 2011 and 2010 includes the following components:

	2011	2010
	(In thousands)	
Service cost	\$ 7,204	6,264
Interest cost	11,030	11,992
Amortization of unrecognized loss	—	—
Net periodic postretirement benefit cost	\$ 18,234	18,256

The accumulated postretirement benefit obligation at June 30, 2011 and 2010 is as follows:

	2011	2010
	(In thousands)	
Accrued postretirement liability	\$ 196,036	182,474
Unrecognized net loss	13,455	45,035
Accumulated postretirement benefit obligation	\$ 209,491	227,509

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Change in plan assets for 2011 and 2010 includes the following:

	2011	2010
	(In thousands)	
Employer contributions	\$ 4,672	4,011
Benefits paid	(4,672)	(4,011)

The accumulated postretirement benefit obligation was determined using a discount rate of 5.90% and 5.60% in 2011 and 2010. The health care cost trend rate used in 2010 was 5.75% and was revised as of July 1, 2010 to reflect the differences between pre-65 and post-65 claims; 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. Increasing the assumed healthcare cost trend rate by 1.00% in each year and holding all other assumptions constant would increase the accumulated postretirement benefit obligation by approximately \$39,522,000 and \$43,859,000 at June 30, 2011 and 2010, respectively, and increase the aggregate of the service and interest cost components of the net periodic postretirement benefit cost by approximately \$4,252,000 and \$3,540,000 for the years ended June 30, 2011 and 2010, respectively.

The University expects to contribute \$5,399,000 to the plan for the year ended June 30, 2012.

At June 30, 2011, the University's expected future benefit payments for future service are as follows (in thousands):

Year ended June 30:		
2012	\$	5,399
2013		6,028
2014		6,754
2015		7,509
2016		8,183
2017 through 2021		53,554
	\$	87,427

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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The University had asset retirement obligations of \$20,185,000 and \$18,136,000 as of June 30, 2011 and 2010, respectively. The following table reconciles the obligation as of June 30, 2011 and 2010 (in thousands):

	<u>2011</u>	<u>2010</u>
Balance at beginning of year	\$ 18,136	11,761
Additional obligations incurred	40	6,981
Obligations settled in current period	9	—
Changes in estimates, including timing	(249)	(606)
Accretion expense	<u>2,249</u>	<u>—</u>
Balance at end of year	<u>\$ 20,185</u>	<u>18,136</u>

(15) Net Assets

Temporarily restricted net assets include the following at June 30, 2011 and 2010 (in thousands):

	<u>2011</u>	<u>2010</u>
Contributions receivable	\$ 22,041	15,345
Annuity and life income funds	1,548	987
Accumulated gains on permanent endowment funds	526,079	423,813
Other – related to time and purpose restrictions	<u>16,626</u>	<u>14,547</u>
	<u>\$ 566,294</u>	<u>454,692</u>

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

Permanently restricted net assets include the following at June 30, 2011 and 2010 (in thousands):

	<u>2011</u>	<u>2010</u>
Permanent loan funds	\$ 300	290
Annuity and life income funds	2,360	2,526
Funds held in trust by others	60,566	54,021
Permanent endowment funds	<u>256,369</u>	<u>250,086</u>
	<u>\$ 319,595</u>	<u>306,923</u>

(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.

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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, 2011.

	<u>Undergraduate</u>	<u>Graduate</u>	<u>Total</u>
		(In thousands)	
Unrestricted	\$ 28,102	53,087	81,189
Federal	527	723	1,250
State	10,420	117	10,537
Private gifts	1,904	334	2,238
Endowment	3,135	30	3,165
Total	<u>\$ 44,088</u>	<u>54,291</u>	<u>98,379</u>

An additional \$5,475,000 of University-provided financial assistance was utilized by students for books, supplies, and off-campus living expenses.

(17) Fund-Raising Costs

Fund-raising costs were approximately \$12,453,000 and \$9,174,000 for the years ended June 30, 2011 and 2010, 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 balance sheet date of June 30, 2011 through October 31, 2011, which was the date the consolidated financial statements were issued.

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 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2011

Program title	Pass-through entity name	CFDA	Pass-through number	Direct (D) or pass-through (I)	Program expenditures
Research and Development Cluster:					
U.S. Department of Agriculture Programs:					
Agricultural Research_Basic and Applied Research		10.001		D	\$ 231,936
Agricultural Research_Basic and Applied Research	Biotechnology Research & Dev Corp	10.001	07000916	I	13,812
Plant and Animal Disease, Pest Control, and Animal Care		10.025		D	151,516
Wildlife Services	MSU Berryman Institute East	10.028	080300-330319-05	I	8,250
Wildlife Services	Wildlife Management Institute	10.028	2010-03	I	21,275
Federal-State Marketing Improvement Program		10.156		D	7,962
Specialty Crop Block Grant Program – Farm Bill	Delaware Department of Agriculture	10.170	SCBGP-FB-10-06	I	3,770
Specialty Crop Block Grant Program – Farm Bill	Delaware Department of Agriculture	10.170	12-25-B-1059	I	5,629
Specialty Crop Block Grant Program – Farm Bill	Delaware State University	10.170	P0086536	I	46,854
Specialty Crop Block Grant Program – Farm Bill	Delaware Department of Agriculture	10.170	SCBGP-FB-10-04	I	9,062
Specialty Crop Block Grant Program – Farm Bill	Delaware Department of Agriculture	10.170	SCBGP-FB-10-05	I	370
Grants for Agricultural Research, Special Research Grants		10.200		D	206,054
Grants for Agricultural Research, Special Research Grants	Cornell University	10.200	59257-9246	I	7,175
Grants for Agricultural Research, Special Research Grants	California-Davis, University of	10.200	SA7598	I	91,341
Grants for Agricultural Research, Special Research Grants	Cornell University	10.200	59257-9137	I	2,993
Cooperative Forestry Research		10.202		D	108,556
Payments to Agricultural Experiment Stations Under the Hatch Act		10.203		D	1,651,376
Grants for Agricultural Research, Competitive Research Grants		10.206		D	1,379,779
Grants for Agricultural Research, Competitive Research Grants	Texas at Austin, University of	10.206	UTA07-524	I	30,526
Grants for Agricultural Research, Competitive Research Grants	Maryland, University of	10.206	Z521912	I	26,140
Grants for Agricultural Research, Competitive Research Grants	Maryland, University of	10.206	Z521910	I	17,356
Grants for Agricultural Research, Competitive Research Grants	Rutgers, State University of New Jersey	10.206	3566	I	44,168
Grants for Agricultural Research, Competitive Research Grants	North Carolina State University	10.206	2008-1433-01	I	4,803
Grants for Agricultural Research, Competitive Research Grants	Southern California, University of	10.206	135496	I	12,402
Grants for Agricultural Research, Competitive Research Grants	Tennessee, University of	10.206	102485	I	40,290
Grants for Agricultural Research, Competitive Research Grants	Maryland, University of	10.206	Z507213	I	—
Animal Health and Disease Research		10.207		D	15,373
Sustainable Agriculture Research and Education	Texas State University – San Marcos	10.215	8000000980.2	I	35,813
Higher Education Challenge Grants		10.217		D	—
Secondary and Two-Year Postsecondary Agriculture Education Challenge Grants		10.226		D	21,084
Integrated Programs		10.303		D	153,237
Integrated Programs	Maryland, University of	10.303	Z531007	I	(1)
Integrated Programs	Maryland, University of	10.303	Z524907	I	5,496
Homeland Security_Agricultural	Cornell University	10.304	54039-8573	I	9,667
Organic Agriculture Research and Extension Initiative	Pennsylvania State University	10.307	4074-UD-USDA-5656	I	13,702
Agriculture and Food Research Initiative (AFRI)		10.310		D	340,484
Agriculture and Food Research Initiative (AFRI)	Rutgers, State University of New Jersey	10.310	3973	I	41,618
Child and Adult Care Food Program	Delaware Department of Education	10.558	01010004721	I	9,831
Forestry Research		10.652		D	22,475
Cooperative Forestry Assistance		10.664		D	53,361
Soil and Water Conservation		10.902		D	12,066
Environmental Quality Incentives Program		10.912		D	86,242
Environmental Quality Incentives Program	National Fish & Wildlife Foundation	10.912	2008-0110-011	I	146,371
					5,090,214
Department of Commerce Programs:					
Geodetic Surveys and Services (Geodesy and Applications of the National Geodetic Reference System)		11.400		D	86,679
Interjurisdictional Fisheries Act of 1986	Delaware State University	11.407	319771	I	9,412
Interjurisdictional Fisheries Act of 1986	GARDEN STATE SEAFOOD ASSOCIATION	11.407	EA133F10CN0326	I	82
Sea Grant Support		11.417		D	1,611,222
Coastal Zone Management Administration Awards	Delaware Department of Natural Resources	11.419	07010106874	I	25,796
Coastal Zone Management Estuarine Research Reserves	Delaware Department of Natural Resources	11.420	STATE-0000065121	I	1,056
National Oceanic and Atmospheric Administration (NOAA) Cooperative Institutes		11.432		D	19,788
National Oceanic and Atmospheric Administration (NOAA) Cooperative Institutes	Delaware Department of Natural Resources	11.432	11A00567	I	8,896
National Oceanic and Atmospheric Administration (NOAA) Cooperative Institutes	Maryland, University of	11.432	SA7528121-A	I	7,388
Marine Mammal Data Program		11.439		D	14,772
Cooperative Science and Education Program	Rutgers, State University of New Jersey	11.451	3560	I	6,003
Chesapeake Bay Studies		11.457		D	—

UNIVERSITY OF DELAWARE
Schedule of Expenditures of Federal Awards
Year ended June 30, 2011

Program title	Pass-through entity name	CFDA	Pass-through number	Direct (D) or pass-through (I)	Program expenditures
Habitat Conservation	National Fish & Wildlife Foundation	11.463	2008-0062-003	I	\$ (2,818)
Habitat Conservation	FishAmerica Foundation	11.463	FAF-10025	I	29,002
Meteorologic and Hydrologic Modernization Development		11.467		D	150,375
Unallied Science Program	Delaware Department of Natural Resources	11.472	STATE-0000065323	I	1,376
Coastal Services Center	Delaware Department of Natural Resources	11.473	07010106782	I	—
Coastal Services Center	Delaware Department of Natural Resources	11.473	40 07010106894	I	34,369
Coastal Services Center	Rutgers, State University of New Jersey	11.473	S1070132	I	11,951
Coastal Services Center	National Oceanic/Atmospheric Admin.	11.473	S952044	I	21,826
Center for Sponsored Coastal Ocean Research Coastal Ocean Program		11.478		D	258,484
Center for Sponsored Coastal Ocean Research Coastal Ocean Program	South Carolina, University of	11.478	11-1828-21600-FB86	I	76,503
Center for Sponsored Coastal Ocean Research Coastal Ocean Program	Maryland, University of	11.478	CA 08-10	I	85,598
Measurement and Engineering Research and Standards		11.609		D	2,343,596
ARRA-Measurement and Engineering Research and Standards		11.609		D	154,383
					4,955,649
Department of Defense Programs:					
Procurement Technical Assistance For Business Firms		12.002		D	136,633
Collaborative Research and Development	University of Nevada, Reno	12.114	UNR 11-35	I	52,068
Basic and Applied Scientific Research		12.300		D	4,654,354
Basic and Applied Scientific Research	Booz Allen Hamilton, Incorporated	12.300	96140NBS21	I	62,183
Basic and Applied Scientific Research	Epitaxial Technologies, LLC	12.300	ETLSC-653	I	(809)
Basic and Applied Scientific Research	Woods Hole Oceanographic Institute	12.300	A100750	I	112,191
Basic and Applied Scientific Research	Catholic University of America	12.300	408268 Sub-1	I	3,863
Basic and Applied Scientific Research	EM Photonics, Inc.	12.300	11A00140	I	29,989
Basic and Applied Scientific Research	California-San Diego University of	12.300	10285749	I	82,079
Basic and Applied Scientific Research	Scripps Institute of Oceanography	12.300	10276959	I	166,151
Basic and Applied Scientific Research	EM Photonics, Inc.	12.300	10000528	I	8,214
Basic and Applied Scientific Research	EM Photonics, Inc.	12.300	09000499	I	7,489
Basic and Applied Scientific Research	Phase Sensitive Innovations, Inc.	12.300	08000079	I	253,942
Basic and Applied Scientific Research	Woods Hole Oceanographic Institute	12.300	A100848	I	1,307
Military Construction, National Guard	Iowa, University of	12.400	1000617707	I	345,650
Military Medical Research and Development		12.420		D	495,891
Military Medical Research and Development	Thomas Jefferson University	12.420	080-02000-W05301	I	47,725
Basic Scientific Research		12.431		D	4,460,751
Basic Scientific Research	Delaware State University	12.431	07000241	I	—
Basic Scientific Research	Michigan, University of	12.431	3001410025	I	368,215
Basic Scientific Research	South Dakota State University	12.431	3TG025	I	5,598
Basic Scientific Research	Tuskegee University	12.431	W911NF-05-2-0006	I	(433)
Basic, Applied, and Advanced Research in Science and Engineering		12.630		D	109,442
Air Force Defense Research Sciences Program		12.800		D	1,220,041
Air Force Defense Research Sciences Program	Massachusetts Institute of Technology	12.800	5710002024	I	109,849
ARRA-Air Force Defense Research Sciences Program	Princeton University	12.800	00001677	I	91,709
Mathematical Sciences Grants Program		12.901		D	29,533
Research and Technology Development		12.910		D	70,704
Research and Technology Development	Massachusetts, University of	12.910	09-005334 A 00	I	63,302
Research and Technology Development	Virginia Polytechnic Institute	12.910	450005-19650	I	46,401
Research and Technology Development	Pennsylvania, University of	12.910	552675	I	—
Department of Defense	V System Composites, Inc.	12-08000648	08000648	I	19,328
Department of Defense	Scalable Networking Technologies	12-08001137	08001137	I	186,867
Department of Defense	Acellent Technologies, Inc.	12-09000288	09000288	I	66
Department of Defense	Spectrum Magnetics LLC	12-09000680	09000680	I	3,386
Department of Defense	Carbon Solutions, Inc.	12-09000851	09000851	I	(4,826)
Department of Defense	Kubota Research Associates, Inc.	12-09000853	09000853	I	23,407
Department of Defense	Ascent Solar	12-10000367	10000367	I	323,173
Department of Defense	Acellent Technologies, Inc.	12-10000953	10000953	I	36,644
Department of Defense	JEM Engineering	12-1059.002	1059.002	I	20,993
Department of Defense	Signal Processing, Inc.	12-119-1	119-1	I	66,845
Department of Defense	Telcordia Technologies, Inc.	12-20007918	20007918	I	1
Department of Defense	Telcordia Technologies, Inc.	12-20007998	20007998	I	320
Department of Defense	Telcordia Technologies, Inc.	12-20009197	20009197	I	78,823
Department of Defense	Telcordia Technologies, Inc.	12-20013032	20013032	I	65,495
Department of Defense	DSCI	12-2010-0007	2010-0007	I	57,917
Department of Defense	Air Products and Chemicals, Inc.	12-206-115-P-A	206-115-P-A	I	775,347
Department of Defense	Irvine Sensor Corp	12-25061	25061	I	—

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Program title	Pass-through entity name	CFDA	Pass-through number	Direct (D) or pass-through (I)	Program expenditures
Department of Defense	Louisiana State University	12-27099	27099	I	\$ (5,346)
Department of Defense	Shaw Environmental & Infrastructure	12-541371 OP	541371 OP	I	24,630
Department of Defense	SRI International	12-59-001575	59-001575	I	24,865
Department of Defense	RTI International	12-6-340-0211720	6-340-0211720	I	23,529
Department of Defense	Vicore FSD, Inc.	12-BAA 8041035	BAA 8041035	I	809
Department of Defense	Vicore FSD, Inc.	12-BAA8095017	BAA8095017	I	8,264
Department of Defense	E I Dupont de Nemours and Company	12-CW207828	CW207828	I	86,203
Department of Defense	3TEX, Inc.	12-D000001-1	D000001-1	I	(27)
Department of Defense	Telcordia Technologies, Inc.	12-DAAD19-01-2-0011	DAAD19-01-2-0011	I	283
Department of Defense	URS Federal Technical Services Inc	12-EGG0042898	EGG0042898	I	99,997
Department of Defense	E.T. International, Inc.	12-ETI2008-101	ETI2008-101	I	20,639
Department of Defense		12-FA8650-11-C-7132		D	45,603
Department of Defense		12-HR0011-07-9-0005		D	664,327
Department of Defense	Intel Corporation	12-HR0011-10-3-0007	HR0011-10-3-0007	I	223,779
Department of Defense		12-N00014-10-C-0171		D	581,065
Department of Defense	UES, INC.	12-PO No. S-875-110-006	PO No. S-875-110-006	I	3,741
Department of Defense	Systems and Materials Research Corp	12-PO# 01-75	PO# 01-75	I	17,754
Department of Defense	SURVICE Engineering	12-PO# 08-28	PO# 08-28	I	(1,473)
Department of Defense	SURVICE Engineering	12-PO# 09-17	PO# 09-17	I	34,234
Department of Defense	Cornerstone Research Group, Inc.	12-PO# 2010-00377	PO# 2010-00377	I	16,632
Department of Defense	Cornerstone Research Group, Inc.	12-PO# 2011-00113	PO# 2011-00113	I	23,236
Department of Defense	V System Composites, Inc.	12-PO# 300-1715	PO# 300-1715	I	11,445
Department of Defense	BBN Technologies	12-PO# 9500009858	PO# 9500009858	I	215,734
Department of Defense	Physical Sciences Inc	12-SC 53493-003	SC 53493-003	I	78,272
Department of Defense	Battelle	12-TCN 09251	TCN 09251	I	99,477
Department of Defense		12-W56HZV-07-C-0142		D	2,589,547
Department of Defense		12-W912BL-09-C-0023		D	—
Department of Defense		12-W912HQ-09-C-0031		D	255,444
Department of Defense		12-W912HQ-10-C-0057		D	340,715
Department of Defense		12-W912HZ-10-P-0234		D	57,810
Department of Defense		12-W91CRB-08-D-0059		D	171,015
Department of Defense		12-W91WAW-08-C-0031		D	194,909
					20,594,930
Central Intelligence Agency Programs:					
Central Intelligence Agency		13-2007094663000		D	(7,540)
Central Intelligence Agency		13-2010*1266710*000		D	43,356
					35,816
Department of Interior Programs:					
Fish, Wildlife, and Parks Programs on Indian Lands		15.039		D	42,912
Wildlife Restoration	Delaware Department of Natural Resources	15.611	05010002384	I	88,030
Wildlife Restoration	Delaware Department of Natural Resources	15.611	05010002394	I	70,869
State Wildlife Grants		15.634		D	1,244
State Wildlife Grants	Kent Conservation District	15.634	08000571	I	1,513
State Wildlife Grants	Delaware Department of Natural Resources	15.634	65335	I	27,907
Migratory Bird Conservation		15.647		D	—
Migratory Bird Conservation	US Fish and Wildlife Service	15.647	09000366	I	39,152
Migratory Bird Monitoring, Assessment and Conservation		15.655		D	66,056
Assistance to State Water Resources Research Institutes		15.805		D	90,283
U.S. Geological Survey, Research and Data Collection		15.808		D	101,531
National Cooperative Geologic Mapping Program		15.810		D	108,575
National Center for Preservation Technology and Training		15.923		D	231
Department of Interior	Applied Coastal Research and Engineering	15-11A00224	11A00224	I	20,036
Department of Interior		15-18819-10-0113		D	22,807
					681,146
Department of Justice Programs:					
National Institute of Justice Research, Evaluation, and Development Project Grants		16.560		D	595,707
					595,707

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Program title	Pass-through entity name	CFDA	Pass-through number	Direct (D) or pass-through (I)	Program expenditures
Department of Labor Programs:					
ARRA-Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors	Delaware Department of Labor	17.275	10000623	I	\$ 652,321
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Department of State Programs:					
Environmental and Scientific Partnerships and Programs	National Academy of Science	19.017	PGA-P210859	I	2,380
Program for Study of Eastern Europe and the Independent States of the Former Soviet Union		19.300		D	170,597
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Department of Transportation Programs:					
Highway Research and Development Program	Delaware Department of Transportation	20.200	09000104	I	20,443
Highway Research and Development Program	Wilm Metro Ar Plan County Council	20.200	TASK# MPO 11.04.01	I	15,956
Highway Research and Development Program	Delaware Department of Transportation	20.200	10000669	I	67,192
Highway Research and Development Program	Delaware Department of Transportation	20.200	10000072	I	13,027
Highway Research and Development Program	Delaware Department of Transportation	20.200	09001448	I	360,463
Highway Research and Development Program	Delaware Department of Transportation	20.200	09001437-B	I	31,818
Highway Research and Development Program	Delaware Department of Transportation	20.200	09001437-A	I	(1,659)
Highway Research and Development Program	Delaware Department of Transportation	20.200	09001362	I	119,608
Highway Research and Development Program	Delaware Department of Transportation	20.200	09001198	I	13,914
Highway Research and Development Program	Delaware Department of Transportation	20.200	09000107	I	15,659
Highway Research and Development Program	Delaware Department of Transportation	20.200	08000259	I	14,518
Highway Research and Development Program	Delaware Department of Transportation	20.200	09000121	I	(481)
Highway Planning and Construction	Nebraska, University of	20.205	26-1121-0001-102	I	27,897
Federal Transit_Capital Investment Grants		20.500		D	397,466
Federal Transit_Metropolitan Planning Grants	Wilmington Area Planning Council	20.505	11A00263	I	5,092
Federal Transit Technical Assistance		20.512		D	361,927
Public Transportation Research		20.514		D	(2,245)
State Planning and Research	Delaware Department of Transportation	20.515	11A00045	I	40,650
State Planning and Research	Delaware Department of Transportation	20.515	11A00465	I	6,002
State Planning and Research	Delaware Department of Transportation	20.515	11A00223	I	105,485
State Planning and Research	Delaware Department of Transportation	20.515	11A00137	I	44,764
State Planning and Research	Delaware Department of Transportation	20.515	11A00039	I	26,369
State Planning and Research	Delaware Department of Transportation	20.515	11A00032	I	199,326
State Planning and Research	Delaware Department of Transportation	20.515	11A00024	I	33,413
State Planning and Research	Delaware Department of Transportation	20.515	10001348	I	81,869
State Planning and Research	Delaware Department of Transportation	20.515	10000610	I	63,792
State Planning and Research	Delaware Department of Transportation	20.515	10000191	I	38,903
State Planning and Research	Delaware Department of Transportation	20.515	10000169	I	19,672
State Planning and Research	Delaware Department of Transportation	20.515	11A00156	I	30,551
Clean Fuels		20.519		D	(685)
University Transportation Centers Program		20.701		D	395,549
University Transportation Centers Program	National Biodiesel Board	20.701	NBB 1044	I	23,202
America's Marine Highway Grants		20.816		D	352,893
Department of Transportation	A2 Technologies, LLC	20-08000942	08000942	I	51,416
Department of Transportation	Delaware Department of Transportation	20-10000071	10000071	I	13,138
Department of Transportation	Delaware Department of Transportation	20-10000616	10000616	I	44,895
Department of Transportation		20-DTMA1H05003-0005		D	6,719
Department of Transportation	Modjeski and Masters, Inc.	20-PROJECT# 2776	PROJECT# 2776	I	74,613
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National Aeronautics and Space Administration Programs:					
Aerospace Education Services Program		43.001		D	15,410
Science, Recovery Act	Jet Propulsion Laboratory	43.006	1287615	I	38,629
National Aeronautics and Space Administration	California-Berkeley, University of	43-00006185	00006185	I	54,640
National Aeronautics and Space Administration	Misc organization	43-11A00705	11A00705	I	29,001
National Aeronautics and Space Administration	Jet Propulsion Laboratory	43-1323020	1323020	I	1
National Aeronautics and Space Administration	SOUTHWEST RESEARCH INSTITUTE	43-D99031L	D99031L	I	25,864
National Aeronautics and Space Administration	Smithsonian Astrophysical Observatory	43-G08-9011X	G08-9011X	I	6,816
National Aeronautics and Space Administration		43-NNG05GC36G		D	13,302
National Aeronautics and Space Administration		43-NNG05GM98G		D	(2)
National Aeronautics and Space Administration		43-NNX07AH73G		D	77,023
National Aeronautics and Space Administration		43-NNX07AT51A		D	140,782
National Aeronautics and Space Administration		43-NNX08AD48G		D	42,477
National Aeronautics and Space Administration		43-NNX08AH47G		D	324,823
National Aeronautics and Space Administration		43-NNX08AM37G		D	88,402
National Aeronautics and Space Administration		43-NNX08AM48G		D	83,238

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Program title	Pass-through entity name	CFDA	Pass-through number	Direct (D) or pass-through (I)	Program expenditures
National Aeronautics and Space Administration		43-NNX08AQ01G		D	\$ 88,120
National Aeronautics and Space Administration		43-NNX08AQ18G		D	88,721
National Aeronautics and Space Administration		43-NNX08AR70G		D	166,722
National Aeronautics and Space Administration		43-NNX08AT76G		D	90,685
National Aeronautics and Space Administration		43-NNX08AW02A		D	216,789
National Aeronautics and Space Administration		43-NNX08BA62G		D	392,074
National Aeronautics and Space Administration		43-NNX09AB05A		D	197,903
National Aeronautics and Space Administration		43-NNX09AF33G		D	82,727
National Aeronautics and Space Administration		43-NNX09AG31G		D	132,325
National Aeronautics and Space Administration		43-NNX09AH79G		D	109,549
National Aeronautics and Space Administration		43-NNX09AJ94G		D	87,194
National Aeronautics and Space Administration		43-NNX09AK24G		D	259,114
National Aeronautics and Space Administration		43-NNX09AR85H		D	29,495
National Aeronautics and Space Administration		43-NNX09AR91G		D	18,631
National Aeronautics and Space Administration		43-NNX10AE44G		D	129,518
National Aeronautics and Space Administration		43-NNX10AN63H		D	395,243
National Aeronautics and Space Administration		43-NNX11AC40G		D	59,725
National Aeronautics and Space Administration	Accudyne Systems, Inc.	43-PO# 262M08X002	PO# 262M08X002	I	153,338
National Aeronautics and Space Administration	California-Berkeley, University of	43-SA5690-11665	SA5690-11665	I	26,952
					<u>3,665,231</u>
National Endowment for the Humanities Programs:					
Promotion of the Humanities_Challenge Grants		45.130		D	(1)
Promotion of the Humanities_Division of Preservation and Access		45.149		D	5,929
					<u>5,928</u>
National Science Foundation Programs:					
Computer and Information Science and Engineering		47.041		D	86,379
Engineering Grants		47.041		D	3,957,703
Engineering Grants	Hydroqual, Inc.	47.041	10000847	I	22,292
Engineering Grants	Chesapeake Bay Research Consortium	47.041	CBEO-2	I	894
Engineering Grants	Rensselaer Polytechnic Institute	47.041	A11765	I	4,306
Engineering Grants	Minnesota, University of	47.041	A0000994102	I	106,156
Engineering Grants	Electron Energy Corporation	47.041	09000088	I	87,922
Engineering Grants	PAIR Technologies, LLC	47.041	08001384	I	51,648
Engineering Grants	Massachusetts, University of	47.041	04-002341 F 00	I	114,735
Engineering Grants	MBMR Biolabs, Inc.	47.041	10000638	I	14,240
Mathematical and Physical Sciences		47.049		D	2,339,572
Mathematical and Physical Sciences	Rochester, University of	47.049	414386-G	I	77,137
Mathematical and Physical Sciences	Case Western Reserve University	47.049	RES503656	I	6,898
Geosciences		47.050		D	3,808,493
Computer and Information Science and Engineering		47.070		D	3,127,692
Biological Sciences		47.074		D	3,808,287
Biological Sciences	Georgetown University	47.074	RX4220-414-UD	I	34,914
Biological Sciences	Cold Spring Harbor Laboratory	47.074	22770113	I	45,560
Biological Sciences	Pennsylvania, University of	47.074	IOS-0725968	I	43,237
Social, Behavioral, and Economic Sciences		47.075		D	912,156
Education and Human Resources		47.076		D	1,133,755
Education and Human Resources	Alabama at Birmingham, University of	47.076	000352910-002	I	15,516
Education and Human Resources	Purdue University	47.076	4101-31775	I	—
Education and Human Resources	Iowa State University	47.076	420-28-03C	I	67,505
Education and Human Resources	Michigan State University	47.076	61-2567UD	I	89,743
Polar Programs		47.078		D	828,745
Polar Programs	Texas at Austin, University of	47.078	2610008461	I	94
Polar Programs	Wisconsin-Madison, University of	47.078	G067830	I	433,493
Polar Programs	Wisconsin-Madison, University of	47.078	X440742	I	31,135
International Science and Engineering (OISE)		47.079		D	15,267
Office of Cyberinfrastructure		47.080		D	2,461,678
Trans-NSF Recovery Act Research Support		47.082		D	641
ARRA-Trans-NSF Recovery Act Research Support		47.082		D	5,983,886
ARRA-Trans-NSF Recovery Act Research Support	George Washington University	47.082	10-S01	I	64,297
ARRA-Trans-NSF Recovery Act Research Support	Southern California, University of	47.082	137272	I	59,842
ARRA-Trans-NSF Recovery Act Research Support	BBN Technologies	47.082	1788	I	113,598
ARRA-Trans-NSF Recovery Act Research Support	Wisconsin-Madison, University of	47.082	224K836	I	13,483

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Program title	Pass-through entity name	CFDA	Pass-through number	Direct (D) or pass-through (I)	Program expenditures
ARRA-Trans-NSF Recovery Act Research Support	Northwestern University	47.082	611-4732000-60024013	I	\$ 16,936
ARRA-Trans-NSF Recovery Act Research Support	Utah, University of	47.082	10015177	I	67,244
Trans-NSF Recovery Act Research Support	QuantTera	47.082	09000874	I	22,931
National Science Foundation		47.049		D	114,782
National Science Foundation		47.049		D	27,795
National Science Foundation		47-0953732		D	116,014
National Science Foundation		47.041		D	4,943
Engineering Grants		47.041		D	123,217
Mathematical and Physical Sciences		47.049		D	4,630
Geosciences		47.050		D	37
Education and Human Resources		47.076		D	943,563
Education and Human Resources	Drexel University	47.076	235568-3115-UD	I	34,250
Education and Human Resources	Maryland, University of	47.076	Z457902	I	593,518
Polar Programs		47.078		D	—
					<u>32,032,759</u>
Small Business Administration Programs:					
8(a) Business Development Program		59.006		D	41,861
Small Business Development Center		59.037		D	517,423
					<u>559,284</u>
Environmental Protection Agency Programs:					
Surveys, Studies, Investigations, Demonstrations and Special Purpose Activities Relating to the Clean Air Act	IEM Applications	66.034	11A00070	I	8,991
National Estuary Program	Center For The Inland Bays	66.456	08000997	I	365
National Estuary Program	Center For The Inland Bays	66.456	EPA CE99399010	I	2,704
Science To Achieve Results (STAR) Research Program		66.509		D	136,781
Science To Achieve Results (STAR) Research Program	Texas Tech University	66.509	21J016-01	I	64,230
Office of Research and Development Consolidated Research/Training	Health Effects Institute	66.511	#4775-RFPA06-4/07-9-2	I	—
Office of Research and Development Consolidated Research/Training	Health Effects Institute	66.511	#4775-RFPA06-4/07-9-3	I	84,590
P3 Award, National Student Design Competition for Sustainability		66.516		D	16,578
Environmental Protection Agency	Delaware Department of Natural Resources	66-08070800964	08070800964	I	35,438
Environmental Protection Agency	Delaware Department of Natural Resources	66-09-16	09-16	I	304
					<u>349,981</u>
Department of Energy Programs:					
ARRA-Office of Science Financial Assistance Program		81.049		D	3,033,728
Office of Science Financial Assistance Program		81.049		D	4,223,335
Office of Science Financial Assistance Program	Electron Energy Corporation	81.049	DE-FG02-07ER86308	I	90,687
ARRA-Conservation Research and Development	WhiteOptics LLC	81.086	10000175	I	195,784
Renewable Energy Research and Development		81.087		D	3,302,079
Renewable Energy Research and Development	Nuvera Fuel Cells, Inc.	81.087	06000895	I	1,916
Renewable Energy Research and Development	W. L. Gore & Associates, Inc.	81.087	DE-FC36-08G018052	I	167,330
Renewable Energy Research and Development	Virginia Polytechnic Institute	81.087	429259-19650	I	79,384
Renewable Energy Research and Development	Delaware State University	81.087	10-010MH	I	60,897
ARRA-Renewable Energy Research and Development	GE Global Research	81.087	PO# 400034496	I	52,681
ARRA-Renewable Energy Research and Development	Air Products and Chemicals, Inc.	81.087	207-294-P-A	I	308,810
ARRA-Renewable Energy Research and Development	Pacific Northwest National Laboratory	81.087	120619	I	12,763
Renewable Energy Research and Development	Electron Energy Corporation	81.087	11A00124	I	60,921
Fossil Energy Research and Development		81.089		D	169,897
Defense Nuclear Nonproliferation Research		81.113		D	159,421
ARRA-Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance		81.117		D	95,550
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/ Assistance		81.117		D	23,288
ARRA-Advanced Research and Projects Agency – Energy Financial Assistance Program		81.135		D	1,736,080
ARRA-Advanced Research and Projects Agency – Energy Financial Assistance Program	Virginia Polytechnic Institute	81.135	429290-19650	I	101,923
ARRA-Advanced Research and Projects Agency – Energy Financial Assistance Program	Massachusetts Institute of Technology	81.135	5710002809	I	190,546
Department of Energy	Konarka Technologies, Inc.	81-07000274	07000274	I	13,302
Department of Energy	Educational Advancement Alliance, Inc.	81-11A00208	11A00208	I	7,202
Department of Energy	Pacific Northwest National Laboratory	81-40329	40329	I	22,453
Department of Energy		81-XAT-5-44277-01		D	(2,996)
Department of Energy		81-XEJ-6-55157-01		D	(2,590)
					<u>14,104,391</u>
Department of Education Programs:					
Special Education, Innovation and Development	Education Development Center	84.023	B12-DEL-00	I	245
National Institute on Disability and Rehabilitation Research		84.133		D	222,113
Fund for the Improvement of Education	Nemours Health & Prevention Service	84.215	NHPS-CDAS PEP:FY2010-2011	I	29,704
National Institute for Literacy		84.257		D	15,414
Education Research, Development and Dissemination		84.305		D	206,513
Research in Special Education		84.324		D	1,105,222
Special Education Technology and Media Services for Individuals with Disabilities		84.327		D	110,579

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Program title	Pass-through entity name	CFDA	Pass-through number	Direct (D) or pass-through (I)	Program expenditures
Baccalaureate Degrees in Science, Technology, Engineering, Mathematics, and Critical Foreign Languages and Master's National Writing Project	National Writing Project Corporation	84.381		D	\$ 107,341
Department of Education	Delaware Department of Education	84.928	99-DE01	I	43,302
		84-DOE-C09-53	DOE-C09-53	I	8
					1,840,441
Department of Health & Human Services Programs:					
Special Programs for the Aging Title IV and Title II Discretionary Projects	Jewish Family Services of DE	93.048	08001141	I	(9,117)
Department of Health/Human Services Programs	Icetech, Inc.	93.103	11A00765	I	101,365
Environmental Health	Wayne State University	93.113	WSU09006	I	7,370
Oral Diseases and Disorders Research		93.121		D	37,503
Human Genome Research	European Molecular Biology Laboratory	93.172	1	I	187,571
Research Related to Deafness and Communication Disorders		93.173		D	296,457
Childhood Lead Poisoning Prevention Projects State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	Public Health Services				
Mental Health Research Grants		93.197	11-325	I	18,064
Alcohol Research Career Development Awards for Scientists and Clinicians		93.242		D	1,962,404
Alcohol Research Programs		93.271		D	56,860
Alcohol Research Programs		93.273		D	145
Alcohol Research Programs	Wayne State University	93.273	WSU11015	I	24,849
Drug Abuse and Addiction Research Programs		93.279		D	2,740,249
National Institutes of Health Loan Repayment Program for Clinical Researchers		93.280		D	1,042,110
ARRA-National Institutes of Health Loan Repayment Program for Clinical Researchers	Northwestern University	93.280	611-4732000-60024901	I	37,409
Mental Health National Research Service Awards for Research Training		93.282		D	9,459
Centers for Disease Control and Prevention Investigations and Technical Assistance	Public Health Services	93.283	10-453	I	38,645
Centers for Disease Control and Prevention Investigations and Technical Assistance	Delaware Dept of Health & Social Service	93.283	11-406	I	21,563
Centers for Disease Control and Prevention Investigations and Technical Assistance	Delaware Dept of Health & Social Service	93.283	11-308	I	27,718
Centers for Disease Control and Prevention Investigations and Technical Assistance	Delaware Dept of Health & Social Service	93.283	11-215	I	21,269
Centers for Disease Control and Prevention Investigations and Technical Assistance	Delaware Dept of Health & Social Service	93.283	11-018	I	8,649
Centers for Disease Control and Prevention Investigations and Technical Assistance	Delaware Dept of Health & Social Service	93.283	10-421	I	1,202
Centers for Disease Control and Prevention Investigations and Technical Assistance	Delaware Dept of Health & Social Service	93.283	11-094	I	—
Centers for Disease Control and Prevention Investigations and Technical Assistance	Delaware Dept of Health & Social Service	93.283	11-042	I	21,648
Discovery and Applied Research for Technological Innovations to Improve Human Health		93.286		D	156,990
Discovery and Applied Research for Technological Innovations to Improve Human Health	Colorado, University of	93.286	0000058842	I	144,891
National Community Centers of Excellence in Women's Health	Brandywine Counseling & Community Service	93.290	11A00170	I	29,870
Trans-NIH Research Support		93.310		D	166,346
Trans-NIH Research Support	Massachusetts, University of	93.310	10 004032 A 00	I	8,267
Nursing Research		93.361		D	543,948
National Center for Research Resources		93.389		D	9,357,253
Academic Research Enhancement Award		93.390		D	(6,126)
Cancer Cause and Prevention Research		93.393		D	(48)
Cancer Treatment Research		93.395		D	74,348
Cancer Biology Research	Rice University	93.396	R7G411	I	6,993
Cancer Biology Research	Rice University	93.396	R7G851	I	54,989
University Centers for Excellence in Developmental Disabilities Education, Research, and Service	Missouri-Kansas City, University of	93.632	23866	I	6,677
ARRA-Trans-NIH Recovery Act Research Support		93.701		D	3,928,383
ARRA-Trans-NIH Recovery Act Research Support	New York University	93.701	09-1535	I	130,867
ARRA-Trans-NIH Recovery Act Research Support	Maine Medical Center	93.701	0955-002	I	16,930
ARRA-Trans-NIH Recovery Act Research Support	Illinois, University of	93.701	2008-02370-01	I	329,779
ARRA-Trans-NIH Recovery Act Research Support	Drexel University	93.701	232460-3650	I	9,034
ARRA-Trans-NIH Recovery Act Research Support	Drexel University	93.701	232460-3650-A	I	27,457
ARRA-Prevention and Wellness-State, Territories and Pacific Islands	Delaware Dept of Health & Social Service	93.723	10-109	I	89,570
Blood Diseases and Resources Research		93.839		D	990,664
Arthritis, Musculoskeletal and Skin Diseases Research		93.846		D	711,923
Arthritis, Musculoskeletal and Skin Diseases Research	The Jackson Laboratory	93.846	00000055	I	28,198
Diabetes, Endocrinology and Metabolism Research		93.847		D	281,964
Kidney Diseases, Urology and Hematology Research		93.849		D	29,222
Extramural Research Programs in the Neurosciences and Neurological Disorders		93.853		D	490,951
Extramural Research Programs in the Neurosciences and Neurological Disorders	Pennsylvania State University	93.853	2286-UD-DHHS-5032	I	35,126
Extramural Research Programs in the Neurosciences and Neurological Disorders	Johns Hopkins University	93.853	8508-53692	I	3,857
Biomedical Research and Research Training		93.859		D	1,520,495
Biomedical Research and Research Training	Pittsburgh, University of	93.859	0002343 (117929-3)	I	95,021
Biomedical Research and Research Training	Vanderbilt University	93.859	VUMC2247-R2	I	(30,347)
Biomedical Research and Research Training	Georgia, University of	93.859	RR549-258/3500818	I	62,910
Biomedical Research and Research Training	New Mexico, University of	93.859	3R855	I	87,586
Biomedical Research and Research Training	Compact Membrane Systems, Inc.	93.859	10000241	I	2,722
ARRA-Biomedical Research and Research Training	Compact Membrane Systems, Inc.	93.859	10000241	I	16,784
Biomedical Research and Research Training	Pittsburgh, University of	93.859	0002343-115875-3	I	(2,451)

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Program title	Pass-through entity name	CFDA	Pass-through number	Direct (D) or pass-through (I)	Program expenditures
Population Research		93.864		D	\$ 171,077
Child Health and Human Development Extramural Research		93.865		D	1,861,619
Child Health and Human Development Extramural Research	California-San Diego University of	93.865	PO# 10237634	I	1
Child Health and Human Development Extramural Research	Washington University, St Louis	93.865	WU-11-85	I	20,363
Child Health and Human Development Extramural Research	Pennsylvania, University of	93.865	5-47208	I	46,232
Child Health and Human Development Extramural Research	Toronto, University of	93.865	489416	I	76,076
Child Health and Human Development Extramural Research	customKYnetics, Inc.	93.865	3010-001	I	145,798
Child Health and Human Development Extramural Research	customKYnetics, Inc.	93.865	3008-001	I	—
Child Health and Human Development Extramural Research	Kennedy Krieger Institute	93.865	07000432	I	44,410
Aging Research		93.866		D	133,225
Aging Research	Maryland, University of	93.866	SR00000138	I	9,326
Vision Research		93.867		D	861,440
Medical Library Assistance		93.879		D	38,707
Health Care and Other Facilities		93.887		D	5,700
Grants to States for Operation of Offices of Rural Health	Delaware Dept of Health & Social Service	93.913	11-276	I	25,038
Center for Medical Rehabilitation Research		93.929		D	246,270
Center for Medical Rehabilitation Research	Washington University, St Louis	93.929	WU-10-81	I	29,619
Geriatric Education Centers	Thomas Jefferson University	93.969	080-36000-M05904	I	41,015
International Research and Research Training		93.989		D	34,140
Department of Health & Human Services	Children and Families First DE, Inc.	93-10000401	10000401	I	92,868
Department of Health & Human Services	Delaware Dept of Health & Social Service	93-10-414	10-414	I	2,453
Department of Health & Human Services	Family Court of Delaware	93-11A01352	11A01352	I	4,002
					29,943,814
Corporation for National and Community Service Programs:					
Corporation for National and Community Service	Children's Hospital of Philadelphia	94-950037RSUB	950037RSUB	I	219,918
Corporation for National and Community Service	Childrens Hospital of Philadelphia	94-950983RSUB	950983RSUB	I	142,765
					362,683
Department of Homeland Security Programs:					
State Domestic Preparedness Equipment Support Program	Delaware Dept of Safety and Homeland Sec	97.004	01400995115	I	18
Centers for Homeland Security	North Carolina, University of	97.061	5-36364	I	66,889
Centers for Homeland Security	Alaska-Fairbanks, University of	97.061	FP902801	I	(1,624)
Centers for Homeland Security	Georgia State University Rsch Foundation	97.061	J3807-01	I	(18)
Department of Homeland Security		97-H98230-08-C-0374		D	131,807
					197,072
Unidentified Programs:					
	Los Alamos Scientific Laboratory	99-112782	112782	I	\$ 5,343
	Rutgers, State University of New Jersey	99-4131	4131	I	\$ 6,198
	SiOnyx Inc.	99-HR0011-10-C-0080-002	HR0011-10-C-0080-002	I	\$ 310,428
		99-UNKNOWN		D	\$ 313
					322,282
Total Research and Development Cluster					119,275,757
Other Noncluster Groups:					
United States Department of Agriculture Programs:					
Agricultural Research_Basic and Applied Research		10.001		D	106,480
Agricultural Research_Basic and Applied Research	Delaware Department of Natural Resources	10.001	05040002542	I	7,593
Plant and Animal Disease, Pest Control, and Animal Care		10.025		D	17,344
Plant and Animal Disease, Pest Control, and Animal Care	Delaware Department of Agriculture	10.025	11A00734	I	41,324
Wildlife Services		10.028		D	27,075
Wildlife Services	Delaware Department of Natural Resources	10.028	11A01073	I	3,007
Specialty Crop Block Grant Program – Farm Bill	Delaware Department of Agriculture	10.170	SCBGP-09-B	I	3,847
Specialty Crop Block Grant Program – Farm Bill	Delaware Department of Agriculture	10.170	SCBGP-FB-09-9	I	15,900
Specialty Crop Block Grant Program – Farm Bill	Delaware Department of Agriculture	10.170	SCBGP-FB-09-8	I	1,284
Specialty Crop Block Grant Program – Farm Bill	Delaware Department of Agriculture	10.170	SCBGP-FB-09-7	I	26,701
Specialty Crop Block Grant Program – Farm Bill	Delaware Department of Agriculture	10.170	SCBGP-FB-10-08	I	11,095
Specialty Crop Block Grant Program – Farm Bill	Delaware Department of Agriculture	10.170	SCBGP-FB-09-5	I	6,863
Specialty Crop Block Grant Program – Farm Bill	Delaware Department of Agriculture	10.170	SCBGP-09-C	I	8,891
Specialty Crop Block Grant Program – Farm Bill	Delaware Department of Agriculture	10.170	SCBG-FB-09-6	I	4,861
Specialty Crop Block Grant Program – Farm Bill	Delaware Department of Agriculture	10.170	A09020401A	I	1,944
Specialty Crop Block Grant Program – Farm Bill	Delaware Department of Agriculture	10.170	08000549	I	24,679
Specialty Crop Block Grant Program – Farm Bill	Delaware Department of Agriculture	10.170	SCBGP-09-D	I	5,871
Specialty Crop Block Grant Program – Farm Bill	Delaware Department of Agriculture	10.170	SCBGP-FB-09-4	I	16,879

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Program title	Pass-through entity name	CFDA	Pass-through number	Direct (D) or pass-through (I)	Program expenditures
Grants for Agricultural Research, Special Research Grants	California-Davis, University of	10.200	200911201-DELA2	I	\$ 6,892
Grants for Agricultural Research, Special Research Grants	Connecticut, University of	10.200	6272	I	285
Payments to Agricultural Experiment Stations Under the Hatch Act		10.203		D	122,948
Grants for Agricultural Research, Competitive Research Grants	Maryland, University of	10.206	Z521912	I	14,724
Food and Agricultural Sciences National Needs Graduate Fellowship Grants		10.210		D	46,439
Integrated Programs		10.303		D	32,449
Integrated Programs	Oregon State University	10.303	C0358A-B	I	4,215
Integrated Programs	Pennsylvania State University	10.303	3640-UD-USDA-8446	I	2
International Science and Education Grants		10.305		D	10,500
ARRA-Trade Adjustment Assistance for Farmers Training Coordination Program (TAAF)	Minnesota, University of	10.315	H001344202	I	181,474
Commodity Partnerships for Risk Management Education		10.457		D	12,363
Crop Insurance Education in Targeted States	Delaware Department of Agriculture	10.458	10000979	I	14,998
Cooperative Extension Service		10.500		D	2,806,168
Cooperative Extension Service	Kansas State University	10.500	S08108	I	6,674
Cooperative Extension Service	Kansas State University	10.500	S11160	I	7,845
Cooperative Extension Service	Kansas State University	10.500	S11107	I	18,930
Cooperative Extension Service	Kansas State University	10.500	S10148	I	42,708
Cooperative Extension Service	North Carolina State University	10.500	2008-1004-10	I	656
Cooperative Extension Service	National 4-H Council	10.500	11A00683	I	3,241
Cooperative Extension Service	National 4-H Council	10.500	10000714	I	17,723
Cooperative Extension Service	Kansas State University	10.500	S08026	I	108,250
Environmental Quality Incentives Program		10.912		D	19,741
Technical Agricultural Assistance		10.960		D	23,472
Cochran Fellowship Program-International Training-Foreign Participant		10.962		D	134,034
United States Department of Agriculture	Delaware Department of Agriculture	10-10000602	10000602	I	161,529
					<u>4,129,898</u>
Department of Commerce Programs:					
Census Bureau Data Products		11.001		D	970
Geodetic Surveys and Services (Geodesy and Applications of the National Geodetic Reference System)		11.400		D	41,874
Sea Grant Support		11.417		D	26,515
Coastal Zone Management Estuarine Research Reserves		11.420		D	20,232
National Oceanic and Atmospheric Administration (NOAA) Cooperative Institutes	Earth Resource Technology	11.432	8405-UDEL1	I	32,562
Coastal Services Center		11.473		D	325,121
ARRA-Broadband Technology Opportunities Program (BTOP)	State of Delaware DTI	11.557	11A00168	I	40,551
ARRA-Broadband Technology Opportunities Program (BTOP)	State of Delaware DTI	11.557	11A00172	I	124,419
ARRA-State Broadband Data and Development Grant Program	State of Delaware DTI	11.558	10001137	I	3,317
Measurement and Engineering Research and Standards		11.609		D	19,025
					<u>634,586</u>
Department of Defense Programs:					
Military Medical Research and Development		12.420		D	59,677
Department of Defense	Jr Engineering Technology Society	12-11A00856	11A00856	I	935
Department of Defense		12-H98230-04-C-0112		D	(189)
Department of Defense		12-H98230-09-C-0890		D	538,450
	Cape Henlopen School District	12-0000049318	0000049318	I	10,000
					<u>608,873</u>
Housing & Urban Development Programs:					
Private Enforcement Initiatives	Community Legal Aid Society	14.418	11A01064	I	15,887
					<u>15,887</u>
Department of Interior Programs:					
National Cooperative Geologic Mapping Program		15.810		D	4,414
Department of Interior	Fraunhofer USA, Inc.	15-10001191	10001191	I	5,278
					<u>9,692</u>

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Program title	Pass-through entity name	CFDA	Pass-through number	Direct (D) or pass-through (I)	Program expenditures
Department of Justice Programs:					
Education, Training, and Enhanced Services to End Violence Against Women with Disabilities	Delaware Coalition Against Domestic Viol	16.529	2010-FW-AX-K004	I	\$ 14,767
Juvenile Justice and Delinquency Prevention, Allocation to States		16.540		D	3,044
Crime Victim Assistance/Discretionary Grants	Criminal Justice Council	16.582	11A00195	I	21,174
Enforcing Underage Drinking Laws Program	Delaware Office of Highway Safety	16.727	J009	I	(8,280)
					30,705
Department of Labor Programs:					
Department of Labor	Division of Vocational Rehabilitation	17-10000496	10000496	I	31,131
					31,131
Department of State Programs:					
Investing in People in The Middle East and North Africa		19.021		D	112,928
Program for Study of Eastern Europe and the Independent States of the Former Soviet Union		19.300		D	90,937
Educational Exchange_University Lecturers (Professors) and Research Scholars		19.401		D	14,692
Professional Exchanges_Annual Open Grant	American Councils for Intl Education	19.415	S-ECAPY-09-CA-171(KF)	I	92,545
Educational Exchange, American Studies Institute		19.418		D	254,440
Middle East Partnership Initiative (MEPI)		19.500		D	311,024
Department of State	American Councils for Intl Education	19-10000572	10000572	I	57,263
Department of State		19-S-ECAAEE-09-GR-156(SM)		D	400,400
Department of State		19-S-ECAAS-07-GR-155(CS)		D	—
					1,334,229
Department of Transportation Programs:					
Highway Research and Development Program	Delaware Department of Transportation	20.200	09001400	I	66,800
Highway Training and Education		20.215		D	4,979
State Planning and Research	Delaware Department of Transportation	20.515	10001330	I	26,157
State Planning and Research	Delaware Department of Transportation	20.515	11A00178	I	2,745
State Planning and Research	Delaware Department of Transportation	20.515	11A00143	I	20,614
State Planning and Research	Delaware Department of Transportation	20.515	11A00331	I	49,053
State Planning and Research	Delaware Department of Transportation	20.515	10001308	I	26,171
State Planning and Research	Delaware Department of Transportation	20.515	10000651	I	47,528
State Planning and Research	Delaware Department of Transportation	20.515	10000613	I	39,528
State Planning and Research	Delaware Department of Transportation	20.515	11A00030	I	243,263
State Planning and Research	Delaware Department of Transportation	20.515	10001332	I	21,845
Department of Transportation	Delaware Department of Transportation	20-09001538	09001538	I	(535)
					548,148
National Aeronautics and Space Administration Programs:					
National Aeronautics and Space Administration	Delaware Department of Education	43-DOE-C10-22	DOE-C10-22	I	30,442
National Aeronautics and Space Administration		43-NNG05G092H		D	181,271
National Aeronautics and Space Administration		43-NNX07AO21H		D	11,616
National Aeronautics and Space Administration		43-NNX08AT36H		D	26,628
					249,957
National Endowment for the Humanities Programs:					
Promotion of the Humanities_Federal/State Partnership	Delaware Humanities Forum	45.129	10REG2004	I	7,115
Promotion of the Humanities_Federal/State Partnership	Delaware Humanities Forum	45.129	10OPP2001	I	1,200
Promotion of the Humanities_Federal/State Partnership	Delaware Humanities Forum	45.129	10OPP2004	I	58
Promotion of the Humanities_Division of Preservation and Access		45.149		D	135,290
					143,663

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Program title	Pass-through entity name	CFDA	Pass-through number	Direct (D) or pass-through (I)	Program expenditures
Small Business Administration Programs: Small Business Development Center		59.037		D	\$ 184,382
					<u>184,382</u>
Environmental Protection Agency Programs: State Public Water System Supervision	Delaware Department of Natural Resources	66.432	08060800894	I	—
State Underground Water Source Protection	Delaware Department of Natural Resources	66.433	PO# 40 08060800753	I	—
National Estuary Program	Center For The Inland Bays	66.456	08001063	I	11,963
Beach Monitoring and Notification Program Implementation Grants	Delaware Department of Natural Resources	66.472	08070800897	I	8
Surveys, Studies, Investigations and Special Purpose Grants within the Office of Research and Development		66.510		D	15,000
Environmental Policy and Innovation Grants		66.611		D	<u>28,534</u>
					<u>55,505</u>
Department of Energy Programs: Office of Science Financial Assistance Program		81.049		D	24,619
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis / Assistance		81.117		D	<u>120,558</u>
					<u>145,177</u>
Department of Education Programs: National Institute on Disability and Rehabilitation Research	TransCen Inc.	84.133	H133A060085	I	11,816
Business and International Education Projects		84.153		D	(1)
Graduate Assistance in Areas of National Need		84.200		D	102,736
Fund for the Improvement of Education	Caesar Rodney School District	84.215	1532503	I	273,639
Fund for the Improvement of Education	Red Clay Consolidated School District	84.215	PO# 1389462	I	(1)
Fund for the Improvement of Education	Red Clay Consolidated School District	84.215	10001086	I	66,935
Assistive Technology		84.224		D	375,133
Assistive Technology	Delaware Department of Labor	84.224	H224C030027-6	I	31,274
Rehabilitation Services Demonstration and Training Programs		84.235		D	116,836
Rehabilitation Services Demonstration and Training Programs	Delaware Department of Labor	84.235	H235T030009-6	I	10,506
Twenty-First Century Community Learning Centers	Delaware Department of Education	84.287	21st CCLC 16-10	I	56,560
Twenty-First Century Community Learning Centers	Delaware Department of Education	84.287	C10-24	I	33,549
Twenty-First Century Community Learning Centers	Delaware Department of Education	84.287	21ST CCLC 9-11	I	46,884
Twenty-First Century Community Learning Centers	Delaware Department of Education	84.287	21ST CCLC 22-09	I	(105)
Twenty-First Century Community Learning Centers	Delaware Department of Education	84.287	12-08	I	—
Twenty-First Century Community Learning Centers	Delaware Department of Education	84.287	01010004841	I	192,689
Twenty-First Century Community Learning Centers	Delaware Department of Education	84.287	01010004809	I	122,015
Twenty-First Century Community Learning Centers	Delaware Department of Education	84.287	01010004832	I	104,668
Twenty-First Century Community Learning Centers	Delaware Department of Education	84.287	21ST CCLC 15-11	I	52,582
Special Education – State Personnel Development	Delaware Department of Education	84.323	DOE-C10-06	I	93
Special Education – State Personnel Development	Delaware Department of Education	84.323	DOE-C11-03	I	32,267
Gaining Early Awareness and Readiness for Undergraduate Programs	US Office of Education	84.334	0209234.002.016-2	I	13,850
Early Reading First		84.359		D	1,088,218
Early Reading First		84.359		D	737,364
Early Reading First	Delaware Department of Education	84.359	DOE-C11-14	I	3,632
Mathematics and Science Partnerships	Delaware Department of Education	84.366	DSMP-06-09 DSMP-02-10	I	78,625
Mathematics and Science Partnerships	Delaware Department of Education	84.366	DSMP-05-10	I	42,823
Mathematics and Science Partnerships	Delaware Department of Education	84.366	DSMP-04-09	I	90,203
Mathematics and Science Partnerships	Delaware Department of Education	84.366	DSMP-01-11	I	66,620
Mathematics and Science Partnerships	Delaware Department of Education	84.366	01010004055	I	(600)
Improving Teacher Quality State Grants	Delaware Department of Education	84.366	DSMP-01-10	I	243,597
Improving Teacher Quality State Grants	Delaware Department of Education	84.367	DSMP-02-11	I	22,563
Improving Teacher Quality State Grants	Seaford School District	84.367	11A00621	I	2,061
Improving Teacher Quality State Grants	Delaware Department of Education	84.367	TITLE II SHAE 3-09	I	130,405
Improving Teacher Quality State Grants	Delaware Department of Education	84.367	Title II SAHE 1-10	I	134,519
Improving Teacher Quality State Grants	Delaware Department of Education	84.367	DOE-C11-01	I	20,461
Improving Teacher Quality State Grants	New Castle County Vocational School Dist	84.367	11A01098	I	1,096
Improving Teacher Quality State Grants	Capital School District	84.367	11A00216	I	10,321
Improving Teacher Quality State Grants	Laurel School District	84.367	11A01467	I	735
Transition Programs for Students with Intellectual Disabilities into Higher Education		84.407		D	113,089
Department of Education	Delaware Department of Education	84-10000586	10000586	I	4,518
Department of Education	Positive Outcomes Charter School	84-10000648	10000648	I	(408)
Department of Education	Colonial School District	84-10000886	10000886	I	(6)

UNIVERSITY OF DELAWARE
Schedule of Expenditures of Federal Awards
Year ended June 30, 2011

Program title	Pass-through entity name	CFDA	Pass-through number	Direct (D) or pass-through (I)	Program expenditures
Department of Education	Christina School District	84-10001338	10001338	I	\$ 7,256
Department of Education	Woodbridge School District	84-11A01327	11A01327	I	39,105
Department of Education	Seaford School District	84-1569237	1569237	I	71
Department of Education	Delaware Department of Education	84.287	21ST CCLC 22-11	I	4,400
Department of Education	Delaware Department of Education	84.287	21ST CCLC 6-11	I	30,775
Department of Education	New Castle County Votech S. Dist.	84-38000012519	38000012519	I	728
Department of Education	DE Dept of Children, Youth & Family	84-DMSS(UD-TRN)FY07-8995	DMSS(UD-TRN)FY07-8995	I	(3,255)
Department of Education	Delaware Department of Education	84.366	DSMP-03-09	I	144,968
					4,657,809
National Archives and Records Administration Programs: National Historical Publications and Records Grants		89.003		D	20,730
					20,730
Department of Health & Human Services Programs: Special Programs for the Aging Title IV and Title II Discretionary Projects		93.048		D	167,641
Special Programs for the Aging Title IV and Title II Discretionary Projects Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	Community Legal Aid Society	93.048	11A01069	I	24,241
Maternal and Child Health Federal Consolidated Programs Disabilities Prevention	DE Dept of Children, Youth & Family	93.104	PBHS(UD-BEST)FY11-11791	I	128,034
Traumatic Brain Injury State Demonstration Grant Program		93.110		D	106,116
Substance Abuse and Mental Health Services Projects of Regional and National Significance	Delaware Dept of Health & Social Service	93.184	10-380	D	196,164
Substance Abuse and Mental Health Services Projects of Regional and National Significance	DE Dept of Children, Youth & Family	93.234	DMSS(UDEL-TRNG)FY10-11193	I	121,021
Substance Abuse and Mental Health Services Projects of Regional and National Significance	Delaware Dept of Health & Social Service	93.243	DPBHS(UD-PEVAL)FY11-11682	I	10,242
Substance Abuse and Mental Health Services Projects of Regional and National Significance	DE Dept of Children, Youth & Family	93.243	DPBHS(UD-EVL)FY11-11619	I	6,738
Substance Abuse and Mental Health Services Projects of Regional and National Significance	DE Dept of Children, Youth & Family	93.243	DPBHS(UDEL-TRN)FY11-11653	I	30,985
Substance Abuse and Mental Health Services Projects of Regional and National Significance	DE Dept of Children, Youth & Family	93.243	CMH(UD-TRN)FY10-11176	I	29,480
Substance Abuse and Mental Health Services Projects of Regional and National Significance	DE Dept of Children, Youth & Family	93.243	CMH(UD-BEST)FY10-11303	I	8,484
Substance Abuse and Mental Health Services Projects of Regional and National Significance	Delaware Dept of Health & Social Service	93.243	041111	I	122,809
Substance Abuse and Mental Health Services Projects of Regional and National Significance	Delaware Dept of Health & Social Service	93.243	041011	I	122,966
Substance Abuse and Mental Health Services Projects of Regional and National Significance	DE Dept of Children, Youth & Family	93.243	DMSS(UDEL-TRNG)FY09-10632	I	36,410
Alcohol National Research Service Awards for Research Training		93.272		D	—
Drug-Free Communities Support Program Grants		93.276		D	41,372
Mental Health National Research Service Awards for Research Training		93.282		D	132,392
Centers for Disease Control and Prevention Investigations and Technical Assistance Advanced Education Nursing Traineeships	Delaware Dept of Health & Social Service	93.283	10-304	I	8,904
Cancer Research Manpower		93.358		D	9,998
State Planning and Establishment Grants for the Affordable Care Act (ACA)'s Exchanges	Delaware Dept of Health & Social Service	93.398	11A00675	D	36,604
Developmental Disabilities Basic Support and Advocacy Grants	NC Council on Developmental Disabilities	93.525	11A00750	I	50,181
Developmental Disabilities Basic Support and Advocacy Grants	NC Council on Developmental Disabilities	93.630	08001357	I	23,968
Developmental Disabilities Projects of National Significance		93.631		I	44,276
Developmental Disabilities Projects of National Significance	Developmental Disabilities Plan Co	93.631	DD-1001	D	(1,240)
University Centers for Excellence in Developmental Disabilities Education, Research, and Service		93.632		I	122,755
University Centers for Excellence in Developmental Disabilities Education, Research, and Service	Developmental Disabilities Plan Co	93.632	DD-1008	I	8,947
Trans-NIH Recovery Act Research Support	Nemours/A. I. duPont Hosp for Children	93.701	08000666	D	527,726
Blood Diseases and Resources Research		93.839		I	16,128
Biomedical Research and Research Training		93.859		D	(714)
Child Health and Human Development Extramural Research		93.865		D	53,407
Aging Research		93.866		D	287,466
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	Delaware Department of Education	93.938	DOE-C11-21	I	76,748
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	Delaware Department of Education	93.938	DOE-C11-26	I	225,510
Block Grants for Prevention and Treatment of Substance Abuse	Delaware Dept of Health & Social Service	93.959	031120	I	49,924
Block Grants for Prevention and Treatment of Substance Abuse	DE Dept of Children, Youth & Family	93.959	11A00376	I	6,976
Maternal and Child Health Services Block Grant to the States	Delaware Dept of Health & Social Service	93.994	10-093	I	117,816
Department of Health & Human Services	Delaware Dept of Health & Social Service	93-0000048042	0000048042	I	19,990
Department of Health & Human Services	DE Dept of Children, Youth & Family	93-01600038227	01600038227	I	10-093
Department of Health & Human Services	Assoc of Univ Centers on Disabilities	93-10001209	10001209	I	11,606
Department of Health & Human Services		93-11A01416		I	79,488
ARRA-Department of Health & Human Services	Delaware Dept of Health & Social Service	93-891969	891969	I	18,938
					3,005
					7,591
					19,660
					3,110,753
Corporation for National and Community Service Programs: Learn and Serve America School and Community Based Programs		94.004		D	20,551
AmeriCorps		94.006		D	43,314
ARRA-AmeriCorps		94.006		D	11,879

UNIVERSITY OF DELAWARE
Schedule of Expenditures of Federal Awards
Year ended June 30, 2011

Program title	Pass-through entity name	CFDA	Pass-through number	Direct (D) or pass-through (I)	Program expenditures
AmeriCorps	Public Allies	94.006	SUB 20001030	I	\$ 1,062
AmeriCorps	Delaware Dept of Health & Social Service	94.006	10001218	I	2,340
AmeriCorps	Public Allies	94.006	OP004-94.006-11-PADE	I	336,858
					<u>416,004</u>
Department of Homeland Security Programs:					
Pre-Disaster Mitigation (PDM) Competitive Grants	Delaware Emergency Management Agency	97.017	PDMC-PL-03-DE-2008-001	I	15,495
Assistance to Firefighters Grant		97.044		D	2,390
Department of Homeland Security	Delaware Emergency Management Agency	97-EMPG-09-005	EMPG-09-005	I	15,678
					<u>33,563</u>
Unidentified Programs:					
		99-11A00028		D	<u>14,839</u>
					<u>14,839</u>
Total Other NonCluster groups					<u>16,375,531</u>
CDBG-Entitlement Grants Cluster:					
Housing & Urban Development Programs:					
Community Development Block Grants/Entitlement Grants	New Castle County	14.218	143692	I	588
					<u>588</u>
CSBG Cluster:					
Department of Health & Human Services Programs:					
ARRA-Community Services Block Grants	First State CAA	93.710	9-3-10	I	20,832
					<u>20,832</u>
Early Intervention Services (IDEA) Cluster:					
Department of Education Programs:					
ARRA-Special Education--Grants for Infants and Families, Recovery Act	Delaware Dept of Health & Social Service	84.393	10IDEA9	I	27,948
ARRA-Special Education--Grants for Infants and Families, Recovery Act	Indian River School District	84.393	11A00289	I	16,259
					<u>44,207</u>
Head Start Cluster:					
Department of Health & Human Services Programs:					
Head Start		93.600		D	1,857,102
ARRA-Head Start		93.708		D	20,248
ARRA-Early Head Start		93.709		D	592,045
					<u>2,469,395</u>
Highway Safety Cluster:					
Department of Transportation Programs:					
State and Community Highway Safety	Delaware Office of Highway Safety	20.600	09001024	I	13,425
					<u>13,425</u>
SNAP Cluster:					
United States Department of Agriculture Programs:					
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	Delaware Dept of Health & Social Service	10.561	64263	I	74,089
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	Delaware Dept of Health & Social Service	10.561	891956	I	131,944
					<u>206,033</u>

UNIVERSITY OF DELAWARE
Schedule of Expenditures of Federal Awards
Year ended June 30, 2011

<u>Program title</u>	<u>Pass-through entity name</u>	<u>CFDA</u>	<u>Pass-through number</u>	<u>Direct (D) or pass-through (I)</u>	<u>Program expenditures</u>
TRIO Cluster:					
Department of Education Programs:					
TRIO_Student Support Services		84.042		D	\$ 197,027
TRIO_Upward Bound		84.047		D	636,874
TRIO_Upward Bound	US Office of Education	84.047	P047A070092	I	17,359
TRIO_Upward Bound	US Office of Education	84.047	P047M070010	I	23,859
TRIO_McNair Post-Baccalaureate Achievement		84.217		D	198,974
					1,074,093
Teacher Quality Partnership Grants Cluster:					
Department of Education Programs:					
Teacher Quality Enhancement Grants		84.336		D	184,008
					184,008
Vocational Rehabilitation Cluster:					
Department of Education Programs:					
ARRA-Rehabilitation Services--Vocational Rehabilitation Grants to States, Recovery Act	Delaware Dept of Health & Social Service	84.390	DVI-10-VR-009	I	13,022
					13,022
State Fiscal Stabilization Fund Cluster:					
Department of Education Programs:					
ARRA-State Fiscal Stabilization Fund (SFSF)--Education State Grants, Recovery Act (Education Stabilization Fund)	Delaware Dept of Administrative Services	84.394	SFSF 53-09	I	9,997,894
					9,997,894
Student Financial Aid Cluster:					
Department of Education Programs:					
Federal Supplemental Educational Opportunity Grants		84.007		D	530,903
Federal Work-Study Program		84.033		D	531,236
Federal Pell Grant Program		84.063		D	8,335,362
					9,397,501
Total Expenditures of Federal Awards					\$ 159,072,286

See accompanying notes to schedule of expenditures of federal awards.

UNIVERSITY OF DELAWARE

Notes to Schedule of Expenditures of Federal Awards

June 30, 2011

(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, 2011. 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, 2011 are summarized as follows:

Loans made by the University:	
Perkins	\$ 1,477,250
Nursing	—
	<u>1,477,250</u>
	<u><u>\$ 1,477,250</u></u>
Loans made by the Department of Education:	
Direct loans	\$ 91,635,253
	<u><u>91,635,253</u></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 \$13,614,742 and the balance of loans outstanding under the Nursing Student Loan program was \$731,030 at June 30, 2011, respectively.

UNIVERSITY OF DELAWARE

Notes to Schedule of Expenditures of Federal Awards

June 30, 2011

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, 2011, the University sub-granted Federal awards from the following programs:

<u>Agency/program/grant title</u>	<u>CFDA number</u>	<u>Expenditures</u>
Research and Development:		
U.S. Department of Agriculture:		
Grants for Agricultural Research, Special Research Grants	10.200	\$ 23,875
Grants for Agricultural Research Competitive Research Grants	10.206	209,783
Integrated Programs Agriculture and Food Research Initiative (AFRI)	10.303	51,048
	10.310	98,147
Department of Commerce:		
Sea Grant Support	11.417	44,050
Meteorologic and Hydrologic Modernization Development	11.467	76,925
ARRA-Measurement and Engineering Research and Standards	11.609	106,746
Department of Defense:		
Department of Defense	12.000	122,120
Department of Defense	12.000	176,524
Department of Defense	12.000	1,881,876
Basic and Applied Scientific Research	12.300	35,631
U.S. Department of State:		
Program for Study of Eastern Europe and the Independent States of the Former Soviet Union	19.300	112,876
Department of Transportation:		
Department of Transportation	20.000	123,242

UNIVERSITY OF DELAWARE

Notes to Schedule of Expenditures of Federal Awards

June 30, 2011

<u>Agency/program/grant title</u>	<u>CFDA number</u>	<u>Expenditures</u>
National Aero and Space Administration:		
National Aeronautics and Space Administration	43.000	\$ 257,793
BBN Technologies:		
ARRA-Trans-NSF Recovery Act Research Support	47.082	48,160
National Science Foundation:		
National Science Foundation Engineering Grants	47.000	120,185
Mathematical and Physical Sciences	47.041	84,727
Geosciences	47.049	14,954
Biological Sciences	47.050	53,162
Social, Behavioral, and Economic Sciences	47.074	1,269,276
Education and Human Resources	47.075	114,532
Office of Cyberinfrastructure	47.076	153,750
ARRA-Trans-NSF Recovery Act Research Support	47.080	1,010,597
ARRA-Trans-NSF Recovery Act Research Support	47.082	347,690
U.S. Department of Energy:		
Office of Science Financial Assistance Program	81.049	642,459
ARRA-Office of Science Financial Assistance Program	81.049	1,095,465
Renewable Energy Research and Development	81.087	93,321
Fossil Energy Research and Development	81.089	48,202
ARRA-Advanced Research and Projects Agency – Energy Financial Assistance Program	81.135	1,072,607
Department of Education:		
National Institute on Disability and Rehabilitation Research	84.133	20,520
National Institute for Literacy	84.257	9,466
Research in Special Education	84.324	670,590
Department of Health and Human Services:		
Research Related to Deafness and Communication Disorders	93.173	119,810
Mental Health Research Grants	93.242	6,192
Drug Abuse and Addiction Research Programs	93.279	58,593
Trans-NIH Research Support	93.310	23,629

UNIVERSITY OF DELAWARE

Notes to Schedule of Expenditures of Federal Awards

June 30, 2011

<u>Agency/program/grant title</u>	<u>CFDA number</u>	<u>Expenditures</u>
National Center for Research Resources	93.389	\$ 1,948,784
ARRA-Trans-NIH Recovery		
Act Research Support	93.701	411,288
Arthritis, Musculoskeletal and		
Skin Diseases Research	93.846	69,517
Kidney Diseases, Urology and		
Hematology Research	93.849	737
Biomedical Research and		
Research Training	93.859	387,558
Child Health and Human		
Development Extramural Research	93.865	4,951
National Center for Research Resources	93.389	38,612
Cancer Treatment Research	93.395	6,767
ARRA-Trans-NIH Recovery		
Act Research Support	93.701	154,488
Arthritis, Musculoskeletal and		
Skin Diseases Research	93.846	26,927
Biomedical Research and		
Research Training	93.859	4,069
Child Health and Human		
Development Extramural Research	93.865	26,714
Center for Medical Rehabilitation Research	93.929	91,111
International Research and		
Research Training	93.989	24,706
Department of Homeland Security:		
Department of Homeland Security	97.000	82,793
Non-Research and Development:		
U.S. Department of Agriculture:		
Cooperative Extension Service	10.500	481,478
State Administrative Matching Grants		
for Supplemental Nutrition		
Assistance Program	10.561	112,577
U.S. Department of State:		
Program for Study of Eastern Europe		
and the Independent States of the		
Former Soviet Union	19.300	51,835

UNIVERSITY OF DELAWARE

Notes to Schedule of Expenditures of Federal Awards

June 30, 2011

<u>Agency/program/grant title</u>	<u>CFDA number</u>	<u>Expenditures</u>
U.S. Department of Energy:		
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	81.117	\$ 4,875
Department of Education:		
Special Education Grants to States	84.027	122,057
Fund for the Improvement of Education	84.215	7,500
Early Reading First	84.359	253,088
U.S. Department of Health and Social Services:		
Department of Health and Human Services Traumatic Brain Injury State Demonstration Grant Program	93.000	27,407
ARRA--Child Care and Development Block Grant	93.234	14,676
ARRA--Child Care and Development Block Grant	93.713	9,998
U.S. Department of Health and Human Services:		
Head Start	93.600	452,082
Developmental Disabilities Projects of National Significance	93.631	31,793
ARRA--Head Start	93.708	1,602
ARRA--Early Head Start	93.709	195,273
		<u>\$ 15,443,786</u>



KPMG LLP
1601 Market Street
Philadelphia, PA 19103-2499

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

The Board of Trustees
University of Delaware:

We have audited the consolidated financial statements of the University of Delaware (the University) as of and for the year ended June 30, 2011, and have issued our report thereon dated October 31, 2011. 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. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



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

October 31, 2011



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, 2011. 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 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, 2011.

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.



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.

Schedule of Expenditures of Federal Awards

We have audited the basic consolidated financial statements of the University as of and for the year ended June 30, 2011, and have issued our report thereon dated October 31, 2011. Our audit was performed for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic consolidated financial statements taken as a whole.

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, 2012

UNIVERSITY OF DELAWARE

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

(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: **None reported.** 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: **No.**
- (g) Major programs:

Research and Development – Various Agencies and Departments

Cooperative Extension Program – CFDA No. 10.500

State Fiscal Stabilization Fund Cluster – CFDA No. 84.394

Early Reading First – CFDA No. 84.359

- (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

No findings reported.