



**RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY**  
(A Component Unit of the State of New Jersey)

Financial Statements, Management's Discussion  
and Analysis and Schedule of Expenditures  
of Federal Awards

June 30, 2012

(With Independent Auditors' Reports Thereon)

**RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY**  
(A Component Unit of the State of New Jersey)

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## Independent Auditors' Report on Basic Financial Statements

The Board of Governors  
The Board of Trustees  
Rutgers, The State University of New Jersey:

We have audited the accompanying statements of net assets of Rutgers, The State University of New Jersey (the University), a component unit of the State of New Jersey, as of June 30, 2012 and 2011, and the related statements of revenues, expenses, and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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. The financial statements of the blended component units of Rutgers, The State University of New Jersey identified in note 1 to the financial statements were not audited in accordance with *Government Auditing Standards*. 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rutgers, The State University of New Jersey as of June 30, 2012 and 2011, and the changes in its financial position and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

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



U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 3 through 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

KPMG LLP

November 7, 2012

## Management's Discussion and Analysis

June 30, 2012 and 2011

The following management's discussion and analysis (MD&A) provides a comprehensive overview of the financial position of Rutgers, the State University of New Jersey (the university) at June 30, 2012 and 2011, and its changes in financial position for the fiscal years then ended with fiscal year 2010 data presented for comparative purposes. Management has prepared the basic financial statements and related footnote disclosures along with this MD&A in accordance with generally accepted accounting principles as defined by the Governmental Accounting Standards Board for public colleges and universities. This MD&A should be read in conjunction with the audited financial statements and related footnotes of the university, which directly follow the MD&A.

The university's financial report includes three basic financial statements: the Statement of Net Assets, the Statement of Revenues, Expenses, and Changes in Net Assets, and the Statement of Cash Flows. These statements focus on the financial condition of the university, the changes in financial position, and cash flows of the university as a whole rather than the accountability of funds.

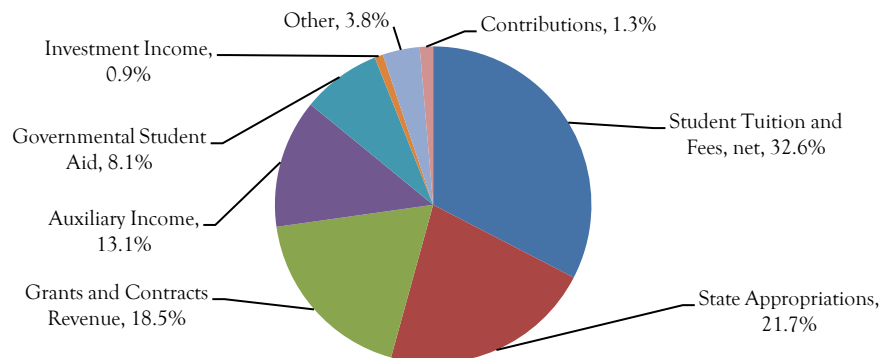
In fiscal 2012, the financial reporting entity of Rutgers included 28 degree granting schools, of which 18 offered graduate programs of study. These schools are located on three regional campuses in New Brunswick (Piscataway), Newark and Camden. The financial statements also include the financial activity of the Rutgers University Foundation, and the units of the New Market Tax Credit (NMTC) Transaction (One Washington Park), which include One Washington Park Capital, LLC, RUN Investments, LLC, and One Washington Park Holdings, LLC. The foundation was formed to aid the university in obtaining private funds and other resources to meet the needs and achieve the goals of the university. The One Washington Park units provide financing services to the university classifying it as a component unit.

### *Financial Highlights*

The university's financial condition at June 30, 2012 remained stable with net assets increasing by 2.1% or \$54.4 million. Total operating revenues increased by \$81.9 million or 6.5% with increases of 5.1% in net student tuition and fees, 9.6% in grant and contract revenue, and 8.4% in auxiliary revenues. Operating expenses increased 7.2% in 2012 while net nonoperating revenues decreased 15.2% primarily as a result of decreases in the fair value of investments.

As the State University of New Jersey, the appropriation from the State represents a vital part of the university's funding. In fiscal 2012, the State maintained the base appropriation constant; however, the loss of the one-time Maintenance of Effort funds of \$10.4 million received in fiscal 2011 and funding for the poor of \$400,000 resulted in a decrease of \$10.8 million or 4% in direct state appropriations. The decrease in State funding has been offset by tuition increases coupled with strong enrollment demand, and an emphasis on increasing revenues from other sources. Tuition revenue is another significant source of funding for the university. In fiscal 2012, in addition to an increase in tuition rates averaging 2.3%, enrollment was at our highest with 58,182 students.

As presented in the chart below, net student tuition and fees, state appropriation and grant and contract revenue are the three primary sources of revenue for the university.



*Statement of Net Assets*

The Statement of Net Assets presents the financial position of the university at the end of the fiscal year and includes all assets (current and noncurrent), liabilities (current and noncurrent) and net assets (the difference between total assets, deferred outflows, total liabilities, and deferred inflows) of the university. Current assets are classified as such if they are available to satisfy current liabilities, which are generally defined as being due within one year of the date of the statement of net assets. Net assets is one indicator of the financial condition of the University, while the change in net assets is an indicator of whether the overall financial condition has improved or worsened during the year.

A summarized comparison of the university's assets, liabilities, deferred outflows, deferred inflows, and net assets at June 30, 2012, 2011, and 2010 is as follows (dollars in thousands):

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Assets			
Current assets	\$738,366	\$677,211	\$694,576
Noncurrent assets			
Endowment, restricted and other noncurrent cash and investments	1,062,096	1,275,569	815,059
Capital assets, net	2,218,288	2,014,777	1,873,145
Other assets	114,967	112,714	92,026
Total Assets	<u>4,133,717</u>	<u>4,080,271</u>	<u>3,474,806</u>
Deferred Outflows	44,689	10,988	18,664
Liabilities			
Current liabilities	366,689	331,032	294,895
Noncurrent liabilities	1,120,576	1,123,437	771,975
Total Liabilities	<u>1,487,265</u>	<u>1,454,469</u>	<u>1,066,870</u>
Deferred Inflows		21	
Net Assets			
Invested in capital assets, net of debt	1,201,661	1,126,302	1,103,033
Restricted - nonexpendable	374,811	373,633	313,804
Restricted - expendable	446,126	453,428	427,350
Unrestricted	668,543	683,406	582,413
Total Net Assets	<u><u>\$2,691,141</u></u>	<u><u>\$2,636,769</u></u>	<u><u>\$2,426,600</u></u>

*Current Assets and Current Liabilities*

Current assets include unrestricted and restricted cash and cash equivalents, investments that mature within one year, receivables and pledges due within a year, inventories and other short-term assets. Noncurrent assets include unrestricted investments that mature in more than a year as well as cash and cash equivalents and investments that are restricted by donors or external parties as to their use. Receivables and pledges deemed to be collectible in more than a year are also included as noncurrent. Current assets increased \$61.2 million in 2012 as opposed to a \$17.4 million decrease in 2011.

Deferred outflows increased \$33.7 million primarily due to a \$31.4 million change in the valuation of the Merrill Lynch swap from a positive swap position in 2011 to a negative swap position in 2012.

Current liabilities include all liabilities that are payable within the next fiscal year. Deferred revenues, principally from summer programs, are also presented as current liabilities. Liabilities that are due to be paid beyond the next fiscal year are reported as noncurrent liabilities.

Current liabilities increased \$35.7 million in 2012 primarily as a result of the issuance of commercial paper in the amount of \$27.0 million for the Camden Housing project. Current liabilities increased \$36.1 million in 2011 primarily as a result of the issuance of commercial paper in the amount of \$16.0 million for the Gateway Project.

The university's current assets cover current liabilities by a factor of 2.0 times, an indicator of good liquidity and the ability to bear short term demands on working capital. This coverage in 2011 was also 2.0 times. The university's current assets also cover five months of its total operating expenses, excluding depreciation.

#### *Endowment and Other Investments*

The primary financial objective of the investment management of the Endowment is to preserve and, hopefully, enhance its real (inflation-adjusted) purchasing power while providing a relatively predictable, stable, and constant (in real terms) stream of earnings for current use. The long term investment goal of the Endowment is to attain a total return of at least 4.5% plus inflation, fees, and costs. The investment objectives of the Endowment are based upon a long-term investment horizon allowing interim fluctuations to be viewed in an appropriate perspective. A major portion of the university's endowment is maintained in the long term investment pool managed by the university's Joint Investment Committee. The total annual return for the long-term investment pool was (0.5)% in 2012 and 18.3% in 2011. The average annual return over the 5 year period ending June 30, 2012 and 2011 was 1.7% and 5.2%, respectively.

The university distributes endowment earnings in a way that balances the annual support needed for operational purposes against the requirement to preserve the future purchasing power of the endowment. The endowment spending-rate policy is based on total return, not just cash earnings. The total distribution for the endowment was \$24.6 million in 2012 and \$23.7 million in 2011.

The university's endowments consist of permanent (true), term and quasi endowments. Permanent or true endowments are funds received from donors stipulating that the principal gift remain inviolate and be invested in perpetuity with the income generated from the investment to be expended for a specific purpose as designated by the donor. These permanent endowments increased \$1.2 million to \$374.8 million for 2012 from \$373.6 in 2011. Term endowments are those funds received from donors that function as endowment until a specified event occurs. The university's term endowments decreased by \$1.6 million to \$42.7 million in 2012 from \$44.3 million in 2011. Quasi endowments consist of restricted gifts and unrestricted funds that have been designated by the university for long-term investment purposes and therefore act as endowments. The university's quasi endowments decreased by \$4.3 million in 2012 to \$225.5 million from \$229.8 million in 2011.

From a net assets perspective, earnings from the endowment, while expendable, are mostly restricted in use by the donors. It is important to note that of the university's endowment funds, only \$113.4 million or 17.6% (\$113.5 million or 17.5% in 2011), can be classified as unrestricted net assets. From this unrestricted endowment, a significant portion of the income is internally designated by the university for scholarships, fellowships, professorships, and research efforts.

#### *Capital Assets and Debt Activities*

As a result of increasing student demand and the university's desire to meet such demand with quality academic programs and student life, the university has increased its commitment of resources to infrastructure improvement, construction of new state-of-the-art academic buildings and residential halls, as well as technology enhancement initiatives. The university administration, together with faculty, students and the communities in which each campus is located, is actively developing a strategic and capital development plan for the university which, when completed, will serve as the plan for the university's future development and growth.

Capital assets, net increased \$203.5 million in 2012, as compared to \$141.6 million in 2011. Capital additions primarily comprise replacement, renovation and new construction of academic and research facilities as well as significant investments in equipment, including information technology. Several major projects completed during 2012 include:

- The completion of the Busch Engineering, Science and Technology (BEST) dormitory providing 500 double occupancy beds.
- The completion of the Center for Integrative Proteomics Technologies to provide a shared instrumentation resource and proteomics research facility, including the Protein Data Bank.
- The completion of a new substation on the Livingston campus.

These additions were funded primarily with the proceeds of bonds. At June 30, 2012, the university had various projects under construction or in the design stage. Significant projects include:

- Construction of new student housing on the Livingston Campus of mixed use housing consisting of 2 and 4 bedroom apartments while also providing retail space required by college students.
- A new 12 story residential tower with apartment style living units configured with three and four single occupancy bedrooms housing 350 students on the Camden Campus.
- Construction of a new facility at the gateway to the Livingston Campus for the School of Business to include classrooms, instructional labs, meeting rooms, offices and a trading floor.

On June 15, 2006, the Board of Governors and Board of Trustees of the university approved a comprehensive debt policy for the university to provide an internal strategic framework for capital planning and overall debt management. In 2008, the Board of Governors and the Board of Trustees of the university approved a commercial paper program. The commercial paper program is being used for the interim financing of capital projects and temporary funding of outstanding debt issues.

During fiscal year 2012, the university issued General Obligation Commercial Paper Series B for \$27.0 million. This issuance was to provide interim financing for the Camden Housing Project.

In 2011, the university issued General Obligation Bonds 2010 Series H and General Obligation Refunding Bonds 2010 Series I in the amounts of \$391.0 million and \$40.8 million, respectively. Series H was issued to finance several capital projects including Livingston and Busch Campus housing. Series I was issued to fully refinance 1998 Series A and partially refinance 2002 Series B, 2003 Series C, and 2003 Series D.

#### *Net Assets*

Net Assets represent the residual interest in the university's assets and deferred outflows of resources after the deduction of its liabilities and deferred inflows of resources. The change in net assets measures whether the overall financial condition has improved or deteriorated during the year. Net assets consist of three major categories; invested in capital assets (net of related debt), restricted net assets (nonexpendable and expendable), and unrestricted net assets. Net assets increased by \$54.4 million in 2012. In 2011, net assets increased \$210.2 million.

The first category, net assets invested in capital assets, net of related debt, represents the university's capital assets of land, buildings and equipment net of accumulated depreciation and net of outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. The increase of \$75.4 million in 2012 is primarily attributable to principal payments of \$40.8 million made on debt issued to finance capital projects. It also includes expenditures on capital projects not financed by debt including the installation of solar panels over a parking lot on the Livingston campus, preliminary expenditures for the new business school at Livingston, and the addition of a performing arts wing at the Mason Gross School of the Arts. These additions were offset by the annual depreciation of \$104.4 million. In 2011, there was an increase of \$23.3 million in this category.

The next category is restricted net assets, which is divided into two categories, nonexpendable and expendable. Nonexpendable restricted net assets are those resources that have been set aside and invested as required by the provider of the resources. These funds are not available for expenditures, but rather must be invested in perpetuity with the earnings on those investments to be used as specified by the external donor at the time the resources are received. Nonexpendable net assets increased by \$1.2 million in 2012. In 2011, nonexpendable net assets increased by \$59.8 million.

Expendable restricted net assets are available for expenditure by the university but must be spent for purposes as specified by external donors. The decrease of \$7.3 million in 2012 is attributable to the use of gifts received for the construction of the new Business School on the Livingston Campus and the use of the Camden County Improvement Authority grant for the construction of a new dormitory on the Camden Campus. In 2011, there was an increase of \$26.1 million in expendable restricted net assets.



The final category is unrestricted net assets. Unrestricted net assets are available to the institution for any lawful purpose. Substantially all of the university's unrestricted net assets have been designated by the governing boards or management to support specific programs such as student activities, research projects, continuing education and summer programs, agricultural experiment station activities, junior year abroad programs, auxiliary enterprises and other self-supporting organized activities relating to educational departments as well as capital projects. Many of these designations result from the funds being earned through special purpose fees charged for the specific purposes. The university, therefore, has an obligation to its students to maintain these funds for the purposes that they were received. The decrease in unrestricted net assets in 2012 was \$14.9 million. In 2011, unrestricted net assets increased \$101.0 million.

***Statement of Revenues, Expenses, and Changes in Net Assets***

The Statement of Revenues, Expenses, and Changes in Net Assets presents the revenues earned and the expenses incurred during the fiscal year. Activities are classified as either operating, nonoperating, or other. Revenues received and expenses incurred as a result of the university providing goods and services to its customers are considered operating. Nonoperating revenues are those received for which goods and services are not directly provided. The financial reporting model classifies state appropriations and gifts as nonoperating revenues. The operating deficit demonstrates the university's dependency on state support and gifts. In addition, appropriations, grants and gifts received by the university, specifically for capital expenditures as well as gifts received from donors as endowments, are reported as other revenues.

A summarized comparison of the university's revenues, expenses, and changes in net assets for the years ended June 30, 2012, 2011, and 2010 is as follows (dollars in thousands):

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Operating revenues			
Student tuition and fees (net of scholarship allowance)	\$645,328	\$614,003	\$549,293
Grants and contracts	366,028	334,098	319,469
Auxiliary enterprises (net of scholarship allowance)	260,104	239,890	229,169
Other operating revenues	61,760	63,289	68,431
Total operating revenues	<u>1,333,220</u>	<u>1,251,280</u>	<u>1,166,362</u>
Operating expenses	<u>1,893,962</u>	<u>1,766,218</u>	<u>1,737,385</u>
Operating loss	<u>(560,742)</u>	<u>(514,938)</u>	<u>(571,023)</u>
Nonoperating revenues (expenses)			
State appropriations (including fringe benefits paid directly by the state)	429,327	438,156	444,009
Contributions	26,927	31,957	30,695
Endowment and investment income	17,019	15,540	22,550
Net (decrease)/increase in fair value of marketable investments	(12,660)	85,497	39,274
Governmental Student Aid	160,010	152,681	157,181
Interest on capital asset related debt	(41,575)	(36,135)	(37,602)
Net other nonoperating revenues	13,178	10,781	10,384
Net nonoperating revenues	<u>592,226</u>	<u>698,477</u>	<u>666,491</u>
Income before other revenues	31,484	183,539	95,468
Other revenues	22,888	26,630	22,017
Increase in net assets	<u>54,372</u>	<u>210,169</u>	<u>117,485</u>
Net assets at beginning of year	<u>2,636,769</u>	<u>2,426,600</u>	<u>2,309,115</u>
Net assets at end of year	<u><u>\$2,691,141</u></u>	<u><u>\$2,636,769</u></u>	<u><u>\$2,426,600</u></u>

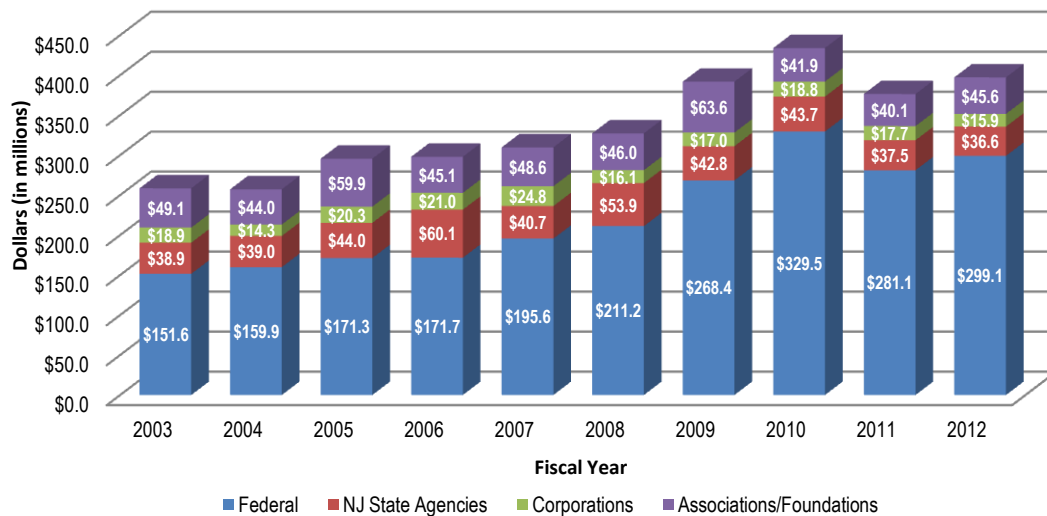
Operating revenues increased \$81.9 million in 2012, and \$84.9 million in 2011. Significant components of operating revenues include the following:

*Student tuition and fees, net of scholarship allowances* are the largest component of operating revenues. Tuition and fees are reflected net of scholarship allowances, which represent scholarships and fellowships applied to student accounts for tuition and residence fees. These scholarships and fellowships are funded through federal and state grant programs and gifts raised by the university. The university provided \$206.8 million of a total \$252.5 million of student aid directly to student accounts. The remaining \$45.7 million was paid to students and is reflected as scholarships and fellowships expense. Scholarship allowances allocated to tuition and fees amounted to \$169.3 million. Another \$37.5 million was allocated to residence fees, which are included in auxiliary revenues. Tuition and fees, net of scholarship allowances, increased \$31.3 million in 2012. The increase resulted primarily from an increase in tuition rates of 2.3% for undergraduates and graduate students, as well as an average increase of 2.6% in student fees. Also, full time enrollment increased by 3.0% while part time enrollment decreased by 1.7%. In 2011, tuition and fees net of scholarship allowances, increased \$64.7 million. The increase in 2011 resulted from a 4.2% increase in tuition rates for undergraduates and graduate students, as well as an average increase of 18.2% in student fees. In 2011, full time enrollment also increased by 4.6% while part time enrollment decreased by 1.1%.

*Grants and Contracts* includes revenues for sponsored programs from federal, state and nongovernmental grants and contracts that normally provide for the recovery of direct and indirect costs, or expenses. In 2012, grants and contracts revenue increased \$31.9 million. In 2011, grants and contracts revenue increased by \$14.6 million.

The following table summarizes the research awards received by the university over the last 10 years. This table reflects awards made to the university in the year awarded. Revenue is only recorded as funds are expended on the grant. This table shows an increase in grants awarded to the university in 2012. This was primarily due to an increase in awards from federal agencies in 2012.

**Research, Education and Public Service Grants  
Fiscal Years 2003-2012**



In 2012, Federal grants increased \$27.8 million. These grants include support received from the National Institute of Mental Health in the amount of \$4.2 million for the Division of Life Sciences' Cell and DNA Repository. Also, the Institute for Health received funding of \$1.5 million on several awards from the Agency for Healthcare Research and Quality. In 2011, Federal grants increased \$11.6 million.

In 2012, State grants increased by \$5.0 million. A grant from the NJ Department of Children and Families provided \$2.9 million to the School of Social Work in 2012. In 2011, State grants decreased by \$3.8 million.

Finally, in 2012, nongovernmental grants and contracts decreased \$0.8 million. This reduction is primarily attributable to the winding down of expenditures on sub awards received from other institutions through the American Reinvestment and Recovery Act of 2009. In 2011, nongovernmental grants increased \$6.9 million.

*Auxiliary enterprise revenues* include revenues from the university's housing and dining facilities, as well as other business type activities such as the bookstore and the golf course that provide support to the university's primary missions of education, research and public service. Auxiliary revenues, net of scholarship allowances, increased in 2012 by \$20.2 million while expenditures increased by \$27.2 million. Revenues increased partially as a result of an increase in Housing and Dining rates and due to an increase in occupancy and meal purchases. In September of 2011, the Busch Engineering, Science and Technology dormitory was opened providing an additional 500 beds. The new Livingston Dining Hall also opened, doubling the number of meals provided by the former Tillet dining facility. Expenses increased as a result of salary increases and as a result of new positions. Positions were added for the new dining hall on the Livingston Campus, as well as some additional positions in student health and counseling. In 2011, auxiliary revenues, net of scholarship allowances, increased by \$10.7 million while expenditures increased by \$1.4 million. Auxiliary revenues increased as a result of an increase in housing and dining rates of 5.4% and an increase in occupancy and meal plans purchased.

Operating expenses increased \$127.7 million in 2012, an increase of 7.2%. Operating expenses are reported by functional classification in the Statement of Revenue, Expenses, and Changes in Net Assets and by natural classification in the notes to the financial statements (See Note 12). The following tables summarize the university's operating expenses by functional and natural classification.

**Operating Expenses by Functional Classification**  
(dollars in thousands)

	2012	2011	Increase (Decrease)	%
				Change
Instruction	\$686,444	\$648,102	\$38,342	5.92%
Sponsored Research	221,980	213,850	8,130	3.80%
Other Separately Budgeted Research	74,255	68,854	5,401	7.84%
Other Sponsored Programs	88,827	88,056	771	0.88%
Extension and Public Service	39,286	36,440	2,846	7.81%
Libraries	39,464	37,065	2,399	6.47%
Student Services	86,156	70,821	15,335	21.65%
Operation and Maintenance of Plant	139,368	141,244	(1,876)	(1.33%)
General Administrative and Institutional	123,215	106,743	16,472	15.43%
Scholarships and Fellowships	45,657	43,537	2,120	4.87%
Depreciation	104,393	93,733	10,660	11.37%
Auxiliary Enterprises	243,007	215,821	27,186	12.60%
Other Operating Expenses	1,910	1,952	(42)	(2.15%)
<b>Total Operating Expenses</b>	<b>\$1,893,962</b>	<b>\$1,766,218</b>	<b>\$127,744</b>	<b>7.23%</b>

**Operating Expenses by Natural Classification**  
(dollars in thousands)

	2012	2011	Increase (Decrease)	%
				Change
Salaries and Wages	\$957,623	\$904,485	\$53,138	5.87%
Fringe Benefits	250,316	235,821	14,495	6.15%
Supplies and Services	581,630	532,179	49,451	9.29%
Depreciation	104,393	93,733	10,660	11.37%
<b>Total Operating Expenses</b>	<b>\$1,893,962</b>	<b>\$1,766,218</b>	<b>\$127,744</b>	<b>7.23%</b>

The natural classification of expenses demonstrates that the major expenditure of the university is salaries and wages accounting for more than 50% of total operating expenses. Negotiated salary increases were implemented this year resulting in the increase in this category. The functional chart shows additional increases occurring in student services as a result of a restructuring of the student health insurance to comply with new health regulations. This cost is offset by fees charged to those students participating in the program to cover the full cost of the coverage. General administrative and institutional expenses also increased as a result of expenditures to improve wireless service in several dormitories and the conversion of telephone service to Voice Over Internet Protocol (VOIP).

*State appropriations*, including fringe benefits paid directly by the State, decreased \$8.8 million in 2012. The university's base appropriation was reduced by \$0.4 million with the elimination of funding for the legal clinics for the poor in Newark and Camden. The university also had received \$10.4 million in maintenance of effort funds in 2011 that was not continued in 2012. This resulted in a total reduction of \$10.8 million. Fringe benefits paid directly by the State increased \$2.0 million in 2012. In 2011, total State appropriations, including fringe benefits paid directly by the State, decreased \$5.9 million.

*Governmental Student Aid* increased \$7.3 million in 2012. Federal Aid to students increased \$2.0 million in 2012 primarily as a result of an increase of 1,216 students receiving these awards. State Aid to students increased \$5.3 million as a result of 1,862 additional students receiving these awards in 2012. Governmental Student Aid decreased \$4.5 million in 2011.

*Contributions* decreased \$5.0 million in 2012. Contributions have been impacted by the continuing difficult economic conditions this year. Contributions increased \$1.3 million in 2011.

*Net increase/(decrease) in fair value of investments* decreased \$98.2 million in 2012 due to a downturn in the market in the second quarter of 2012 resulting in unrealized losses recorded to report investments at fair market value at the end of the year. Net increase/(decrease) in fair value of investments increased \$46.2 million in 2011.

*Other revenues and expenses* consist of grants and gifts received by the university for capital projects, as well as additions to permanent endowments. In 2012, this category decreased \$3.7 million. This category increased in 2011 by \$4.6 million.

*Economic Factors that will affect the future*

As a result of continuing economic issues faced by the State, the base appropriation to the university for 2013 has increased slightly in 2012 with the restoration of funding in the amount of \$400,000 for legal clinics in Newark and Camden that had been cut in 2012. Tuition and fees for fiscal year 2012-2013 were increased 2.5% for its state resident students and 4% for nonresident students. During these difficult financial times, the university continues to attract high quality students. In fact, enrollment continues to increase with a total of over 58,788 students enrolled for the fall 2012 semester.

The university also continues to diversify its resources with gifts, grants and investment income. The university foundation is in the middle of a \$1.0 billion campaign to help meet the university's most pressing academic and financial needs. Funds raised through this campaign will be used to support academic initiatives and student services. The campaign also has a goal of doubling the university's permanent endowment to ensure that permanent resources will be available to meet the needs of our students and faculty for the future. The foundation has already raised \$655.9 million towards their goal.

On August 22, 2012, the Governor of New Jersey signed the New Jersey Medical and Health Sciences Education Restructuring Act (Chapter 45, P.L. 2012); which was passed by the New Jersey Senate and Assembly on June 28, 2012. This act integrates all units of the University of Medicine and Dentistry of New Jersey, except University Hospital in Newark and the School of Osteopathic Medicine in Stratford, into Rutgers effective July 1, 2013.

**STATEMENTS OF NET ASSETS**

June 30, 2012 and 2011

(dollars in thousands)

	<u>2012</u>	<u>2011</u>
<b>ASSETS:</b>		
Current Assets		
Cash and Cash Equivalents	\$114,428	\$53,827
Cash and Cash Equivalents - Restricted	119,103	131,114
Short-Term Investments	328,659	351,985
Short-Term Investments - Restricted	2,079	2,451
Accounts Receivable, net	127,992	90,751
Student Notes Receivable, net	4,740	7,829
Contributions Receivable, net	23,210	22,028
Inventories	4,012	4,261
Prepaid Expenses	14,143	12,965
Total Current Assets	<u>738,366</u>	<u>677,211</u>
Noncurrent Assets		
Cash and Cash Equivalents	58,307	133,488
Cash and Cash Equivalents - Restricted	121,741	157,987
Long-Term Investments	232,686	211,985
Long-Term Investments - Restricted	610,955	619,989
Investments Held by Trustees - Restricted	38,407	152,120
Accounts Receivable, net	41,886	41,482
Student Notes Receivable, net	32,956	28,902
Contributions Receivable, net	23,896	24,254
Derivative Instruments		21
Bond/Commercial Paper Issuance Costs, net	16,229	18,055
Capital Assets, net	2,218,288	2,014,777
Total Noncurrent Assets	<u>3,395,351</u>	<u>3,403,060</u>
<b>TOTAL ASSETS</b>	<u>4,133,717</u>	<u>4,080,271</u>
<b>DEFERRED OUTFLOWS:</b>		
Interest Rate Swaps	44,689	10,988
<b>TOTAL DEFERRED OUTFLOWS</b>	<u>44,689</u>	<u>10,988</u>
<b>LIABILITIES:</b>		
Current Liabilities		
Accounts Payable and Accrued Expenses	167,620	159,512
Deferred Revenue	61,991	59,586
Payroll Withholdings	11,948	11,288
Other Payables	1,886	1,875
Restricted Annuities Payable	921	901
Commercial Paper	81,505	58,695
Long-Term Liabilities	40,818	39,175
Total Current Liabilities	<u>366,689</u>	<u>331,032</u>
Noncurrent Liabilities		
Accounts Payable and Accrued Expenses	28,492	24,081
Restricted Annuities Payable	5,226	5,050
Derivative Instruments	44,689	10,988
Long-Term Liabilities	1,042,169	1,083,318
Total Noncurrent Liabilities	<u>1,120,576</u>	<u>1,123,437</u>
<b>TOTAL LIABILITIES</b>	<u>1,487,265</u>	<u>1,454,469</u>

(Continued)

**STATEMENTS OF NET ASSETS**

June 30, 2012 and 2011

(dollars in thousands)

	<u>2012</u>	<u>2011</u>
<b>DEFERRED INFLOWS:</b>		
Interest Rate Swaps		21
<b>TOTAL DEFERRED INFLOWS</b>		<u>21</u>
<b>NET ASSETS:</b>		
Invested in Capital Assets, Net of Related Debt	1,201,661	1,126,302
Restricted for		
Nonexpendable		
Instruction	174,240	178,185
Scholarships and Fellowships	179,432	174,514
Libraries	7,702	8,038
Other	13,437	12,896
Expendable		
Instruction	145,646	161,319
Research	108,510	96,229
Scholarships and Fellowships	75,937	79,494
Libraries	10,897	11,384
Loans	38,188	38,267
Capital Projects	43,425	47,904
Debt Service Reserve	5,512	5,512
Other	18,011	13,319
Unrestricted	<u>668,543</u>	<u>683,406</u>
<b>TOTAL NET ASSETS</b>	<u><u>\$2,691,141</u></u>	<u><u>\$2,636,769</u></u>

See accompanying notes to the financial statements.

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
For the Years Ended June 30, 2012 and 2011  
(dollars in thousands)

	<u>2012</u>	<u>2011</u>
<b>OPERATING REVENUES</b>		
Student Tuition and Fees (net of scholarship allowances of \$169,313 in 2012 and \$157,326 in 2011)	\$645,328	\$614,003
Federal Grants & Contracts	247,532	219,780
State & Municipal Grants & Contracts	50,695	45,676
Nongovernmental Grants & Contracts	67,801	68,642
Auxiliary Enterprises (net of scholarship allowances of \$37,536 in 2012 and \$34,234 in 2011)	260,104	239,890
Other Operating Revenues	61,760	63,289
Total Operating Revenues	<u>1,333,220</u>	<u>1,251,280</u>
<b>OPERATING EXPENSES</b>		
Educational and General		
Instruction	686,444	648,102
Sponsored Research	221,980	213,850
Other Separately Budgeted Research	74,255	68,854
Other Sponsored Programs	88,827	88,056
Extension and Public Service	39,286	36,440
Libraries	39,464	37,065
Student Services	86,156	70,821
Operations and Maintenance of Plant	139,368	141,244
General Administration and Institutional	123,215	106,743
Scholarships and Fellowships	45,657	43,537
Depreciation	104,393	93,733
Auxiliary Enterprises	243,007	215,821
Other Operating Expenses	1,910	1,952
Total Operating Expenses	<u>1,893,962</u>	<u>1,766,218</u>
Operating Loss	<u>(560,742)</u>	<u>(514,938)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State Appropriations	262,360	273,188
State Paid Fringe Benefits	166,967	164,968
Federal Appropriations	8,504	8,510
Federal Student Aid	73,249	71,202
State Student Aid	86,761	81,479
Contributions	26,927	31,957
Endowment and Investment Income (net of investment management fees of \$3,299 in 2012 and \$2,918 in 2011)	17,019	15,540
Net (Decrease) Increase in Fair Value of Investments	(12,660)	85,497
Interest on Capital Asset Related Debt	(41,575)	(36,135)
Loss on Disposal of Capital Assets	(740)	(87)
Other Nonoperating Revenues	5,414	2,358
Net Nonoperating Revenues	<u>592,226</u>	<u>698,477</u>
Income before Other Revenues	31,484	183,539
Capital Grants and Gifts	7,607	8,077
Additions to Permanent Endowments	15,281	18,553
Increase in Net Assets	<u>54,372</u>	<u>210,169</u>
Net Assets - Beginning of the Year	<u>2,636,769</u>	<u>2,426,600</u>
Net Assets - End of the Year	<u>\$2,691,141</u>	<u>\$2,636,769</u>

See accompanying notes to the financial statements.



**STATEMENTS OF CASH FLOWS**  
**For the Years Ended June 30, 2012 and 2011**  
**(dollars in thousands)**

	2012	2011
<b>Cash Flows from Operating Activities</b>		
Student Tuition and Fees	\$724,274	\$686,597
Research Grants and Contracts	366,223	355,667
Payments to Employees and for Benefits	(1,008,374)	(946,586)
Payments to Suppliers	(518,380)	(454,654)
Payments for Utilities	(65,749)	(71,919)
Payments for Scholarships and Fellowships	(109,612)	(103,359)
Collection of Loans to Students and Employees	5,563	5,349
Auxiliary Enterprises Receipts:		
Housing	122,521	115,695
Dining	70,924	65,747
Athletics	17,701	16,625
Parking	8,199	8,071
Other	18,802	17,478
Other Receipts	49,277	54,041
Net Cash Used by Operating Activities	(318,631)	(251,248)
<b>Cash Flows from Noncapital Financing Activities</b>		
State Appropriations	262,360	273,188
Federal Appropriations	7,824	9,341
Federal and State Student Aid	157,377	157,580
Contributions for other than Capital Purposes	19,998	29,279
Contributions for Endowment Purposes	18,763	24,095
Net Cash Provided by Noncapital Financing Activities	466,322	493,483
<b>Cash Flows from Financing Activities</b>		
Proceeds from Capital Debt	27,000	477,515
Capital Grants and Gifts Received	6,596	7,712
Purchases of Capital Assets and Construction in Progress	(284,622)	(228,237)
Principal Paid on Capital Debt and Leases	(40,772)	(64,990)
Interest Paid on Capital Debt and Leases	(55,014)	(44,502)
Debt Defeasance		(45,897)
Bond Issuance Costs		(3,582)
Other Receipts	8,880	4,423
Net Cash (Used)/Provided by Financing Activities	(337,932)	102,442
<b>Cash Flows from Investing Activities</b>		
Proceeds from Sales and Maturities of Investments	1,960,811	3,526,653
Investment Income	14,490	16,648
Purchase of Investments	(1,847,897)	(3,684,793)
Net Cash Provided/(Used) by Investing Activities	127,404	(141,492)
<b>Net (Decrease)/Increase in Cash and Cash Equivalents</b>	(62,837)	203,185
<b>Cash and Cash Equivalents - Beginning of the year</b>	476,416	273,231
<b>Cash and Cash Equivalents - End of the year</b>	\$413,579	\$476,416

(Continued)

**STATEMENTS OF CASH FLOWS**

For the Years Ended June 30, 2012 and 2011

(dollars in thousands)

	<u>2012</u>	<u>2011</u>
Reconciliation of Operating Loss to		
Net Cash Used by Operating Activities:		
Operating Loss	(\$560,742)	(\$514,938)
Adjustments to Reconcile Operating Loss to Net Cash		
Used by Operating Activities:		
State Paid Fringe Benefits	166,967	164,968
Depreciation	104,393	93,733
Payment for Uncollectible Contributions Receivable	1,454	
Adjustment of Actuarial Liability for Annuities Payable	196	(76)
Changes in Assets and Liabilities:		
Receivables, net	(39,856)	(7,234)
Inventories	249	53
Prepaid Expenses	(1,497)	1,019
Accounts Payable and Accrued Expenses	8,979	7,720
Deferred Revenue	2,425	169
Payroll Withholdings	660	2,589
Other Payables	(1,859)	749
Net Cash Used by Operating Activities	<u>(\$318,631)</u>	<u>(\$251,248)</u>

See accompanying notes to the financial statements.

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES**

**Basis of Accounting**

The basic financial statements of Rutgers, The State University of New Jersey (the university) have been prepared on the accrual basis of accounting and in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The university reports as a special purpose government engaged only in business type activities as defined in GASB Statement No. 34 *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments* as amended by GASB Statement No. 35 *Basic Financial Statements – and Management’s Discussion and Analysis – Public Colleges and Universities*.

GASB Statement No. 34 requires that the financial statements be presented on a comprehensive entity-wide basis, reporting the university as an economic unit.

The accounting policies of the university conform to U.S. generally accepted accounting principles as applicable to public colleges and universities. The university’s reports are based on all applicable GASB pronouncements as well as applicable Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Review Boards of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The university has elected not to apply FASB Statements and Interpretations issued after November 30, 1989.

**Reporting Entity**

The university’s financial statements and notes thereto include the financial statements of the Rutgers University Foundation (the foundation) and the units of the New Market Tax Credit (NMTC) Transaction (One Washington Park), which include One Washington Park Capital, LLC, Parkside RUN Investments, LLC, and One Washington Park Holdings, LLC. The foundation was formed to aid the university in obtaining private funds and other resources to meet the needs and achieve the goals of the university. Although the foundation is a legally separate, not-for-profit organization, it exists for the benefit of the university and is considered a component unit of the university. The governing body of the One Washington Park units is primarily the same as that of the university, and it provides financing services to the university classifying it as a component unit. The balances and transactions of the foundation and One Washington Park were blended with those of the university for reporting purposes, in accordance with GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. Copies of the foundation’s financial statements can be obtained by writing to the foundation at Rutgers University Foundation, Winants Hall, 7 College Avenue, New Brunswick, NJ 08901. Copies of the financial statements for One Washington Park may be obtained by writing to the Executive Director of Business and Financial Services, 249 University Avenue, Room 306, Newark, NJ 07102-1896.

Under GASB Statement No. 14, as amended by GASB Statement No. 39, the university is considered a component unit of the State of New Jersey for financial reporting purposes. Accordingly, the university’s financial statements are included in the State of New Jersey’s Comprehensive Annual Financial Report.

**Measurement Focus and Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting using the economic resources measurement focus. The university reports as a business type activity, as defined by GASB Statement No. 34. Business type activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

**Cash and Cash Equivalents**

Current cash and cash equivalents, which are both unrestricted and restricted in nature, consist of cash on hand, and all highly liquid investments with an original maturity of three months or less except for those managed as a component of the university’s investment portfolio. Noncurrent unrestricted cash and cash equivalents consist of funds that are not externally restricted and are to be used to purchase plant related items not related to capital construction. Noncurrent restricted cash and cash equivalents are externally restricted to maintain sinking or reserve funds, purchase or construct capital or other noncurrent assets, or are related to endowed funds.

### **Investments**

Investments are recorded at fair value in the statements of net assets. The year-to-year change in the fair value of investments is reported in the statements of revenues, expenses, and changes in net assets as net (decrease) increase in fair value of investments.

The fair value of marketable investments is based on the last sale price on the last business day of the fiscal year as quoted by an industry standard pricing service. Securities for which no sale was reported as of the close of the last business day of the fiscal year are valued by this pricing service based on market evaluations using standard trade publications and other quote devices. Investments in non-marketable securities are reported in the financial statements based upon net asset values or the equivalent provided by external investment managers which are reviewed and evaluated by the university's management for reasonableness. Investments with a maturity greater than one year and investments externally restricted for endowment purposes and to maintain sinking or reserve funds, or to purchase or construct capital or other noncurrent assets are classified as noncurrent assets in the statements of net assets.

### **Funds Held in Trust**

Funds held in trust by others or not in the possession of, nor under the control of, the university are not included in the university's accompanying financial statements because they do not meet eligibility requirements for recognition. The market value of such funds aggregated approximately \$58.6 million at June 30, 2012 (\$60.0 million in 2011). Income derived from such irrevocable trust funds held by others, aggregating approximately \$2.1 million in 2012 (\$2.1 million in 2011), is reported in the accompanying financial statements as nonoperating revenues.

### **Inventories**

Inventories are stated at lower of cost or market. Cost is determined principally on a first-in, first-out basis.

### **Bond/Commercial Paper Issuance Costs**

The university capitalizes costs incurred in connection with its bond/commercial paper issues and amortizes these costs over the life of the respective obligations.

### **Capital Assets**

Capital assets consist of land, buildings, land improvements and infrastructure, equipment, construction in progress and art collections. Capital assets are recorded at cost at the date of acquisition, or fair market value on the date of gift if donated, and are shown net of accumulated depreciation. Depreciation on buildings, land improvements and infrastructure, and equipment is calculated using the straight-line method over the assets' estimated useful lives, ranging from 5 to 50 years. Library books totaling approximately 5.5 million (5.5 million in 2011) volumes have not been capitalized. The capitalization threshold is \$5,000 and above. Works of art or historical treasures that are held for public exhibition, education, or research in furtherance of public service are capitalized at the fair market value of the item at the time of acquisition.

### **Deferred Revenue**

Deferred revenue includes summer session activity which will be recognized as revenue and expense in the following fiscal year.

### **Net Assets**

Net assets is the difference between the university's assets and deferred outflows, and its liabilities and deferred inflows. GASB Statement No. 34 requires that these resources be classified for accounting and reporting purposes into four categories as follows:

Invested in capital assets, net of related debt represents the university's total investment in capital assets, net of outstanding debt obligations related to those capital assets.

Restricted net assets – nonexpendable consist of endowment and similar type funds for which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing income, which may either be expended or added to principal.

Restricted net assets – expendable includes all resources for which the university is legally or contractually obligated to spend the resources in accordance with restrictions imposed by external third parties as well as Perkins loans and U.S. government grants refundable.

Unrestricted net assets represent resources available to the university for educational and general operations and spendable endowment income. These resources are derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. Auxiliary enterprises and several academic programs, such as summer session and continuing education, are substantially self-supporting activities that provide services for students, faculty and staff.

Under the university's decentralized management structure, it is the responsibility of individual departments to determine whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

### **Revenue Recognition**

Revenues from student tuition and fees and auxiliary enterprises are presented net of scholarship allowances applied to student accounts and are recognized in the period earned. Other payments made directly to students are presented as scholarships and are included in operating expenses in the period incurred.

Grants and contracts revenue is comprised mainly of funds received from grants from federal, State of New Jersey and municipal and other nongovernmental sources and is recognized when all eligibility requirements for revenue recognition are met, which is generally the period in which the related expenses are incurred.

Revenue from State appropriations is recognized in the fiscal year during which the State of New Jersey appropriates the funds to the university. The university is fiscally dependent upon these appropriations.

Contributions, including pledges other than endowment, are recognized as revenues when all eligibility requirements are met, which is generally in the period donated. Additions to permanent endowments are recognized upon receipt. Endowment and investment income is recognized in the period earned.

### **Classification of Revenue**

The university's policy for defining operating activities in the statements of revenues, expenses, and changes in net assets are those that serve the university's principal purpose and generally result from exchange transactions such as the payment received for services and payment made for the purchase of goods and services. Examples include (1) student tuition and fees, net of scholarship allowances, (2) auxiliary enterprises, net of scholarship allowances, and (3) most federal, state and municipal and other nongovernmental grants and contracts. Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as operating appropriations from the State, student aid, endowment and investment income and contributions. Interest on capital asset related debt is reported as nonoperating expenses.

### **Scholarships and Fellowships**

Scholarships, fellowships or stipends include payments made directly to students in the form of student aid. Any aid applied directly to the students' accounts in payment of tuition and fees, housing charges and dining services is reflected as a scholarship allowance and is deducted from the university's revenues. Certain governmental grants, such as Pell grants, and other federal, state or nongovernmental programs, are recorded as nonoperating revenues in the university's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the university has recorded a scholarship discount and allowance.

The university received \$67.5 million during the year ended June 30, 2012 (\$60.1 million in 2011) from the Pell program, and \$74.5 million during the year ended June 30, 2012 (\$68.2 million in 2011) from Tuition Aid Grants, the largest state student aid program.

The university distributes loans to students under the Federal Direct Student Loan Program. Under this program, the U.S. Department of Education makes interest subsidized and unsubsidized loans, through schools, directly to students. During the year ended June 30, 2012, the university disbursed \$338.6 million (\$307.7 million in 2011) under the Federal Direct Student Loan Program. Direct student loans receivable are not included in the university's statements of net assets since they are repayable directly to the U.S. Department of Education.

### **Income Taxes**

The university is exempt from income taxes on related income pursuant to federal and state tax laws as an instrumentality of the State of New Jersey.

### **Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principals requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### **Reclassifications**

Certain reclassifications of 2011 amounts have been made to conform to the 2012 presentation.

**NOTE 2 – CASH AND CASH EQUIVALENTS AND INVESTMENTS**

**Cash and Cash Equivalents**

The university's cash and cash equivalents balance at June 30, 2012 includes a cash book balance of \$97.5 million (\$35.1 million in 2011). The actual amount of cash on deposit in the university's bank accounts at June 30, 2012 was \$107.3 million (\$47.0 million in 2011). Of this amount, \$30.7 million (\$28.6 million in 2011) was insured by the Federal Deposit Insurance Corporation at June 30, 2012. At June 30, 2012, \$76.6 million (\$18.4 million in 2011) was collateralized in accordance with Chapter 64 of Title 18A of New Jersey Statutes, and no cash was uninsured and uncollateralized at June 30, 2012 and 2011.

The foundation's cash and cash equivalents include uncollateralized deposits, including any bank balance that is collateralized with securities held by a pledging financial institution, or by its trust department or agent but not in the foundation's name. The foundation's cash and cash equivalents balance at June 30, 2012 includes a cash book balance of \$16.3 million (\$15.7 million in 2011). The actual amount of cash on deposit in the foundation's bank accounts at June 30, 2012 was \$21.6 million (\$29.2 million in 2011). Of this amount, \$0.5 million (\$0.5 million in 2011) was insured by the Federal Deposit Insurance Corporation at June 30, 2012. Cash and cash equivalents in excess of those balances, \$21.1 million in 2012 (\$28.7 million in 2011), are uncollateralized.

The university and foundation's cash and cash equivalents are carried in the financial statements at fair value and consist of the following at June 30, 2012 and 2011 (dollars in thousands):

	2012	2011
Money Market Funds	\$256,159	\$406,773
Repurchase Agreements	6,860	16,087
Cash and Deposits	150,560	53,556
Total Cash and Cash Equivalents	\$413,579	\$476,416

**Investments**

The Board of Governors and the Board of Trustees, through the Joint Committee on Investments, exercise authority over the investment of the university's Long-Term Investment Pool. Professional investment managers manage the investment of funds in accordance with the Investment Policy as established by the Joint Committee on Investments, approved by the Board of Governors with the consent of the Board of Trustees. Additionally, a professional investment consultant monitors and reports on the Long-Term Investment Pool and the individual investment managers. Under the terms of the university's bond indentures, bond proceeds and debt service funds may be invested and reinvested only in obligations which will by their terms mature on or before the date funds are needed for expenditure or withdrawal.

The primary financial objective of the investment management of the university's Long-Term Investment Pool is to preserve and enhance the Long-Term Investment Pool's real purchasing power while providing a relatively constant stream of earnings for current use. The long-term investment objective for the Long-Term Investment Pool is to attain an average annual total return of at least 4.5%, net of inflation, fees, and costs. The university's annual spending policy is to spend an amount not to exceed 4.5% of a trailing 13-quarter average of the Long-Term Investment Pool's market values. During 2012, the Joint Committee on Investments voted to reduce the endowment spending rate by 5% divided equally over a two year implementation period beginning in fiscal year 2013. For fiscal years 2013 and 2014, the endowment spending policy will drop to 4.3875% and 4.2750%, respectively. Current earned income will be used for ongoing spending requirements.

The university's investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of net assets.

The university's investments are carried in the financial statements at fair value and consist of the following at June 30, 2012 and 2011 (dollars in thousands):

	<u>2012</u>	<u>2011</u>
Commercial Paper	\$229,397	\$300,792
U.S. Government Treasury Securities	241,915	182,618
U.S. Government Agency Securities	94,875	151,072
Commodities	32,416	42,040
U.S. Corporate Equities	333,042	317,910
Foreign Corporate Equities	101,246	119,894
Real Estate	39,030	32,774
Corporate Bonds	14,449	48,623
Municipal Bonds	9,835	14,995
Bonds - Other Holdings	87,419	89,793
Other Investments	448	2,489
Total Investments	<u>\$1,184,072</u>	<u>\$1,303,000</u>

The Board of Overseers, through its Investment Committee, has authority over the investment of the foundation's funds. Professional investment managers are engaged by the foundation and have full discretion to buy, sell, invest and reinvest portions of the assets in accordance with the investment policies and objectives established by the Investment Committee.

The primary financial objective of the foundation's investment management of assets for the General Endowment Fund is to earn the highest yield possible without unnecessary risk to principal. To achieve the goals of safety, liquidity and return, the assets in the General Endowment Fund are invested in laddered high quality short term fixed income securities and/or an institutional money market fund. The objective for the Planned Giving Portfolio is to maximize long-term total return through a combination of income and capital appreciation in a prudent manner. To achieve the goals of growth and income, the assets within the Planned Giving Portfolio are divided into an equity portion (equities including convertibles and cash devoted to equities) and a fixed income portion (bonds, notes, nonconvertible preferred stock and cash devoted to fixed income).

The foundation's investments are carried in the financial statements at fair value based on quoted market prices, and consist of the following at June 30, 2012 and 2011 (dollars in thousands):

	<u>2012</u>	<u>2011</u>
U.S. Government Treasury Securities	\$3,134	\$6,465
U.S. Government Agency Securities		235
Corporate Bonds	3,941	2,971
Municipal Bonds	1,787	980
Mortgage-backed Securities	12,842	16,828
Asset-backed Securities	130	720
Preferred Stock	248	570
Common Stock	3,890	3,814
Foreign Corporate Debt Securities	663	497
Real Estate	1,242	1,882
Other Investments	837	568
Total Investments	<u>\$28,714</u>	<u>\$35,530</u>



**Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The operating funds of the university are managed against the expected cash requirements of these funds. The university projects its cash requirements and arranges investment maturities accordingly. Special attention is given to the interest rate environment in times of economic growth or downturns. The table below reflects the operation of this process. Endowment funds have a much longer outlook and are invested by professional managers against an index as provided in the university's investment guidelines. For the university, the following table summarizes the maturities of cash and cash equivalents and investments at June 30, 2012 and 2011 (dollars in thousands):

Investment Type	2012				
	Market Value	Investment Maturities (in years)			
		Less Than 1	1-5	6-10	More Than 10
Commercial Paper	\$229,397	\$229,397			
U.S. Government Treasury Securities	241,915	105,452	\$133,779		\$2,684
U.S. Government Agency Securities	94,875	20,881	73,892	\$5	97
Corporate Bonds	14,449	10,994	3,455		
Municipal Bonds	9,835			1,045	8,790
Bonds - Other Holdings	87,419		2,734	84,685	
Money Market Funds	254,167	254,167			
Repurchase Agreements	6,860	6,860			
Total	938,917	\$627,751	\$213,860	\$85,735	\$11,571
U.S. Corporate Equities	333,042				
Foreign Corporate Equities	101,246				
Commodities	32,416				
Real Estate	39,030				
Other Investments	448				
Total	\$1,445,099				
Investment Type	2011				
	Market Value	Investment Maturities (in years)			
		Less Than 1	1-5	6-10	More Than 10
Commercial Paper	\$300,792	\$300,792			
U.S. Government Treasury Securities	182,618	94,369	\$86,105		\$2,144
U.S. Government Agency Securities	151,072	42,848	108,149	\$13	62
Corporate Bonds	48,623	36,546	12,077		
Municipal Bonds	14,995	14,995			
Bonds - Other Holdings	89,793		2,552	87,241	
Money Market Funds	406,773	406,773			
Repurchase Agreements	16,087	16,087			
Total	1,210,753	\$912,410	\$208,883	\$87,254	\$2,206
U.S. Corporate Equities	317,910				
Foreign Corporate Equities	119,894				
Commodities	42,040				
Real Estate	32,774				
Other Investments	2,489				
Total	\$1,725,860				

The foundation does not have a provision in the investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. While the general provisions of the investment strategy should be implemented with a long-term prospective, all holdings must be sufficiently liquid so as to allow liquidation of the entire portfolio on one month's notice. In addition, annuity pooled investments in the planned giving portion of the portfolio are governed by the New Jersey Prudent Investor Act. The required reserves for this pool are reviewed utilizing actuarial assumptions of the charitable gift annuity assets. For the foundation, the following table summarizes the maturities at June 30, 2012 and 2011 (dollars in thousands):

Investment Type	2012				
	Market Value	Investment Maturities (in years)			
		Less Than 1	1-5	6-10	More Than 10
U.S. Government Treasury Securities	\$3,134	\$25	\$2,128	\$911	\$70
Corporate Bonds	3,941	331	2,311	1,183	116
Municipal Bonds	1,787	431	1,145	28	183
Mortgage-backed Securities	12,842		145	1,520	11,177
Asset-backed Securities	130		130		
Foreign Corporate Debt Securities	663	3	490	148	22
Preferred Stock	248	107			141
<b>Total</b>	<b>22,745</b>	<b>\$897</b>	<b>\$6,349</b>	<b>\$3,790</b>	<b>\$11,709</b>
Common Stock	3,890				
Real Estate	1,242				
Other Investments	837				
<b>Total</b>	<b>\$28,714</b>				

Investment Type	2011				
	Market Value	Investment Maturities (in years)			
		Less Than 1	1-5	6-10	More Than 10
U.S. Government Treasury Securities	\$6,465	\$4,507	\$1,289	\$610	\$59
U.S. Government Agency Securities	235		179	56	
Corporate Bonds	2,971		2,261	655	55
Municipal Bonds	980		384	481	115
Mortgage-backed Securities	16,828			2,961	13,867
Asset-backed Securities	720		73	647	
Foreign Corporate Debt Securities	497	1	448	47	1
Preferred Stock	570	4	462		104
<b>Total</b>	<b>29,266</b>	<b>\$4,512</b>	<b>\$5,096</b>	<b>\$5,457</b>	<b>\$14,201</b>
Common Stock	3,814				
Real Estate	1,882				
Other Investments	568				
<b>Total</b>	<b>\$35,530</b>				

### Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The university's Investment Policy states that individual bonds shall be rated with an investment grade by at least two of the three rating agencies (Moody's, Fitch, and Standard & Poor's (S&P)). The average credit quality of the Core Fixed Income Fund shall be maintained at AA (by S&P or equivalent rating by Moody's or Fitch) or higher. The prospect of credit risk or risk of permanent loss shall be avoided in the Core Fixed Income Fund. Issues of state or municipal agencies shall not be purchased except in unusual circumstances. A fixed income manager may invest in foreign securities up to a limit of 20% of the portfolio. At June 30, 2012, \$0.8 million of the university's money market funds included in cash and cash equivalents were not rated (\$35,146 in 2011). At June 30, 2012 and 2011, all of the university's repurchase agreements included in cash and cash equivalents were not rated. At June 30, 2012 and 2011, the university's cash and cash equivalent and investment quality ratings as rated by Standard & Poor's were as follows (dollars in thousands):

Investment Type	Quality Rating	2012	2011
U.S. Government Treasury and Agency Securities	AAA	\$67,497	\$333,690
U.S. Government Treasury and Agency Securities	AA+	269,293	
Money Market Funds	AAA	253,390	371,627
Corporate Bonds	AAA	5,737	48,247
Corporate Bonds	AA+	6,912	77
Corporate Bonds	AA	1,511	
Corporate Bonds	A	196	200
Corporate Bonds	BBB+	93	99
Municipal Bonds	AAA	3,325	8,735
Municipal Bonds	AA+	1,410	1,600
Municipal Bonds	AA	770	1,000
Municipal Bonds	AA-	2,000	
Municipal Bonds	N/R	2,330	3,660
Bonds - Other Holdings	AA	66,187	89,793
Bonds - Other Holdings	AA-	21,232	
Commercial Paper	A-1+	92,974	213,423
Commercial Paper	A-1	136,423	87,369
Total		<u>\$931,280</u>	<u>\$1,159,520</u>

The foundation's Investment Policy states that individual bonds shall be rated an investment grade by at least two rating agencies (Moody's and S&P). The average credit quality of the Fixed Income Securities must be maintained at a class BBB/Baa or higher as rated by both standard services (Moody's and S&P). Up to 10% of the investment manager's portfolio may be invested in securities rated BBB/Baa or lower as rated by both standard services (Moody's and S&P). The dollar-weighted average rating of the fixed income portfolio for each manager of marketable bonds shall be A/A or better.

At June 30, 2012 and 2011, the foundation's investment quality ratings, at fair value, as rated by S&P were as follows (dollars in thousands):

Investment Type	Quality Rating	2012	2011
U.S. Government Treasury and Agency Securities	AAA		\$6,700
U.S. Government Treasury and Agency Securities	AA+	\$3,134	
Corporate Bonds	AAA		5
Corporate Bonds	AA+	29	72
Corporate Bonds	AA	56	
Corporate Bonds	AA-		64
Corporate Bonds	A+	204	176
Corporate Bonds	A	617	1,848
Corporate Bonds	A-	2,077	436
Corporate Bonds	BBB+	252	159
Corporate Bonds	BBB	95	77
Corporate Bonds	BBB-		48
Corporate Bonds	BB+	70	
Corporate Bonds	BB-	541	
Corporate Bonds	CCC		86
Municipal Bonds	AA+	46	15
Municipal Bonds	AA	350	26
Municipal Bonds	A+	1,017	552
Municipal Bonds	A	280	288
Municipal Bonds	A-	94	99
Mortgage-backed Securities	AAA	24	16,828
Mortgage-backed Securities	AA+	12,818	
Asset-backed Securities	AAA	60	73
Asset-backed Securities	AA-	70	647
Foreign Debt Securities	AAA		20
Foreign Debt Securities	AA	22	
Foreign Debt Securities	AA-	51	47
Foreign Debt Securities	A+	59	21
Foreign Debt Securities	A	76	342
Foreign Debt Securities	A-	340	37
Foreign Debt Securities	BBB	115	30
Preferred Stock	A-		284
Preferred Stock	BBB+	57	
Preferred Stock	BBB	53	118
Preferred Stock	BB+	85	50
Preferred Stock	BB-	49	58
Preferred Stock	B+		56
Preferred Stock	CC		4
Preferred Stock	C	4	
Total		<u>\$22,745</u>	<u>\$29,266</u>

#### Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty, the university will not be able to recover the value of the investments that are in the possession of an outside party. Custodial credit risk should not be confused with market risk, which is the risk that the market value of a security may decline. The university's investment securities are exposed to custodial credit risk if the securities are uninsured and unregistered and held by the counterparty, or by its trust department or agent but not in the university's name. Money market and mutual funds are not subject to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form. At June 30, 2012 and 2011, the university had \$371.5 and \$393.6 million, respectively, of investments that were uninsured and unregistered and not held by the outside party in the university's name.

Investment Type	2012	2011
Corporate Equities	\$266,908	\$251,126
Bonds - Other Holdings	33,182	67,686
Commodities	32,416	42,040
Real Estate	39,030	32,774
Total	\$371,536	\$393,626

As of June 30, 2012 and 2011, the foundation's investments were either insured, registered, or held by the foundation's agent in the foundation's name, except for money market and mutual funds, which are not subject to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

#### **Investments - Endowment Funds**

The majority of endowment funds assets are in the Long-Term Investment Pool. Each individual fund subscribes to or disposes of units in the pools on the basis of the per-unit market value at the beginning of the three-month period within which the transaction takes place. At June 30, 2012, the market value of the Long-Term Investment Pool was \$581.2 million (\$577.9 million in 2011). In addition, the aggregate endowment market value of funds separately invested was \$53.7 million at June 30, 2012 (\$61.1 million in 2011). The investment appreciation was \$59.8 million at June 30, 2012 (appreciation of \$83.1 million in 2011). These amounts are included in restricted nonexpendable, restricted expendable and unrestricted net assets.

The university employs a spending policy which provides for annual spending at a stated rate determined by the Joint Investment Committee of the Board of Governors and the Board of Trustees. Income earned above the stated rate is reinvested and added to the endowment principal, while any shortfall is covered by capital appreciation. The university complies with the "Uniform Prudent Management of Institutional Funds Act" (UPMIFA) P.L. 2009, Chapter 64, adopted by New Jersey. This law speaks to the management and use of funds held by charitable institutions.

#### **Alternative Investments**

As part of its investment strategy, the university has committed to invest a total of \$186.5 million to 40 non-marketable alternative asset partnerships, hedge funds and real estate funds at June 30, 2012 (\$175.5 million to 37 non-marketable alternative asset partnerships, hedge funds and real estate funds in 2011). As of June 30, 2012, the university has \$143.6 million of paid-in capital to these alternative assets (\$122.3 million in 2011) and \$46.8 million in unfunded commitments (\$56.4 million in 2011).

**NOTE 3 – ACCOUNTS RECEIVABLES AND ALLOWANCE FOR DOUBTFUL ACCOUNTS**

Accounts receivable are shown net of the allowance for doubtful accounts and are comprised of the following at June 30, 2012 and 2011 (dollars in thousands):

	<u>Accounts Receivable</u>	<u>Allowance</u>	<u>Net 2012</u>
Government Grants Receivable and Other Sponsored			
Programs	\$77,002	\$500	\$76,502
Plant Receivables	41,379		41,379
Federal and State Governments	18,439		18,439
Student Accounts Receivable	13,503	4,349	9,154
Interest Receivable	6,190		6,190
Other	19,443	1,229	18,214
Total	<u>\$175,956</u>	<u>\$6,078</u>	<u>\$169,878</u>

	<u>Accounts Receivable</u>	<u>Allowance</u>	<u>Net 2011</u>
Government Grants Receivable and Other Sponsored			
Programs	\$54,840	\$500	\$54,340
Plant Receivables	41,482		41,482
Student Accounts Receivable	10,170	3,310	6,860
Interest Receivable	5,213		5,213
Federal and State Governments	8,060		8,060
Other	17,407	1,129	16,278
Total	<u>\$137,172</u>	<u>\$4,939</u>	<u>\$132,233</u>

Students' notes receivable in the statements of net assets are also shown net of the allowance for doubtful notes, which amounted to \$4.5 million at June 30, 2012 (\$4.2 million in 2011).

The allowances for doubtful accounts and notes are based upon management's best estimate of uncollectible accounts and notes at June 30, 2012 and 2011, considering type, age, collection history and other appropriate factors.

**NOTE 4 – CONTRIBUTIONS RECEIVABLE**

The anticipated receipt of contributions receivable is as follows at June 30, 2012 and 2011 (dollars in thousands):

<b>Year Ending June 30:</b>	<u>2012</u>	<u>2011</u>
Within one year	\$24,515	\$22,328
Two to five years	24,346	24,254
	48,861	46,582
Less allowance for uncollectible contributions	<u>(1,755)</u>	<u>(300)</u>
Total Contributions Receivable	<u>\$47,106</u>	<u>\$46,282</u>

Pledges of permanent endowments and term endowments do not meet the recognition criteria of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, until cash or other assets are received. These pledges, which approximated \$37.1 million at June 30, 2012 (\$34.2 million in 2011) have not been included in the accompanying statements of net assets.

## NOTE 5 - CAPITAL ASSETS

The detail of Capital Assets activity for the years ended June 30, 2012 and 2011 is as follows (dollars in thousands):

	Balance 2011	Additions	Retirements/ Capitalization	Balance 2012
Capital Assets Not Being Depreciated:				
Land	\$59,474	\$1,219		\$60,693
Capitalized Art Collections	58,448	1,070		59,518
Construction in Progress	240,287	253,891	\$127,009	367,169
Total	<u>358,209</u>	<u>256,180</u>	<u>127,009</u>	<u>487,380</u>
Capital Assets Being Depreciated:				
Land Improvements	271,207	10,523		281,730
Buildings	2,257,635	139,012		2,396,647
Equipment	454,018	29,938	15,369	468,587
Total	<u>2,982,860</u>	<u>179,473</u>	<u>15,369</u>	<u>3,146,964</u>
Less Accumulated Depreciation:				
Land Improvements	193,946	19,084		213,030
Buildings	800,639	54,869		855,508
Equipment	331,707	30,440	14,629	347,518
Total	<u>1,326,292</u>	<u>104,393</u>	<u>14,629</u>	<u>1,416,056</u>
Net Capital Assets Being Depreciated	<u>1,656,568</u>	<u>75,080</u>	<u>740</u>	<u>1,730,908</u>
Total Capital Assets, net	<u>\$2,014,777</u>	<u>\$331,260</u>	<u>\$127,749</u>	<u>\$2,218,288</u>

During 2012, the university has capitalized interest expense of \$13.6 million in construction in progress in the accompanying statements of net assets.

	Balance 2010	Additions	Retirements/ Capitalization	Balance 2011
Capital Assets Not Being Depreciated:				
Land	\$59,436	\$38		\$59,474
Capitalized Art Collections	58,007	441		58,448
Construction in Progress	147,531	176,607	\$83,851	240,287
Total	<u>264,974</u>	<u>177,086</u>	<u>83,851</u>	<u>358,209</u>
Capital Assets Being Depreciated:				
Land Improvements	256,532	14,675		271,207
Buildings	2,162,205	97,051	1,621	2,257,635
Equipment	435,010	32,113	13,105	454,018
Total	<u>2,853,747</u>	<u>143,839</u>	<u>14,726</u>	<u>2,982,860</u>
Less Accumulated Depreciation:				
Land Improvements	174,942	19,004		193,946
Buildings	752,889	47,750		800,639
Equipment	317,745	26,979	13,017	331,707
Total	<u>1,245,576</u>	<u>93,733</u>	<u>13,017</u>	<u>1,326,292</u>
Net Capital Assets Being Depreciated	<u>1,608,171</u>	<u>50,106</u>	<u>1,709</u>	<u>1,656,568</u>
Total Capital Assets, net	<u>\$1,873,145</u>	<u>\$227,192</u>	<u>\$85,560</u>	<u>\$2,014,777</u>

During 2011, the university had capitalized interest expense of \$10.7 million in construction in progress in the accompanying statements of net assets.

**NOTE 6 – ACCOUNTS PAYABLE AND ACCRUED EXPENSES**

Accounts payable and accrued expenses consist of the following at June 30, 2012 and 2011 (dollars in thousands):

	<u>2012</u>	<u>2011</u>
Vendors	\$71,553	\$62,102
Compensated Absences	56,615	52,588
Accrued Salaries and Benefits	30,074	31,601
Workers Compensation	13,985	13,153
Interest Payable	7,333	10,872
Retainage	10,830	9,756
Other Accrued Expenses	<u>5,722</u>	<u>3,521</u>
Total Accounts Payable and Accrued Expenses	<u>\$196,112</u>	<u>\$183,593</u>

**NOTE 7 – NONCURRENT LIABILITIES**

Noncurrent liability activity for the years ended June 30, 2012 and 2011 is as follows (dollars in thousands):

	<u>Balance</u> <u>2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>2012</u>	<u>Current</u> <u>Portion</u>
Accounts Payable and Accrued Expenses	\$183,593	\$17,585	\$5,066	\$196,112	\$167,620
Restricted Annuities Payable	5,951	1,105	909	6,147	921
Long-Term Liabilities	<u>1,122,493</u>	<u>24</u>	<u>39,530</u>	<u>1,082,987</u>	<u>40,818</u>
Total Noncurrent Liabilities	<u>\$1,312,037</u>	<u>\$18,714</u>	<u>\$45,505</u>	<u>\$1,285,246</u>	<u>\$209,359</u>

	<u>Balance</u> <u>2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>2011</u>	<u>Current</u> <u>Portion</u>
Accounts Payable and Accrued Expenses	\$157,518	\$29,780	\$3,705	\$183,593	\$159,512
Restricted Annuities Payable	6,027	822	898	5,951	901
Long-Term Liabilities	<u>769,841</u>	<u>439,343</u>	<u>86,691</u>	<u>1,122,493</u>	<u>39,175</u>
Total Noncurrent Liabilities	<u>\$933,386</u>	<u>\$469,945</u>	<u>\$91,294</u>	<u>\$1,312,037</u>	<u>\$199,588</u>

**NOTE 8 – COMMERCIAL PAPER**

On February 28, 2007, the university instituted the commercial paper program to provide interim or short-term financing for the acquisition and construction of and improvements, repairs, replacements, additions and betterments to the facilities, and the acquisition of equipment, and other property in connection therewith, of the university, and the refinancing of certain outstanding obligations of the university. The commercial paper was to be issued either as Tax-Exempt Commercial Paper or as Taxable Commercial Paper.



The commercial paper constitute direct general obligations of the university for the payment of which, as to both principal and interest, the full faith and credit of the university are pledged. Principal of the commercial paper, to the extent not paid from proceeds of general obligation bonds and proceeds of other commercial paper, and interest on the commercial paper is payable from other available university funds. The university has entered into a Standby Commercial Paper Purchase Agreement with Wells Fargo Bank, National Association (the Liquidity Provider) under which the Liquidity Provider is obligated to purchase newly issued commercial paper to pay the principal of other commercial paper, subject to suspension or termination upon the occurrence of certain events. The Standby Commercial Paper Purchase Agreement will terminate at the close of business on April 20, 2015, unless terminated prior to such date in accordance with its terms. Morgan Stanley & Co. Incorporated will be the exclusive dealer in connection with the offering and issuance of the Series A Tax-Exempt Commercial Paper, the Series C Taxable Commercial Paper and the Series D Extendable Commercial Paper. Merrill Lynch, Fenner & Smith Incorporated will be the dealer in connection with the offering and issuance of the Series B Tax-Exempt Commercial Paper.

During fiscal year 2011, the university issued General Obligation Commercial Paper Series A and C for \$26.2 million and \$16.0 million, respectively. These issuances were to provide interim financing of the 2010 Capital Projects. In addition, as part of the issuance of General Obligation Bonds, 2010 Series H, the university redeemed \$26.2 million of General Obligation Commercial Paper Series A. In addition, using university funds, the university redeemed \$0.5 million and \$1.6 million of General Obligation Commercial Paper Series A and C, respectively.

During fiscal year 2012, the university issued General Obligation Commercial Paper Series B for \$27.0 million. This issuance was to provide interim financing for the Camden Housing Project. In addition, using university funds, the university redeemed \$4.2 million of General Obligation Commercial Paper Series C.

Commercial Paper activity as of June 30, 2012 and June 30, 2011 is as follows (dollars in thousands):

	2011 Balance	Additions	Retirements	2012 Balance
Series A	\$1,850			\$1,850
Series B		\$27,000		27,000
Series C	56,845		\$4,190	52,655
	<u>\$58,695</u>	<u>\$27,000</u>	<u>\$4,190</u>	<u>\$81,505</u>
	2010 Balance	Additions	Retirements	2011 Balance
Series A	\$2,360	\$26,170	\$26,680	\$1,850
Series C	42,425	16,000	1,580	56,845
	<u>\$44,785</u>	<u>\$42,170</u>	<u>\$28,260</u>	<u>\$58,695</u>

#### NOTE 9 - LONG-TERM LIABILITIES

Long-term liability activity for the years ended June 30, 2012 and 2011 is as follows (dollars in thousands):

	Balance 2011	Additions	Retirements	Balance 2012	Current Portion
General Obligation					
Bonds Payable	\$973,206	\$24	\$30,645	\$942,585	\$31,944
Lease Obligations	108,763		8,752	100,011	8,735
Notes Payable	1,581		133	1,448	139
Loans Payable	38,943			38,943	
Total Long-Term					
Liabilities	<u>\$1,122,493</u>	<u>\$24</u>	<u>\$39,530</u>	<u>\$1,082,987</u>	<u>\$40,818</u>

	Balance 2010	Additions	Retirements	Balance 2011	Current Portion
General Obligation					
Bonds Payable	\$612,651	\$435,535	\$74,980	\$973,206	\$30,290
Lease Obligations	116,538	3,808	11,583	108,763	8,752
Notes Payable	1,709		128	1,581	133
Loans Payable	38,943			38,943	
Total Long-Term Liabilities	<u>\$769,841</u>	<u>\$439,343</u>	<u>\$86,691</u>	<u>\$1,122,493</u>	<u>\$39,175</u>

## OTHER OBLIGATIONS OF THE UNIVERSITY

### Notes Payable

Notes payable at June 30, 2012 and 2011 consist of an unsecured note payable to the U.S. Department of Education with interest at 5.5%, final installment due January 1, 2021.

### Rutgers Community Park

In 1999, the university and the City of Camden entered into an agreement for the acquisition, development and construction of an outdoor recreational complex designated the Rutgers Community Park which was made available to university students and the public. On June 26, 2002, the university agreed to assume the obligation for debt service payable on an aggregate of \$1.0 million in loans that the City of Camden received from the Green Acres Program of the State of New Jersey in connection with the Rutgers Community Park, pursuant to an Amended and Restated Interlocal Services Agreement between the City of Camden and the university. The assumption of the debt service payable on the Green Acres Program of the State of New Jersey loan is a general obligation of the university secured by the full faith and credit of the university. At June 30, 2012, the outstanding amount due on the loans was \$0.5 million (\$0.5 million in 2011).

### Guaranty of LEAP School Bond Financing

The Delaware River Port Authority (the Authority) issued \$8.5 million of Charter School Project Bonds, Series 2003 (LEAP Academy university Charter School, Inc.) on October 2, 2003 pursuant to the Compact, the New Jersey Act, the Pennsylvania Act and an Indenture of Trust dated as of September 1, 2003, by and between the Authority and Commerce Bank, National Association, as trustee (the Guaranty), for the purpose of financing the costs of the design, development, construction and equipping of the LEAP Academy University Charter School (the LEAP School) in Camden, New Jersey. The LEAP School will be owned and managed by the LEAP Academy University Charter School, Inc., a New Jersey not-for-profit corporation, and will serve approximately 216 students in grades 9-12. The LEAP School site is adjacent to the Camden Campus. The university's obligations under the Guaranty are a general obligation of the university secured by the full faith and credit of the university.

### College Hall Student Housing Project

The university entered into a Limited Minimum Revenue Guaranty, dated January 22, 2004, pursuant to which the university agreed to pay the debt service payable for a two-year period on, and thereafter to replenish the debt service reserve account established in connection with, the Middlesex County Improvement Authority's (the MCIA) \$4.2 million aggregate principal amount of Revenue Bonds (George Street Student Housing Project), 2004 Series B. The 2004 Series B Bonds mature on August 15, 2011 and were issued, together with the MCIA's \$49.9 million Revenue Bonds (George Street Student Housing Project), 2004 Series A, to finance the cost of the planning, design, development, supervision, construction, furnishing, equipping and opening of a student housing facility for use primarily by the university's students. The university's obligations under the Limited Revenue Guaranty are a general obligation of the university secured by the full faith and credit of the university.

### Loans Payable

On May 30, 2007, One Washington Park Holdings (QALICB) entered into two loan and security agreements with New Jersey Community Capital Community Development Entity (NJCC CDE) I LLC and NJCC CDE II LLC in the amounts

of \$36.3 million and \$2.6 million, respectively, to finance a portion of the acquisition and renovation of the property located at One Washington Park in Newark, NJ (See Note 16). The loans bear interest at a rate of 2.33% per annum and 1.45% per annum, respectively, and are payable every December 1. The principal amounts are due to NJCC CDE I LLC and NJCC CDE II LLC on December 1, 2014.

At June 30, 2012 and 2011, the outstanding balance of the NJCC CDE I and II loans remained at \$38.9 million and \$38.9 million, respectively.

On December 23, 2010, the university entered into a loan agreement with Somerset Street Associates 2, LLC (Borrower) in the amount of \$16.1 million. The funds will be used for the construction of the Rutgers University Bookstore, Rutgers University Press, and the common areas (the Rutgers Component). Beginning on October 1, 2012, and continuing through the payment due on January 1, 2018, accrued interest only shall be payable in quarterly installments due and payable on the first business day of each quarter. Beginning on April 1, 2018, the borrower shall make quarterly payments of principal and interest over the remaining term of the note (April 1, 2041), due and payable on the first business day of each quarter.

### Bonds Payable – General Obligation

A summary of bonds issued and outstanding at June 30, 2012 and 2011 is as follows (dollars in thousands):

	Date of Series	Original Amount	Outstanding June 30, 2012	2011
General Obligation Refunding Bonds:				
1992 Series A, 6.51% effective, due serially to May 1, 2007 and term bonds due May 1, 2013	Feb. 1, 1992	\$94,370	\$5,180	\$10,030
2002 Series A, variable-rate, due serially to May 1, 2018	Feb. 1, 2002	110,000	57,300	61,400
2003 Series C, 3.41% effective, due serially to May 1, 2019	July 15, 2003	111,320	34,100	41,460
2010 Series I, 3.46% effective, due serially to May 1, 2025 and term bonds due May 1, 2029	Nov. 1, 2010	40,830	40,830	40,830
Total General Obligation Refunding Bonds		<u>356,520</u>	<u>137,410</u>	<u>153,720</u>
General Obligation Bonds:				
2002 Series B, 4.60% effective, due serially to May 1, 2012 and term bonds due May 1, 2027, 2032 and 2034	Nov. 1, 2002	50,000	24,065	25,155
2003 Series D, 3.74% effective, due serially to May 1, 2019	Dec. 1, 2003	24,805	8,730	10,305
2004 Series E, 4.69% effective, due serially to May 1, 2029 and term bonds due May 1, 2031 and 2034	July 1, 2004	86,725	76,685	78,720
2009 Series F, 4.56% effective, due serially to May 1, 2031 and term bonds due May 1, 2039	Feb. 10, 2009	233,105	214,285	220,995
2009 Series G, variable-rate, due serially to May 1, 2039	Apr. 29, 2009	80,000	75,530	77,085
2010 Series H, 3.70% effective, due serially May 1, 2019 through May 1, 2022 and term bonds due May 1, 2029 and 2040	Nov. 1, 2010	390,990	390,990	390,990
Total General Obligation Bonds		<u>865,625</u>	<u>790,285</u>	<u>803,250</u>
Total Bonds		<u>\$1,222,145</u>	<u>\$927,695</u>	<u>\$956,970</u>

The General Obligation Bonds Payable includes premium on bonds, net of bond discounts, of \$14.9 million at June 30, 2012 (\$16.2 million in 2011, premium on bonds, net of bond discounts) related to Series 1992 A, Series 2002 B, Series 2003 C, Series 2003 D, Series 2004 E, Series 2009 F, and Series 2010 I.

#### **General Obligation and General Obligation Refunding Bonds**

The General Obligation Refunding Bonds, 1992 Series A was issued under an open-ended Indenture of Trust, dated May 1, 1987, as supplemented, and the General Obligation Refunding Bonds, 2002 Series A, were issued under an Indenture of Trust, dated February 1, 2002. These bonds were issued to finance a portion of the cost of the renovation, construction and equipping of certain academic, research support and other facilities, as well as infrastructure development and land acquisitions of the university. Under the terms of the indentures, all bonds issued are direct and general obligations of the university and are in no way an obligation of the State of New Jersey. On August 25, 2011, the university, along with First Union National Bank (predecessor to U.S. Bank, National Association), the Trustee, and TD Bank, N.A. (the Substitute Liquidity Facility), entered into a Standby Bond Purchase Agreement for General Obligation Refunding Bonds, 2002 Series A pursuant to Section 5.9(b) of the First Supplemental Indenture of Trust, dated as of February 1, 2002, which supplements the Indenture of Trust, dated as of February 1, 2002. This agreement carries an annual facility fee of 0.4% and expires on August 25, 2014. As of June 30, 2012, no funds have been drawn against this agreement. The original purchase agreement was among the university, the Trustee, and Landesbank Hessen-Thüringen Girozentrale, New York Branch was terminated on August 25, 2011 and bore an annual facility fee of 0.3%. In connection with the delivery of the Substitute Liquidity Facility, Standard & Poor's has affirmed its AA/A-1+ rating on the bonds, and Moody's has affirmed its Aa2, Aa2/VMIG1 and P-1 ratings on the bonds.

The General Obligation Bonds, 2002 Series B, were issued in the amount of \$50.0 million and dated November 1, 2002. The 2002 Series B Bonds are secured under the provisions of an Indenture of Trust, dated as of February 1, 2002, as supplemented by a First Supplemental Indenture of Trust, dated as of February 1, 2002, each between the university and First Union National Bank (now known as Wells Fargo Bank, National Association), as trustee and a Second Supplemental Indenture of Trust, dated as of November 1, 2002, between the university and the Trustee. In September 2006, Wachovia Bank (now known as Wells Fargo Bank) sold all trustee rights to U.S. Bank. The proceeds of the 2002 Series B Bonds, together with certain other monies available to the university, are being used to finance, in part, the costs of the construction of new buildings for the Department of Biomedical Engineering and the Department of Human Genetics on the Busch Campus; the renovation of Olson Hall on the Newark Campus to upgrade and expand laboratory space, conference room space, classroom space and faculty offices for the Biological Sciences and Chemistry Departments; implementation of the Housing Fire Safety Program mandating installation of automatic fire suspension systems in all student residences and certain environmental remediation, health and safety and infrastructure support in accordance with State regulations; and the financing of certain deferred maintenance and other capital improvements in accordance with the State Higher Education Capital Improvement Fund Act of 1999.

The General Obligation Refunding Bonds, 2003 Series C, were issued in the amount of \$111.3 million and dated July 15, 2003. The bonds were issued under the terms of an Indenture of Trust, dated February 1, 2002, as supplemented, and a Third Supplemental Indenture of Trust, dated as of July 1, 2003. The 2003 Series C Bonds were issued to refund in whole the university's outstanding (i) Revenue Refunding Bonds, Series S, (ii) Revenue Refunding Bonds, Series T, (iii) General Obligation Refunding Bonds, 1993 Series 1, (iv) General Obligation Refunding Bonds, 1993 Series A, and (v) General Obligation Bonds, 1993 Series B. The proceeds of the 2003 Series C Bonds, along with certain other moneys provided, were used to (i) redeem the above mentioned bonds prior to maturity, in whole on July 31, 2003, at their appropriate respective principal amounts plus the applicable redemption premium, if any and interest, and (ii) to pay certain administrative, legal, financing and incidental expenses relating to the issuance of the 2003 Series C Bonds. The university completed the advance refunding to reduce its total debt service payments over the next 16 years by \$33.8 million and to obtain an economic gain (difference between the present values of the old and new debt service payments less escrow funds used) of \$12.0 million. The difference between the reacquisition price and the net carrying amount of the old debt, \$4.4 million, is being deferred and amortized as interest expense through the year 2019 using the effective interest method. In 2012, \$0.3 million (\$0.3 million in 2011) has been expensed leaving \$1.9 million as deferred charges.

The General Obligation Bonds, 2003 Series D, were issued in the amount of \$24.8 million and dated December 1, 2003. The 2003 Series D Bonds are secured under the provisions of the Indenture of Trust, dated as of February 1, 2002, as supplemented between the university and First Union National Bank (now known as Wells Fargo Bank, National Association), as Trustee and a Fourth Supplemental Indenture of Trust, dated as of December 1, 2003, between the university and the Trustee. In September 2006, Wachovia Bank (now known as Wells Fargo Bank) sold all trustee rights to U.S. Bank. The proceeds of the 2003 Series D Bonds are being used to finance (i) the costs of construction of certain deferred capital maintenance projects on the New Brunswick Campus, the Camden Campus and the Newark Campus, each project with a minimum economic life of ten years, and (ii) certain administrative, legal, financing and incidental expenses relating to the issuance of these Bonds.

The General Obligation Bonds, 2004 Series E, were issued in the amount of \$86.7 million on July 1, 2004. The bonds were issued under the terms of an Indenture of Trust, dated as of February 1, 2002, as supplemented, between the university and the First Union National Bank (now known as Wells Fargo Bank, National Association), as Trustee, and a Fifth Supplemental Indenture of Trust, dated July 1, 2004, between the university and the Trustee. In September 2006, Wachovia Bank (now known as Wells Fargo Bank) sold all trustee rights to U.S. Bank. The 2004 Series E Bonds are authorized to be issued pursuant to the terms of the Fifth Supplemental Indenture, supplemental to and amendatory of the Master Indenture. The 2004 Series E Bonds are authorized under the provisions of Rutgers, The State University Law, constituting Chapter 65 of Title 18A of the New Jersey Statutes Annotated (the Act), and the Indenture. The 2004 Series E Bonds were issued to fund capital projects for sites and buildings located at the New Brunswick, Newark and Camden campuses of the university, which include: (i) the construction of a student-housing facility with ancillary student-related and retail space on the Newark Campus; (ii) the expansion to and renovation of the Camden Law School; (iii) the complete interior and exterior reconstruction of the Administrative Services Building II located on the New Brunswick Campus; (iv) the fit-out and equipping of the Public Safety Building on the New Brunswick Campus; and (v) the construction of a new College of Nursing Building for academic and administrative offices and teaching laboratories.

The General Obligation Bonds, 2009 Series F, were issued in the amount of \$233.1 million on February 10, 2009. The bonds were issued under the terms of an Indenture of Trust, dated as of February 1, 2002 (the Master Indenture) as supplemented by and between the university and U.S. Bank National Association (successor to Wachovia Bank, National Association and First Union National Bank), as trustee (the Trustee), and a Sixth supplemental Indenture of Trust, dated as of February 1, 2009, by and between the university and the Trustee (the sixth supplemental Indenture, and together with the Master Indenture, the Indenture). The 2009 Series F Bonds were issued for (i) the refinancing of Commercial Paper which financed the construction of various capital projects, (ii) the financing of additional capital projects of the university, (iii) the refunding of certain outstanding bonds of the university, and (iv) the payment of certain administrative, legal, financing, and incidental expenses relating to the issuance of the bonds.

The General Obligation Bonds, 2009 Series G, were issued in the amount of \$80.0 million on April 29, 2009. The bonds are secured under the provisions of an Indenture of Trust, dated as of February 1, 2002, (the Master Indenture) as supplemented by and between the university and U.S. Bank National Association (successor to Wachovia Bank, National Association and First Union National Bank), as trustee (the Trustee), and a Seventh Supplemental Indenture of Trust, dated as of May 1, 2009, by and between the university and the Trustee (the Seventh Supplemental Indenture, together with the Master Indenture, the Indenture). The 2009 Series G Bonds are authorized under the provisions of Rutgers, The State University Law, constituting Chapter 65 of Title 18A of the New Jersey Statutes Annotated (the Act), and the Indenture. The 2009 Series G Bonds were issued for (i) the refinancing of the Commercial Paper which financed the construction of various capital projects, (ii) the financing of additional capital projects of the university, and (iii) the payment of certain administrative, legal, financing, and incidental expenses relating to the issuance of these bonds. On May 6, 2009, the university, along with U.S. Bank National Association, entered into a Standby Bond Purchase Agreement for General Obligation Bonds 2009 Series G at an annual facility fee of 1.0%. This agreement was extended on May 4, 2012, with an expiration date of May 15, 2015. The agreement carries an annual facility fee of 0.4% at the university's current bond rating. As of June 30, 2012, no funds have been drawn.

The General Obligation Bonds, 2010 Series H, and the General Obligation Refunding Bonds, 2010 Series I (collectively the 2010 Series Bonds) were issued in the amount of \$391.0 million and \$40.8 million, respectively, on November 1, 2010. The bonds are secured under the provisions of an Indenture of Trust, dated as of February 1, 2002, (the Master Indenture) as supplemented by and between the university and U.S. Bank National Association, (successor to Wachovia Bank, National Association and First Union National Bank), as trustee (the Trustee), as supplemented and amended, including by the Eighth Supplemental Indenture of Trust, dated as of November 1, 2010, by and between the university and the Trustee (the Eighth Supplemental Indenture, together with the Master Indenture, the Indenture). The 2010 Series Bonds are authorized under the provisions of Rutgers, The State University Law, constituting Chapter 65 of Title 18A of the New Jersey Statutes Annotated, and the Indenture. The 2010 Series Bonds were issued to (i) finance and/or refinance a portion of the construction of various capital projects of the university (the 2010 Capital Projects), (ii) provide for the refinancing of (a) certain outstanding commercial paper of the university, and (b) the current and/or advance refunding of all or a portion of certain outstanding bonds of the university, and (iii) finance costs of issuance with respect to the 2010 Capital Projects. The bonds which were refunded in whole included General Obligation Bonds 1998 Series A (\$16.2 million), and in part General Obligation Bonds 2002 Series B (\$17.3 million), 2003 Series C (\$6.8 million), and 2003 Series D (\$3.4 million).

All bonds bear interest at fixed-rates with the exception of 2002 Series A and 2009 Series G, which bear interest at a variable-rate. For 2002 Series A, the rates varied from a low of 0.01% to a high of 0.24% during fiscal year 2012 (a low of 0.03% to a high of 0.29% during fiscal 2011). For 2009 Series A, the rates varied from a low of 0.02% to a high of 0.29% during fiscal year 2012 (a low of 0.03% to a high of 0.30% during fiscal year 2011). With the intention of lowering its effective interest rate related to 2002 Series A and Series 2009 G, the university entered into swap agreements with JP Morgan Chase, Merrill Lynch, and Bank of New York. (See **NOTE 10** for additional information about derivatives.) The university is exposed to basis risk due to the difference between the floating rate on the bonds and the SIFMA/LIBOR rate.

The following is the synthetic rate, related to the 2002 Series A bond, at the end of fiscal years 2012 and 2011:

	Terms	2012	Terms	2011
Interest rate swap				
Fixed payment to counterparty	Fixed	3.96%	Fixed	3.96%
Variable payment from counterparty	SIFMA	-0.18%	SIFMA	-0.13%
Net interest rate swap payments		<u>3.78%</u>		<u>3.83%</u>
Variable rate bond coupon payments		<u>0.16%</u>		<u>0.03%</u>
Synthetic interest rate		<u><u>3.94%</u></u>		<u><u>3.86%</u></u>

The following is the synthetic rate, related to the 2009 Series G Bonds, at the end of fiscal year 2012:

	Terms	Merrill Lynch	Terms	Bank of New York
Interest rate swap				
Fixed payment to counterparty	Fixed	4.08%	Fixed	3.82%
Variable payment from counterparty	3 MO LIBOR	-0.47%	SIFMA	-0.18%
Net interest rate swap payments		<u>3.61%</u>		<u>3.64%</u>
Variable rate bond coupon payments		<u>0.17%</u>		<u>0.17%</u>
Synthetic interest rate		<u><u>3.78%</u></u>		<u><u>3.81%</u></u>

The following is the synthetic rate, related to the 2009 Series G Bonds, at the end of fiscal year 2011:

	Terms	Merrill Lynch	Terms	Bank of New York
Interest rate swap				
Fixed payment to counterparty	Fixed	4.08%	Fixed	3.82%
Variable payment from counterparty	3 MO LIBOR	-0.25%	SIFMA	-0.13%
Net interest rate swap payments		<u>3.83%</u>		<u>3.69%</u>
Variable rate bond coupon payments		<u>0.03%</u>		<u>0.03%</u>
Synthetic interest rate		<u><u>3.86%</u></u>		<u><u>3.72%</u></u>

Using rates as of the end of the fiscal year, debt service payments to maturity, assuming current interest rates remain the same for their term, are as follows (dollars in thousands):

Year	Fixed-Rate Bonds		Variable-Rate Bond		Interest Rate Swap, Net	Total
	Principal	Interest	Principal	Interest		
2013	\$24,890	\$40,693	\$5,815	\$220	\$4,898	\$76,516
2014	19,340	39,633	11,580	211	4,681	75,445
2015	19,450	38,740	11,945	192	4,246	74,573
2016	19,550	37,855	12,410	172	3,797	73,784
2017	15,625	37,005	12,880	153	3,330	68,993
2018-2022	91,130	174,247	21,965	552	11,769	299,663
2023-2027	117,845	151,324	12,820	436	9,266	291,691
2028-2032	161,635	115,623	15,605	318	6,755	299,936
2033-2037	188,760	69,156	19,055	174	3,699	280,844
2038-2042	136,640	15,809	8,755	22	477	161,703
Total	\$794,865	\$720,085	\$132,830	\$2,450	\$52,918	\$1,703,148

As rates vary, variable-rate bond interest payments and net interest rate swap payments will vary.

#### EXTINGUISHMENT OF DEBT

On November 19, 2010, as part of the General Obligation Refunding Bonds, 2010 Series I, the university completed the advance refunding of General Obligation Bonds 1998 Series A and partial refunding of General Obligation Bonds 2002 Series B, 2003 Series C, and 2003 Series D to reduce its total debt service payments over the next 19 years by \$5.7 million and to obtain an economic gain (difference between the present values of the old and new debt service payments less escrow funds used) of \$2.3 million. The difference between the acquisition price and the net carrying amount of the old debt of \$1.8 million and the issuance cost related to the refunding of \$0.3 million is being deferred and amortized as interest expense through the year 2029 using the effective interest method. In 2012, \$0.2 million (\$0.1 million in 2011) has been expensed leaving \$1.8 million as deferred charges (\$2.0 million in 2011).

This refunding defeased all of the General Obligation Bonds 1998 Series A, totaling \$16.2 million, and partially defeased \$17.3 million, \$6.8 million, and \$3.4 million of General Obligation Bonds 2002 Series B, 2003 Series C, and 2003 Series D, respectively. At June 30, 2012, the remaining outstanding balances for the partially refunded issues were \$24.1 million (\$25.2 million in 2011), \$34.1 million (\$41.5 million in 2011), and \$8.7 million (\$10.3 million in 2011) of General Obligation Bonds 2002 Series B, 2003 Series C, and 2003 Series D, respectively. Also at June 30, 2012, \$0.0 million (\$17.3 million in 2011), \$6.8 million (\$6.8 million in 2011), and \$3.4 million (\$3.4 million in 2011) was held in escrow for General Obligation Bonds 2002 Series B, 2003 Series C, and 2003 Series D, respectively.

#### CAPITALIZED LEASE OBLIGATIONS

##### Facilities Authority

**Higher Education Capital Improvement Fund (HECIP)** – Under the provisions of the State of New Jersey Higher Education Capital Improvement Fund Act (the HECIP Act) of 1999 (P.L. 1999, c. 217), the university has been allocated \$169.0 million to help finance certain of its deferred maintenance and other capital needs. The funds are provided through bonds issued by the Facilities Authority. The university is obligated to pay one-third of the debt service on the bonds. On December 20, 2000, the Facilities Authority issued bonds, the university's portion of which amounted to \$75.0 million. The bonds bear an effective interest rate of 5.06% per annum and mature on September 1, 2020. Additional bonds, Series 2002 A, were issued by the Facilities Authority on November 21, 2002. The university's portion and remaining balance of the \$169.0 million amounted to \$94.0 million. The bonds bear an effective interest rate of 3.47% per annum and mature on September 1, 2022. In accordance with the act, the university is required to make annual lease payments to retire 33.3% of the bonds, representing the university's portion, including interest. The State of New Jersey is obligated to pay the remaining 66.7% of the annual debt service. At June 30, 2012, the university had a capital lease obligation of \$39.6 million (\$42.0 million in 2011).



**Dormitory Safety Trust Fund (DSTF)** - Under the provisions of the Dormitory Safety Trust Fund Act (the DSTF Act) (P.L. 2000, c.56), the university received a \$29.0 million interest free loan to finance the installation of fire suppression systems in buildings used as student dormitories. The New Jersey Educational Facilities Authority issued two series of bonds on August 14, 2001 to finance these loans. Series 2001A (Tax Exempt) bears an effective interest rate of 4.8% per annum, and Series 2001B (Federally Taxable) bears an effective interest rate of 6.1% per annum. Both series mature on March 1, 2016. At June 30, 2012, the university had a capital lease obligation of \$8.3 million (\$10.4 million in 2011).

#### **Housing Authority**

In connection with a redevelopment project undertaken by the Housing and Urban Development Authority of the City of New Brunswick (the Housing Authority), a series of agreements were entered into by the university, the Housing Authority and Robert Wood Johnson University Hospital, Inc., the outcome of which was the construction of a student apartment complex, parking deck, health club facility and multi-unit retail center. Pursuant to the terms of the capital lease and agreement dated July 1, 1992 between the university and the Housing Authority, the Housing Authority issued bonds in the aggregate amount of \$55.3 million on July 23, 1992, at an effective interest rate of 6.23% per annum, for the purpose of providing long-term financing for the project. On December 1, 1998, these bonds were refinanced in the aggregate amount of \$54.5 million, at an effective interest rate of 4.83% per annum. On March 25, 2011, these bonds were refinanced, once again, in the aggregate amount of \$31.3 million, at an effective interest rate of 3.2% per annum. The bonds mature serially from July 1, 2011, through July 1, 2020. In accordance with the agreement, the university is required to pay an annual rental to the Housing Authority over the life of the agreement in amounts necessary to retire the university's portion of the bonds, including interest, to provide for sinking fund and reserve account requirements and to reimburse the Housing Authority for its administrative costs. Upon retirement of the bonds, title to the student apartment complex, parking deck, health club facility and the related common space will be transferred to the university. Accordingly, the land and facilities have been capitalized with a corresponding liability classified as a capital lease obligation. At June 30, 2012, this liability was \$26.2 million (\$28.8 million in 2011). As discussed more fully below, a portion of this capital lease obligation is being funded under a sublease agreement.

#### **Hospital Sublease**

In conjunction with the Housing Authority capital lease and agreement, the university simultaneously entered into a sublease and agreement with the Robert Wood Johnson University Hospital, Inc. (the Hospital), dated July 1, 1992, whereby the Hospital agreed to lease a portion of the parking facility from the university. The sublease provides for an initial term of two years which commenced July 1992, renewable in six consecutive five year terms. In accordance with the sublease, the Hospital is required to pay an annual rental to the university over the life of the agreement, subject to termination payments to the university should the options to renew not be exercised. The payments received under this sublease are being used by the university to cover a proportional amount of the lease payments due to the Housing Authority. Upon retirement of the bonds, title to the Hospital's portion of the parking deck will be transferred to the Hospital. At June 30, 2012, the estimated present value of the Hospital sublease over the full lease term, including renewal periods, amounted to \$4.6 million (\$5.1 million in 2011). Payments required under the lease and agreement between the university and the Housing Authority are in no way conditional upon the receipt of payments from the Hospital under the sublease and agreement.

#### **Certificates of Participation, Series 2004**

Pursuant to an Agent Agreement, dated April 1, 2004, between the university, as Lessee, Lower George Street University Redevelopment Associates, LLC, a New Jersey limited liability company, as Lessor, and Wachovia Bank, National Association (now known as Wells Fargo Bank, National Association), as Agent, Certificates of Participation were issued in the amount of \$30.6 million on April 15, 2004. The Certificates of Participation represent undivided proportionate interests in the fixed rent payable by the university pursuant to the Master Lease Agreement, dated April 1, 2004, between the Lessee and Lower George Street University Redevelopment Associates, LLC. The university is obligated under the Lease to make payments of fixed rent that comprise amounts designated as interest and as principal and that are payable to the owners of the 2004 Certificates. The 2004 Certificates are being issued to finance the acquisition of the land, the preparation of the land for construction, including demolition and clearing of existing improvements, and the construction of improvements and costs of acquisition and installation of equipment. This area will primarily serve as the university's Division of Public Safety headquarters, provide additional office space for the university and provide a parking garage, all to support the university's educational functions. In addition, the 2004 Certificates are to provide for capitalized interest on the 2004 Certificates from the dates of delivery to July 1, 2005 and to pay the costs of issuance associated with the authorization, sale, execution and delivery of the 2004 Certificates. At June 30, 2012, the university had a capital lease obligation of \$27.3 million (\$27.8 million in 2011).

Future lease payments (receipts) applicable to the aforementioned capital leases at June 30, 2012 are as follows (dollars in thousands):

Year	Facilities Authority			Housing Authority	Hospital Sublease	Certificates of Participation	Total
	HECIP	DSTF (2001A)	DSTF (2001B)				
2013	\$4,457	\$2,040	\$33	\$4,044	(\$718)	\$1,860	\$11,716
2014	4,462	2,039	33	4,052	(719)	1,860	11,727
2015	4,458	2,040	32	4,053	(719)	1,864	11,728
2016	4,456	2,040	32	4,051	(719)	1,861	11,721
2017	4,456			4,048	(718)	1,860	9,646
2018-2022	23,877			12,151	(2,156)	9,280	43,152
2023-2027	6,063					9,262	15,325
2028-2032						9,217	9,217
2033-2037						9,180	9,180
2038-2042						1,829	1,829
Total Lease Payments	52,229	8,159	130	32,399	(5,749)	48,073	135,241
Less Amount Representing Interest	12,580			6,224	(1,136)	20,793	38,461
Present Value of Lease Payments	<u>\$39,649</u>	<u>\$8,159</u>	<u>\$130</u>	<u>\$26,175</u>	<u>(\$4,613)</u>	<u>\$27,280</u>	<u>\$96,780</u>

#### Miscellaneous Equipment Leases

The university has entered into certain lease-purchase agreements for equipment which are principally for a duration of one to five years depending on the application and financial advantage to the university. Such agreements are essential to the normal operation of the university, and it is expected that these arrangements, where applicable, would be renegotiated when financially advantageous. The following represents the book value of the university's equipment capital leases at June 30, 2012 and 2011 (dollars in thousands):

	2012	2011
Cost	\$8,212	\$8,212
Accumulated Depreciation	(4,842)	(3,630)
Net Book Value	<u>\$3,370</u>	<u>\$4,582</u>

The payments of these agreements include a charge for interest at various rates depending on each agreement. At June 30, 2012, the aggregate capitalized lease obligation associated with these agreements, which excludes future interest payments, is approximately \$2.5 million (\$4.1 million in 2011). The annual rentals for these capitalized lease obligations are provided for in the university's operating budget.

#### NOTE 10 - DERIVATIVE FINANCIAL INSTRUMENTS

The university is party to derivative financial instruments (interest rate swaps) that are reported at fair value on the statements of net assets.

##### Objective of the swaps:

The university has entered into four separate pay-fixed, receive-variable interest rate swaps in order to protect against adverse changes in cash flows caused by variable prices, costs, rates, or terms that cause future prices to be uncertain.

For the years ended June 30, 2012 and 2011, the university had the following derivative instruments outstanding (dollars in thousands):

<u>Derivative Instrument</u>	<u>Type</u>	<u>Objective</u>	<u>Notional Amount</u>	<u>Effective Date</u>	<u>Termination Date</u>	<u>Terms</u>	<u>2012 Fair Value</u>	<u>Change in Fair Value</u>
JP Morgan & Co.	Pay-fixed interest rate swap	Hedge of changes in cash flows on the General Obligation Bond (GOB) 2002 Series A	\$57,300	2/4/2002	5/1/2018	Pay 3.96%; receive SIFMA swap index	(\$6,864)	(\$89)
Merrill Lynch	Pay-fixed interest rate swap	Hedge of changes in cash flows on the General Obligation Commercial Paper (GOCP) Series A, B, C and GOB 2009 Series G	100,000	5/1/2008	11/1/2038	Pay 4.08%; receive 100% USD-LIBOR-BBA (3 mo)	(31,367)	31,388
Bank of New York	Pay-fixed interest rate swap	Hedge of changes in cash flows on the General Obligation Bond (GOB) 2009 Series G	18,980	5/1/2007	5/1/2027	Pay 3.82%; receive SIFMA swap index	(3,564)	1,689
Bank of New York	Pay-fixed interest rate swap	Hedge of changes in cash flows on the General Obligation Commercial Paper (GOCP) Series A and C	13,500	3/1/2012	11/1/2017	Pay 5.13%; receive 100% USD-LIBOR-BBA (1 mo)	(2,894)	734
Total			<u>\$189,780</u>				<u>(\$44,689)</u>	<u>\$33,722</u>

<u>Derivative Instrument</u>	<u>Type</u>	<u>Objective</u>	<u>Notional Amount</u>	<u>Effective Date</u>	<u>Termination Date</u>	<u>Terms</u>	<u>2011 Fair Value</u>	<u>Change in Fair Value</u>
JP Morgan & Co.	Pay-fixed interest rate swap	Hedge of changes in cash flows on the General Obligation Bond (GOB) 2002 Series A	\$61,400	2/4/2002	5/1/2018	Pay 3.96%; receive SIFMA swap index	(\$6,953)	\$163
Merrill Lynch	Pay-fixed interest rate swap	Hedge of changes in cash flows on the General Obligation Commercial Paper (GOCP) Series A, C and GOB 2009 Series G	100,000	5/1/2008	11/1/2038	Pay 4.08%; receive 100% USD-LIBOR-BBA (3 mo)	21	7,173
Bank of New York	Pay-fixed interest rate swap	Hedge of changes in cash flows on the General Obligation Bond (GOB) 2009 Series G	19,720	5/1/2007	5/1/2027	Pay 3.82%; receive SIFMA swap index	(1,875)	177
UBS	Pay-fixed interest rate swap	Hedge of changes in cash flows on the General Obligation Commercial Paper (GOCP) Series C	13,500	5/1/2007	11/1/2017	Pay 5.13%; receive 100% USD-LIBOR-BBA (1 mo)	(2,160)	185
Total			<u>\$194,620</u>				<u>(\$10,967)</u>	<u>\$7,698</u>

**Fair Value:**

As of June 30, 2012, the swaps had a total negative fair value of \$44.7 million (negative fair value of \$11.0 million in 2011). The fair value was provided by Prager, Sealy & Co., LLC and derived from proprietary models based on estimates about relevant future market conditions. As these are hedging derivatives, the aggregate change in fair value is reported as deferred outflows (for the swaps in a liability position) and deferred inflows (for the swaps in an asset position) in the statements of net assets.

**Credit Risk:**

As of June 30, 2012, the university was not exposed to credit risk with JP Morgan, Bank of New York and Merrill Lynch because all of the swaps had negative fair values. As of June 30, 2011, the university was not exposed to credit risk with JP Morgan, Bank of New York, and UBS because the swaps had negative fair values. However, the university was exposed to credit risk in the amount of Merrill Lynch's fair value. The credit ratings for each of the counterparties are as follows:

<u>Derivative Instrument</u>	<u>2012 Counterparty Credit Rating</u>	<u>2011 Counterparty Credit Rating</u>
JP Morgan & Co.	A+	AA-
Merrill Lynch	A-	A
Bank of New York - SIFMA	AA-	AA
Bank of New York - LIBOR	AA-	
UBS		A+

In fiscal 2012, UBS requested that the university accept an assignment of our swap to the Bank of New York. Since the swap resulted in a swap with a higher rated counterparty and it was negotiated at no cost to the university, the university agreed to the assignment.

The mark-to-market value of the swap will not require collateralization unless (i) the Qualified Swap Provider is downgraded by a nationally recognized rating agency below the two highest grade categories, and (ii) the market value of the swap exceeds the current collateralization threshold specified in the respective Agreement. Any such collateral shall consist of direct obligations of, or obligations which are guaranteed by, the United States of America or other securities weighted to take into account their relative security compared to such obligations of the United States of America. The amount of (i.e., value of) such collateral shall equal the market value of the swap in excess of the applicable collateral threshold based on the rating of such counterparty at such time. The table below shows when collateralization would be required or triggered.

<u>Ratings by Moody's and S&amp;P</u>	<u>Counterparty Collateral Threshold</u>
AAA/Aaa	Infinite
Aa3/AA-	Infinite
A1/A+	\$20.0 million
A2/A	\$10.0 million
A3/A-	\$10.0 million
Baa1/BBB+	\$5.0 million
Baa2/BBB	\$5.0 million
Baa3/BBB-	Zero
Below Baa3/BBB- or not rated	Zero

In the table above, a Counterparty is not obligated to provide collateral if it has a credit rating in the highest two categories regardless of the mark-to market value of the swap. Collateralization would be required, for example, if the Counterparty was rated "A2/A" and the mark-to-market value of the swap exceeded \$10.0 million. In this example, the collateral required would be equal to the amount by which the mark-to market value of the swap exceeds \$10.0 million. Rutgers is subject to the same collateral requirements as the counterparty.

If either S&P or Moody's ceases to be in the business of rating debt securities and such business is not continued by a successor, a nationally recognized credit rating agency would be selected in substitution.

**Basis Risk:**

The pay-fixed receive-variable swaps expose the university to basis risk because the rates resulting from the Securities Industry and Financial Markets Association Index (SIFMA), for the GOB 2002 Series A and the GOB Series 2009 G swaps, 100% of USD-LIBOR-BBA (1 month and 3 month) for GOB Series 2009 G, GOCP Series A, B and C swaps are not the same rate the university pays on the hedged debt. The rates on the bonds are calculated daily by the remarketing agent, and for the commercial paper by a broker/dealer, at the lowest rate necessary to clear the market.

**Rollover Risk:**

The university is exposed to rollover risk on swaps only if the counterparty exercises its termination option, in which case the university will not realize the synthetic rate offered by the swaps on the underlying debt issues.

**Termination Risk:**

The university or any of the involved counterparties may terminate any of the swaps if the other party fails to perform under the terms of the contract. If a swap is terminated, the variable-rate debt issue would no longer carry a synthetic fixed interest rate. Also, if at termination a swap has a negative fair value, the university would be liable to the appropriate counterparty for a payment equal to the swap's fair value.

The JP Morgan & Co. swap has an optional termination provision in which they will have the right, but not the obligation to terminate the swap transaction in whole on each day that the daily weighted average of the Municipal Swap Index for any immediately preceding rolling consecutive 180 day period within the exercise period is more than 7.0% per annum. The exercise period began on November 1, 2004 and is up to, but excluding, the termination date of May 1, 2018. The date on which JP Morgan exercises its right to terminate the transaction is defined as the optional termination date. If JP Morgan exercises its right to terminate the transaction, the university shall pay two business days after the optional termination date the fixed amount for the period from and including the last fixed rate payer payment date to but excluding the optional termination date, and JP Morgan will pay two business days after the optional termination date the floating amount for the period from and including the last floating rate payer payment date to but excluding the optional termination date. Upon payment and receipt of these amounts, neither party shall have any further payment obligations related to this transaction.

**NOTE 11 - COMMITMENTS**

At June 30, 2012, the estimated cost of capital projects under construction, in the design stage with approved sources of funding, and in the design stage pending determination of sources of funding, aggregated approximately \$637.8 million. Anticipated sources of funding for these projects are summarized as follows (dollars in thousands):

	<b>Total Project Funding</b>		
	<b>Received at June 30, 2012</b>	<b>Additional Funding Required at June 30, 2012</b>	<b>Estimated Total Cost</b>
Borrowing	\$311,031	\$221,160	\$532,191
Gifts and Other Sources	96,726	8,911	105,637
<b>Total</b>	<b>\$407,757</b>	<b>\$230,071</b>	<b>\$637,828</b>

The university leases certain space used in general operations. Rental expense was approximately \$4.9 million in 2012 (\$6.6 million in 2011). The leases are non cancelable and have been classified as operating leases which are expected to expire through 2032. Minimum annual rental commitments approximate the following (dollars in thousands):

<b>Year</b>	<b>Amount</b>
2013	\$5,251
2014	3,423
2015	2,793
2016	1,830
2017	1,469
2018-2022	1,567
2023-2027	310
2028-2032	67
<b>Total</b>	<b>\$16,710</b>

**NOTE 12 - NATURAL EXPENSES BY FUNCTIONAL CLASSIFICATION**

The university reports operating expenses by functional classification. Details of these expenses by natural classification at June 30, 2012 and 2011 are as follows (dollars in thousands):

	<u>Salaries and Wages</u>	<u>Fringe Benefits</u>	<u>Supplies and Services</u>	<u>Depreciation</u>	<u>2012 Total</u>
Instruction	\$464,846	\$119,693	\$101,905		\$686,444
Sponsored Research	96,560	23,246	102,174		221,980
Other Separately Budgeted Research	44,062	13,239	16,954		74,255
Other Sponsored Programs	38,538	10,365	39,924		88,827
Extension and Public Service	24,880	6,778	7,628		39,286
Libraries	20,676	5,193	13,595		39,464
Student Services	36,522	10,985	38,649		86,156
Operation & Maintenance of Plant	58,087	14,565	66,716		139,368
General Administrative and Institutional	72,486	19,943	30,786		123,215
Scholarships and Fellowships	4,239	48	41,370		45,657
Depreciation				\$104,393	104,393
Auxiliary Enterprises	96,727	26,261	120,019		243,007
Other Operating Expenses			1,910		1,910
<b>Total Operating Expenses</b>	<u><u>\$957,623</u></u>	<u><u>\$250,316</u></u>	<u><u>\$581,630</u></u>	<u><u>\$104,393</u></u>	<u><u>\$1,893,962</u></u>

	<u>Salaries and Wages</u>	<u>Fringe Benefits</u>	<u>Supplies and Services</u>	<u>Depreciation</u>	<u>2011 Total</u>
Instruction	\$442,353	\$115,647	\$90,102		\$648,102
Sponsored Research	91,526	20,928	101,396		213,850
Other Separately Budgeted Research	44,395	12,201	12,258		68,854
Other Sponsored Programs	41,103	10,008	36,945		88,056
Extension and Public Service	22,528	6,174	7,738		36,440
Libraries	19,784	5,105	12,176		37,065
Student Services	36,748	9,774	24,299		70,821
Operation & Maintenance of Plant	55,073	14,156	72,015		141,244
General Administrative and Institutional	67,802	18,828	20,113		106,743
Scholarships and Fellowships	467	77	42,993		43,537
Depreciation				\$93,733	93,733
Auxiliary Enterprises	82,706	22,923	110,192		215,821
Other Operating Expenses			1,952		1,952
<b>Total Operating Expenses</b>	<u><u>\$904,485</u></u>	<u><u>\$235,821</u></u>	<u><u>\$532,179</u></u>	<u><u>\$93,733</u></u>	<u><u>\$1,766,218</u></u>

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## NOTE 13 - EMPLOYEE BENEFITS

### Retirement Plans

The university has primarily two retirement plans available to its employees, the State of New Jersey Public Employees Retirement System, a defined benefit plan, and the Alternate Benefit Program, a defined contribution plan. Under these plans, participants make annual contributions, and the State of New Jersey, in accordance with State statutes, makes employer contributions on behalf of the university for these plans. Pension expense paid directly by the State of New Jersey for 2012 aggregated \$49.8 million (\$43.3 million in 2011) of which \$7.2 million (\$7.0 million in 2011) has been reimbursed to the State from amounts recovered from self-supporting operations and sponsored programs. Reimbursement is based upon a composite fringe benefit rate provided by the State for all State plans. The university is charged for contributions on behalf of employees through a fringe benefits charge assessed by the State which is included within the state paid fringe benefits in the accompanying statements of revenues, expenses, and changes in net assets. The university has no direct pension obligation associated with the State plans, and no liability for such costs has been reflected in the accompanying financial statements. Summary information regarding these plans is provided below.

### Public Employees Retirement System (PERS)

**Plan Description** – PERS is a multiple-employer, public cost-sharing retirement system which is administered by the State of New Jersey under the provisions of N.J.S.A. 43:15A. The payroll for employees covered by PERS for the year ended June 30, 2012 was \$163.4 million (\$165.1 million in 2011).

University employees of a certain classification are required as a condition of employment to be members of PERS. The formula for benefits is an annual allowance in the amount equal to years of service, divided by 55, times the final average salary. Final average salary means the average of the salaries received by the member for the last three years of membership service or the three highest fiscal years, whichever provides the largest benefit. Pension benefits fully vest on reaching ten years of credited service. Members enrolled in PERS prior to November 2, 2008, are eligible for retirement at age 60 with no minimum years of service required. Members enrolled in PERS on or after November 2, 2008, are eligible for retirement at age 62 with no minimum years of service required. Members enrolled in PERS prior to July 1, 2007, who have 25 years or more of credited service may also select early retirement without penalty at age 55 and receive full retirement benefits. Members enrolled in PERS on or after July 1, 2007, may select early retirement with an allowance reduction for each month prior to the normal retirement age as specified by the NJ Division of Pensions and Benefits. PERS also provides death and disability benefits. Benefits are established by State statute.

Members enrolled in PERS after May 21, 2010, must work 35 hours or more per week. An employee is eligible for PERS membership based upon only one position and requires the retirement system to designate the position providing the higher or highest compensation for the member from among any concurrently held positions. This position will be used as the basis for eligibility for membership, service credit, the compensation base for pension contributions, and for other pension calculations. The formula and definition of compensation to be used to calculate service, early and deferred retirement for these members changes as well. The formula for service, early and deferred retirement will be calculated as years of service, divided by 60, times the final average salary. Final average salary means the average annual compensation for the last five years of service, or any five fiscal years of membership that provide the largest possible benefit to the member or the member's beneficiary. This definition will also be used to calculate survivor pension benefits and death benefit payments, when available, to beneficiaries. The PERS members are eligible for retirement at age 62 with no minimum years of service required.

Members enrolled in PERS on or after June 28, 2011, are eligible for retirement at age 65 with no minimum years of service. The annual allowance is equal to years of service divided by 60, times the final annual average salary. Final average salary means the average salaries received by the member for the last five years (50 months for 10-month employees) of membership or the five highest fiscal years, whichever provides the largest benefit. Pension benefits fully vest on reaching 10 years of credited service.

**Contributions** – Covered university employees were required by PERS to contribute 6.5% of their annual compensation during fiscal year 2012 (5.5% of their annual compensation during fiscal year 2011). The State contributes the remaining amounts necessary to pay benefits when due. The State contribution is based upon annual actuarially determined percentages of total compensation of all active members. The State's annual contribution approximates the actuarially determined pension cost for the year. Employers were not required to contribute in 2012 and 2011 due to legislation enacted in 1997 by the State, which fully funded previously existing unfunded accrued liabilities of PERS through State of New Jersey bonds. The contribution requirements of the plan members and the university are established and may be amended by the state.

Employees can also make voluntary contributions to two optional State of New Jersey tax-deferred investment plans, the Supplemental Annuity Collective Trust (SACT) and the Additional Contributions Tax Sheltered (ACTS) programs. Both plans are subject to limits within the Internal Revenue Code.

Financial statements for the PERS are included in the State of New Jersey's Comprehensive Annual Financial Report, which may be obtained by writing to the State of New Jersey, Department of the Treasury, Office of Management and Budget, PO Box 221, Trenton, NJ 08625-0221.

#### **Alternate Benefit Program (ABP)**

**Plan Description** – ABP is a multiple-employer, defined contribution State retirement plan established as an alternative to PERS. The payroll for employees covered by ABP for the year ended June 30, 2012 was \$548.4 million (\$526.3 million in 2011).

Faculty, part-time lecturers, professional and administrative staff, and certain other salaried employees are eligible to participate in ABP. Employer (State) contributions vest on reaching one year of credited service. The program also provides long-term disability and life insurance benefits. Benefits are payable upon termination at the member's option unless the participant is re-employed in another institution which participates in ABP.

**Contributions** – The employee mandatory contribution rate for ABP is 5.0% of base salary and is matched by the State at 8.0% of base salary. Contributions can be invested with up to six investment carriers available under the plan for fiscal year 2012. Additional voluntary contributions may be made on a tax-deferred basis, subject to limits within the Internal Revenue Code. Employer contributions for the year ended June 30, 2012 were \$43.9 million (\$42.1 million in 2011). Employee contributions for the year ended June 30, 2012 were \$28.6 million (\$26.3 million in 2011).

Effective July 1, 2010, Governor Christie signed Chapter 31, P.L. 2010 into law, which only allowed employer contributions to the Alternate Benefits Program (ABP) for salaries up to \$141,000. In response to this state imposed limit, the university established the Alternate Benefits Program and Trust. Through this program, the university continues to make the full 8% employer ABP contributions for salaries in excess of \$141,000, up to the Federal IRC Annual Compensation limit (\$250,000 for 2012).

#### **Other Retirement Plans**

The university has a small number of employees enrolled in the State of New Jersey Police and Firemen's Retirement System (PFRS) and two Federal retirement plans, the Civil Service Retirement System (CSRS) and the Federal Employees Retirement System (FERS). All three of the plans are defined benefit plans and cover the university's police (PFRS) and selected positions related to the university's Cook College/New Jersey Agricultural Experiment Station (CSRS or FERS). The university also has a small number of Rutgers University Foundation employees enrolled in a contributory retirement plan under arrangements with Teacher's Insurance and Annuity Association and College Retirement Equities Fund (TIAA-CREF), which provides for the purchase of annuities for the covered employees. The university has a small number of employees enrolled in the Defined Contribution Retirement Program (DCRP). The Defined Contribution Retirement Program (DCRP) was established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The DCRP provides eligible members with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Employees who are ineligible for PERS and PFRS, because the hours of work are fewer than those required for PERS and PFRS membership, are eligible for enrollment in the DCRP provided the annual salary is \$5,000 or higher. Employees enrolled in PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; and employees otherwise eligible to enroll in PERS on or after November 2, 2008, who do not earn the minimum annual salary (indexed annually) for PERS Membership but who earn a salary of at least



\$5,000 annually, are eligible to enroll in the DCRP. Eligible employees contribute 5.5% of base salary and the employer match is 3% of base salary. Participation in all of these plans is limited, and the associated amounts are not significant.

#### **Deferred Compensation Plan**

University employees with membership in PERS, ABP or PFRS are eligible to participate in the State of New Jersey's Employees Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. The plan permits employees to elect pre-tax and/or after-tax Roth contributions to invest a portion of their base salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The plan is administered by Prudential Financial. The plan does not include any matching employer (State) contributions. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts and all income attributable to those amounts, property or rights, are held in trust by the State for the exclusive benefit of the participating employees and their beneficiaries.

#### **Postemployment Benefits Other Than Pension**

In addition to providing pension benefits, the State provides certain health care and life insurance benefits for the university's retired employees, in accordance with State statutes. Full health coverage is provided to eligible employees retiring with 25 years of service credited on or before June 30, 1997 in one of the State of New Jersey's mandatory pension plans. Employees retiring with 25 years of service credited after June 30, 1997 may share in the cost of the health care provided under the State Plan according to the terms specified in the appropriate bargaining unit agreement in effect at the time the employee reaches 25 years of credited service. The rules governing the contribution rate are the same as that for active employees. Since the costs of these programs are the responsibility of the State and the retired employees, the amounts are not available to the university and no expenses or liabilities for these benefits are reflected in the university's financial statements.

Additional detailed information about these programs is provided in the State of New Jersey's Comprehensive Annual Financial Report.

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#### **NOTE 14 - COMPENSATED ABSENCES**

The university accounts for compensated absences as directed by GASB Statement No. 16, *Accounting for Compensated Absences*. A liability for compensated absences (i.e. unused vacation, sick leave, and paid leave bank days) attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

The university recorded a liability for accumulated vacation time in the amount of \$39.0 million at June 30, 2012 (\$38.3 million in 2011). The liability is calculated based upon employees' accrued vacation time as of the statements of net assets date and is recorded in accounts payable and accrued expenses in the accompanying statements of net assets.

Payments for accumulated sick leave balances are made to retiring employees upon regular retirement. The pay out to retirees for unused accumulated sick time is calculated at the lesser of ½ the value of earned time or \$15,000. Employees separating from the university service prior to retirement are not entitled to payments for accumulated sick leave balances. The university recorded a liability for accumulated sick leave balances in the amount of \$13.4 million at June 30, 2012 (\$8.2 million in 2011) which is included in noncurrent accounts payable and accrued expenses in the accompanying statements of net assets.

The university also recorded a liability for paid leave bank days in the amount of \$4.2 million at June 30, 2012 (\$6.1 million in 2011), which is included in noncurrent accounts payable and accrued expenses in the accompanying statement of net assets. Employees began using these days on July 1, 2010, and may continue for the duration of employment with the university. Once these days are exhausted, the employee will not be eligible for any additional days.

**NOTE 15 - RISK MANAGEMENT**

The university, jointly with 15 other higher education institutions, has established Genesis Ltd. a Class 2 reinsurer under the Insurance Act of 1978 of Bermuda. Genesis, a Captive Reinsurance Company, reinsures general liability, professional liability, and automobile liability risks of its shareholders. The university has approximately a 16.8% equity ownership of Genesis and receives a pro-rata share of the income generated. The university's annual premium payments to the company for insurance coverage are based on actuarial studies and are charged to expenses. The insurance policies have deductibles that vary by policy, the most significant of which provides for the payment of general liability claims.

In 2004, the university and its 15 partners formed a Vermont Reciprocal Risk Retention Group, Pinnacle Consortium of Higher Education, to further enhance and support the insurance programs and provide fronting services for Genesis. The primary purpose of this second alternate risk funding company is to reduce costs, reduce collateral requirements for Genesis and provide the flexibility to conduct business in the U.S.

The university is self-insured for workers compensation and retains various deductibles for general liability, automobile liability, and all risk property insurance. The total liability at June 30, 2012 for these items is \$14.0 million (\$13.2 million in 2011). The reserve balance recorded at June 30, 2012 is \$15.9 million (\$14.0 million in 2011). No discount rate is used. The self insurance reserve represents the estimated ultimate cost of settling claims and related expenses resulting from events that have occurred. The reserve includes the amount that will be required for future payments of claims that have been reported and claims related to events that have occurred but have not been reported (IBNR).

The university has accrued expenses for deductibles and incurred but not reported liabilities in the statements of net assets. The accrued expenses are based on estimates by management and third party claims administrators and generally represent the present value of the unpaid claims including the estimates for claims incurred but not reported.

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**NOTE 16 - CONTINGENCIES**

The university is a party to various legal actions arising in the ordinary course of its operations. While it is not feasible to predict the ultimate outcome of these actions, it is the opinion of management that the resolution of these matters will not have a material adverse effect on the university's financial statements.

The university receives funds from federal, state and private agencies under grants and contracts for research, training and other activities. The costs, both direct and indirect, charged to these grants and contracts are subject to audit and possible disallowance by the sponsoring agency. It is the university's belief that any disallowances or adjustments would not have a significant effect on the university's financial statements.

On October 21, 2011, the university entered into a Master Lease Agreement with Key Government Finance, Inc. as part of the financing of the Solar Canopy Project on the Livingston Campus. The pricing terms, including financing of approximately \$29.3 million, is expected to be finalized in fiscal year 2013.

**NOTE 17 – ONE WASHINGTON PARK**

In September 2006, the university's Board of Governors authorized the negotiation and execution of a contract of purchase and sale and arrangement for construction financing for the Rutgers Newark Business School's relocation to One Washington Park, Newark, New Jersey, where space will be consolidated for faculty offices and classrooms. The building will be converted into a condominium in which 11 floors of the building along with a proposed 15,000 square foot addition to be located at grade level will be reconstituted as the Rutgers Business School space.

The overall project budget includes the following: (i) the acquisition of the Rutgers Business School Space, (ii) the construction costs needed to build out the interior and exterior of such space, (iii) the construction costs needed to improve and repair certain common elements and common building systems in the building, (iv) the fee required under the Architect's Contract, and (v) other non-construction related costs. The overall project cost is expected to be \$83.0 million. Funding for this project will be coming from several sources, particularly, in fiscal year 2006, the State of New Jersey made a special appropriation to the university in the amount of \$18.0 million earmarked specifically for the Business School. The university is also participating in the New Markets Tax Credit (NMTC) program administered by the U.S. Treasury's Community Development Financial Institutions Fund (CDFI) and will enter into a transaction with City National Bank of New Jersey, PNC Bank, National Community Investment Fund, and New Jersey Community Capital, also known as a Community Development Entity (CDE). The NMTC compliance period will end as of December 1, 2014. Once the transaction is complete, the university will control the property indirectly through its blended component units, Parkside RUN Investments, LLC and QALICB.

On October 15, 2009, the new home of the Rutgers Business School at One Washington Park was officially opened. Classes began in the facility at the start of the 2009 fall semester. The building houses Rutgers Business school classes, faculty and staff offices, departments, centers, and a police substation for added security.

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**NOTE 18 – SUBSEQUENT EVENTS**

On August 22, 2012, Governor Chris Christie signed the New Jersey Medical and Health Sciences Education Restructuring Act (Chapter 45, P.L. 2012), which was passed by the New Jersey Senate and Assembly on June 28, 2012. This act integrates all units of UMDNJ, except University Hospital in Newark and the School of Osteopathic Medicine in Stratford, into Rutgers effective July 1, 2013.

On December 15, 2010, the university entered into a lease agreement with Somerset Street Urban Renewal Associates, LLC for the Gateway Transit Village Property, which comprises the Rutgers University Bookstore, Rutgers University Press, as well as common areas. The commencement date of the lease shall be the date of substantial completion which occurred in fiscal year 2013 and shall be for a period of 30 years. The university began rent payments on October 1, 2012 in the amount of \$0.4 million and will continue to make such payments in quarterly installments on the first day of each January, April, July and October of each calendar year during the term of the lease. For lease years 1-7, annual lease payment amounts will be \$1.4 million, and for lease years 8-30, annual lease payment amounts will be \$1.7 million. Rutgers will have the option to purchase all of the right, title and interest of the property prior to the expiration of the lease.

# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2012

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:			
Direct:			
Environmental Protection Agency			
Surveys Studies, Investigations Demonstrations and Special Purpose Activities Relating to the Clean Air Act	66.034		13,267
Science To Achieve Results (STAR) Program	66.509		679,802
Office of Research and Development Consolidated Research	66.511		12,092
Surveys, Studies, Investigations and Special Purpose Grants within the Office of the Administrator	66.610		6,500
Pollution Prevention Grants Program	66.708		68,072
Pesticide Environmental Stewardship Regional Grants	66.714		23,938
Surveys, Studies, Investigations, Training Demonstrations and Educational Outreach	66.716		21,303
Various	66.RD		96,246
<b>Subtotal Environmental Protection Agency</b>			921,220
Institute of Museum and Library Services			
National Leadership Grants	45.312		24,858
Laura Bush 21st Century Librarian Program	45.313		20,111
<b>Subtotal Institute of Museum and Library Services</b>			44,969
National Aeronautics and Space Administration			
Aerospace Education Services Program	43.001		103,975
Various	43.RD		1,690,559
<b>Subtotal National Aeronautics and Space Administration</b>			1,794,534
National Endowment for the Humanities			
Promotion of the Humanities Research	45.161		227,343
<b>Subtotal National Endowment for the Humanities</b>			227,343
National Historical Publications and Records Commission			
National Historical Publications and Records Grants	89.003		337,874
<b>Subtotal National Historical Publications and Records Commission</b>			337,874

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# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

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<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:			
Direct:			
National Science Foundation			
Engineering Grants	47.041		8,256,851
Scientific Research Project Support	47.047		257,417
Mathematical and Physical Sciences	47.049		10,222,738
Geosciences	47.050		4,674,378
Computer and Information Science and Engineering	47.070		6,838,718
Biological Sciences	47.074		10,807,392
Social, Behavioral, and Economic Sciences	47.075		3,052,421
Education and Human Resources	47.076		5,676,700
Polar Programs	47.078		500,697
International Science And Engineering (OISE International)	47.079		127,036
Office of Cyberinfrastructure	47.080		273,244
ARRA-Trans-NSF Recovery Act Research Support	47.082	Y	2,692,644
Various	47.RD		968,435
<b>Subtotal National Science Foundation</b>			<b>54,348,671</b>
Nuclear Regulatory Commission			
U. S. Nuclear Regulatory Commission Nuclear Education Grant Program	77.006		73,294
<b>Subtotal Nuclear Regulatory Commission</b>			<b>73,294</b>
Oak Ridge National Laboratory			
Various	81.RD		28,462
<b>Subtotal Oak Ridge National Laboratory</b>			<b>28,462</b>
U.S. Department of Agriculture			
Agricultural Research Basic and Applied Research	10.001		1,225,409
Plant and Animal Disease, Pest Control, and Animal Care	10.025		8,106
Grants for Agricultural Research, Special Research Grants	10.200		4,235,521

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RESEARCH AND DEVELOPMENT CLUSTER:			
Direct:			
U.S. Department of Agriculture			
Payments to Agricultural Experiment Stations Under the Hatch Act	10.203		3,321,880
Grants for Agricultural Research Competitive Research Grants	10.206		664,794
Biotechnology Risk Assessment Research	10.219		201,776
Agricultural and Rural Economic Research	10.250		3,831
Integrated Programs	10.303		410,863
International Science and Education Grants	10.305		34,136
Specialty Crop Research Initiative	10.309		568,249
Agriculture and Food Research Initiative (AFRI)	10.310		1,155,173
Hunger Free Communities	10.583		28,147
Forest Health Protection	10.680		6,906
Rural Cooperative Development Grants	10.771		79,318
Soil and Water Conservation	10.902		17,085
Environmental Quality Incentives Program	10.912		38,854
Scientific Cooperation and Research	10.961		37,002
Various	10.RD		737,240
<b>Subtotal U.S. Department of Agriculture</b>			<b>12,774,290</b>
U.S. Department of Commerce			
Integrated Ocean Observing System (IOOS)	11.012		1,470,639
Coastal Zone Management Estuarine Research Reserves	11.420		723,471
Climate and Atmospheric Research	11.431		41,860
Cooperative Science and Education Program	11.455		498
Unallied Science Program	11.472		158,944
Coastal Services Center	11.473		920,520
Measurement and Engineering Research and Standards	11.609		66,989

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RESEARCH AND DEVELOPMENT CLUSTER:			
Direct:			
U.S. Department of Commerce			
Technology Innovation Program (TIP)	11.616		2,146,575
Various	11.RD		69,412
<b>Subtotal U.S. Department of Commerce</b>			5,598,908
U.S. Department of Defense			
Basic and Applied Scientific Research	12.300		2,015,526
Basic Scientific Research - Combating Weapons of Mass Destruction	12.351		145,424
Military Medical Research and Development	12.420		12,881,374
Basic Scientific Research	12.431		413,467
Basic, Applied, and Advanced Research in Science and Engineering	12.630		1,190,557
Air Force Defense Research Sciences Program	12.800		1,561,921
Mathematical Sciences Grants Program	12.901		253,176
Research and Technology Development	12.910		24,594
Various	12.RD		4,571,704
<b>Subtotal U.S. Department of Defense</b>			23,057,743
U.S. Department of Education			
Graduate Assistance in Areas of National Need	84.200		264,010
Education Research, Development and Dissemination	84.305		813,988
Special Education Research and Innovation to Improve Services and Results for Children with Disabilities	84.324		186,131
Child Care Access Means Parents in School	84.335		94,730
<b>Subtotal U.S. Department of Education</b>			1,358,859
U.S. Department of Energy			
Weatherization Assistance for Low-Income Persons	81.042		4,970
Office of Science Financial Assistance Program	81.049		4,745,452

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RESEARCH AND DEVELOPMENT CLUSTER:			
Direct:			
U.S. Department of Energy			
ARRA -Office of Science Financial Assistance Program	81.049	Y	163,301
Stewardship Science Grant Program	81.112		1,802,043
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	81.117		809,778
Advanced Research and Projects Agency – Energy Financial Assistance Program	81.135		64,746
<b>Subtotal U.S. Department of Energy</b>			<b>7,590,290</b>
U.S. Department of Health and Human Services			
Biological Response to Environmental Health Hazards	93.113		1,058,527
Oral Diseases and Disorders Research	93.121		100,138
Injury Prevention and Control Research and State and Community Based Programs	93.136		337,765
Human Genome Research	93.172		1,445,425
Research Related to Deafness and Communication Disorders	93.173		2,957,797
Research on Healthcare Costs, Quality and Outcomes	93.226		549,242
Mental Health Research Grants	93.242		20,018,711
Occupational Safety and Health Research Grants	93.262		242,441
Alcohol Research Career Development Awards for Scientists and Clinicians	93.271		163,381
Alcohol National Research Service Awards for Research Training	93.272		(8,366)
Alcohol Research Programs	93.273		3,554,757
Drug Abuse Research Programs	93.279		1,806,085
Biomedical Imaging Research	93.286		1,168,164
Trans-NIH Research Support	93.310		1,082,299
Nursing Research	93.361		295,053

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RESEARCH AND DEVELOPMENT CLUSTER:			
Direct:			
U.S. Department of Health and Human Services			
Academic Research Enhancement Award	93.390		2,102
Cancer Cause and Prevention Research	93.393		3,484,914
Cancer Detection and Diagnosis Research	93.394		108,409
Cancer Treatment Research	93.395		856,799
Cancer Biology Research	93.396		352,508
ARRA-Trans-NIH Recovery Act Research Support	93.701	Y	3,730,184
ARRA-Comparative Effectiveness Research - AHRQ	93.715	Y	2,502,028
Cell Biology and Biophysics Research	93.821		153
Heart and Vascular Diseases Research	93.837		575,817
Lung Diseases Research	93.838		361,986
Arthritis, Musculoskeletal and Skin Diseases Research	93.846		62,607
Diabetes, Endocrinology and Metabolism Research	93.847		2,310,331
Kidney Diseases, Urology and Hematology Research	93.849		128,425
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		4,296,229
Allergy, Immunology and Transplantation Research	93.855		5,081,798
Biomedical Research and Research Training	93.859		19,006,230
Center for Research for Mothers and Children	93.865		921,524
Aging Research	93.866		1,068,943
Vision Research	93.867		1,173,097
Senior International Fellowships	93.989		65,532
Various	93.RD		9,242,195
<b>Subtotal U.S. Department of Health and Human Services</b>			<b>90,103,230</b>
U.S. Department of Homeland Security			
Centers for Homeland Security	97.061		3,078,383

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RESEARCH AND DEVELOPMENT CLUSTER:			
Direct:			
U.S. Department of Homeland Security			
Homeland Security Advanced Research Projects Agency	97.065		(1,358)
Homeland Security Research Testing, Evaluation, and Demonstration of Technologies Related to Nuclear Detection	97.077		307,637
Various	97.RD		410,296
<b>Subtotal U.S. Department of Homeland Security</b>			3,794,958
U.S. Department of Housing and Urban Development			
Sustainable Communities Regional Planning Grant Program	14.703		151,439
Healthy Homes Technical Studies Grants	14.906		222,927
Various	14.RD		304,846
<b>Subtotal U.S. Department of Housing and Urban Development</b>			679,212
U.S. Department of Justice			
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580		9,480
ARRA-State and Local Law Enforcement Assistance Program: Combating Criminal Narcotics Activity Stemming from the Southern Border of the United States Competitive Grant Program	16.809	Y	294,853
Various	16.RD		211,400
<b>Subtotal U.S. Department of Justice</b>			515,733
U.S. Department of Labor			
Employment and Training Administration Pilots, Demonstrations, and Research Projects	17.261		(3,710)
Employment Programs for People with Disabilities	17.720		645,114
<b>Subtotal U.S. Department of Labor</b>			641,404
U.S. Department of the Interior			
Minerals Management Service (MMS) Environmental Studies Program (ESP)	15.423		137,660
Fish and Wildlife Management Assistance	15.608		33,356

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RESEARCH AND DEVELOPMENT CLUSTER:			
Direct:			
U.S. Department of the Interior			
Great Apes Conservation	15.629		31,223
Assistance to State Water Resources Research Institutes	15.805		85,515
U.S. Geological Survey Research and Data Acquisition	15.808		89,092
Cooperative Research and Training Programs – Resources of the National Park System	15.945		182,213
Various	15.RD		489,048
<b>Subtotal U.S. Department of the Interior</b>			1,048,107
U.S. Department of Transportation			
Aviation Research Grants	20.108		455,542
Transit Planning and Research	20.514		715,095
University Transportation Centers Program	20.701		47,236
Technology Development Grant	20.722		25,966
Various	20.RD		7,291,325
<b>Subtotal U.S. Department of Transportation</b>			8,535,164
U.S. Department of Veterans Affairs			
Various	64.RD		45,913
<b>Subtotal U.S. Department of Veterans Affairs</b>			45,913
<b>Subtotal Direct Research and Development</b>			\$213,520,178

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RESEARCH AND DEVELOPMENT CLUSTER			
Pass-Through:			
Agency for International Development			
International Crops Research Inst for the Semi-Arid Tropics			
Various	98.RD		(1,980)
Purdue University			
Various	98.RD		12,871
Solidarity Center			
Various	98.RD		122,986
Tetra Tech ARD			
Various	98.RD		27,463
University of California-Davis			
Various	98.RD		54,182
Subtotal	Various		215,522
<b>Subtotal Agency for International Development</b>			215,522
Corporation for National and Community Service			
SNJ-DE-Commission on National and Community Service-			
AmeriCor			
AmeriCorps	94.006		125,268
Subtotal	AmeriCorps		125,268
<b>Subtotal Corporation for National and Community Service</b>			125,268
Environmental Protection Agency			
New England Interstate Water Pollution Control Commission			
Water Pollution Control State and Interstate Program	66.419		83,132
Support			
Subtotal	Water Pollution Control State and Interstate Program		83,132
Support			
Sussex County			
ARRA-Water Quality Management Planning	66.454	Y	7,695
Subtotal	ARRA-Water Quality Management Planning		7,695
Ocean County College-Barnegat Bay NEP			
National Estuary Program	66.456		64,881
Subtotal	National Estuary Program		64,881

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RESEARCH AND DEVELOPMENT CLUSTER			
Pass-Through:			
Camden County Soil Conservation District Nonpoint Source Implementation Grants	66.460		27,912
SNJ-Department of Environmental Protection Nonpoint Source Implementation Grants	66.460		404,219
Subtotal Nonpoint Source Implementation Grants			432,131
University of Southern California Science To Achieve Results (STAR) Program	66.509		55,417
Subtotal Science To Achieve Results (STAR) Program			55,417
SNJ-Department of Environmental Protection Performance Partnership Grants	66.605		60,131
Subtotal Performance Partnership Grants			60,131
Water Environment Research Foundation Environmental Policy and Innovation Grants	66.611		57,762
Subtotal Environmental Policy and Innovation Grants			57,762
Purdue University Pesticide Environmental Stewardship Regional Grants	66.714		2,128
Subtotal Pesticide Environmental Stewardship Regional Grants			2,128
Partnership for the Delaware Estuary, Inc. Various	66.RD		789
SNJ-Department of Environmental Protection Various	66.RD		223,042
SNJ-DEP-NJ Division of Fish and Wildlife Various	66.RD		54,970
Subtotal Various			278,801
<b>Subtotal Environmental Protection Agency</b>			1,042,078
National Aeronautics and Space Administration Smithsonian Astrophysical Observatory Aerospace Education Services Program	43.001		377
University of California-Los Angeles Aerospace Education Services Program	43.001		38,226
University of Delaware Aerospace Education Services Program	43.001		144,262

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RESEARCH AND DEVELOPMENT CLUSTER			
Pass-Through:			
Virginia Institute of Marine Science			
Aerospace Education Services Program	43.001		44,525
Subtotal Aerospace Education Services Program			227,390
CIT-Jet Propulsion Laboratory			
Various	43.RD		13,175
CUNY-Research Foundation			
Various	43.RD		100,680
Liberty Science Center			
Various	43.RD		19,805
National Space Biomedical Research Institute			
Various	43.RD		201,444
New Jersey Sea Grant Consortium			
Various	43.RD		64,683
Smithsonian Astrophysical Observatory			
Various	43.RD		343,013
Space Telescope Science Institute			
Various	43.RD		127,875
Stevens Institute of Technology			
Various	43.RD		5,641
United Silicon Carbide, Inc			
Various	43.RD		564
University Corporation for Atmospheric Research			
Various	43.RD		54,233
University of Maryland			
Various	43.RD		50,300
University of Massachusetts			
Various	43.RD		6,935
Virginia Institute of Marine Science			
Various	43.RD		48,404
Subtotal Various			1,036,752
<b>Subtotal National Aeronautics and Space Administration</b>			1,264,142

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RESEARCH AND DEVELOPMENT CLUSTER			
Pass-Through:			
National Endowment for the Humanities			
Butler University			
Promotion of the Humanities Research	45.161		4,666
Subtotal Promotion of the Humanities Research			4,666
Princeton University			
Various	45.RD		67,229
Subtotal Various			67,229
<b>Subtotal National Endowment for the Humanities</b>			<b>71,895</b>
National Science Foundation			
Purdue University			
Engineering Grants	47.041		128,270
University of Florida			
Engineering Grants	47.041		64,868
Subtotal Engineering Grants			193,138
Arizona State University			
Mathematical and Physical Sciences	47.049		2,501
Oregon State University			
Mathematical and Physical Sciences	47.049		81,602
Penn State University			
Mathematical and Physical Sciences	47.049		61,353
University of Washington			
Mathematical and Physical Sciences	47.049		231,419
Subtotal Mathematical and Physical Sciences			376,875
Oregon State University			
Geosciences	47.050		3,622
Theiss Research			
Geosciences	47.050		45,502
University Corporation for Atmospheric Research			
Geosciences	47.050		92,156
University of Oklahoma Health Sciences Center			
Geosciences	47.050		26,925
Subtotal Geosciences			168,205

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RESEARCH AND DEVELOPMENT CLUSTER			
Pass-Through:			
Computing Research Association			
Computer and Information Science and Engineering	47.070		38,440
University of California-Berkeley			
Computer and Information Science and Engineering	47.070		8,707
Subtotal   Computer and Information Science and Engineering			47,147
Bigelow Laboratory for Ocean Sciences			
Biological Sciences	47.074		1,313
Yale University			
Biological Sciences	47.074		46,372
Subtotal   Biological Sciences			47,685
Bermuda Institute of Ocean Sciences			
Social, Behavioral, and Economic Sciences	47.075		30,884
Ohio State University			
Social, Behavioral, and Economic Sciences	47.075		17,710
University of California-San Diego			
Social, Behavioral, and Economic Sciences	47.075		89,529
Subtotal   Social, Behavioral, and Economic Sciences			138,123
Educational Testing Service			
Education and Human Resources	47.076		9,001
SUNY-The Research Foundation			
Education and Human Resources	47.076		95,590
University of California-Berkeley			
Education and Human Resources	47.076		65,778
Subtotal   Education and Human Resources			170,369
Marine Biological Laboratory			
Polar Programs	47.078		2,967
Subtotal   Polar Programs			2,967
US Civilian Research and Development Foundation			
International Science And Engineering (OISE International)	47.079		11,961
Subtotal   International Science And Engineering (OISE International)			11,961

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RESEARCH AND DEVELOPMENT CLUSTER			
Pass-Through:			
University of California-San Diego Office of Cyberinfrastructure	47.080		21,984
University of Florida Office of Cyberinfrastructure	47.080		1,257
Subtotal Office of Cyberinfrastructure			<u>23,241</u>
BBN Technologies ARRA-Trans-NSF Recovery Act Research Support	47.082	Y	138,055
Drexel University ARRA-Trans-NSF Recovery Act Research Support	47.082	Y	84,013
Princeton University ARRA-Trans-NSF Recovery Act Research Support	47.082	Y	100,570
Purdue University ARRA-Trans-NSF Recovery Act Research Support	47.082	Y	2,061
University of Colorado ARRA-Trans-NSF Recovery Act Research Support	47.082	Y	45,929
University of Kansas ARRA-Trans-NSF Recovery Act Research Support	47.082	Y	73,962
Subtotal ARRA-Trans-NSF Recovery Act Research Support			<u>444,590</u>
American Educational Research Association Various	47.RD		14,426
BBN Technologies Various	47.RD		250,099
Consortium for Oceanographic Research and Education Various	47.RD		706,457
iBiometrics, Inc. Various	47.RD		29,384
Marine Biological Laboratory Various	47.RD		174,620
Princeton University Various	47.RD		59,984
SRI International Various	47.RD		213,380

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RESEARCH AND DEVELOPMENT CLUSTER			
Pass-Through:			
University of California-San Diego			
Various	47.RD		64,013
University of Colorado			
Various	47.RD		4,247
University of Maryland			
Various	47.RD		89,655
University of Massachusetts			
Various	47.RD		17,742
University of Oklahoma			
Various	47.RD		(3,561)
US-Israel Binational Science Foundation			
Various	47.RD		13,089
Subtotal Various			1,633,535
<b>Subtotal National Science Foundation</b>			3,257,836
Office of the Director of National Intelligence			
Telcordia Technologies, Inc			
Various	15.RD		43,746
Subtotal Various			43,746
<b>Subtotal Office of the Director of National Intelligence</b>			43,746
U.S. Department of Agriculture			
SNJ-Department of Agriculture			
Federal-State Marketing Improvement Program	10.156		31,483
Subtotal Federal-State Marketing Improvement Program			31,483
Cornell University			
Grants for Agricultural Research, Special Research Grants	10.200		84,058
Martha's Vineyard Shellfish Group, Inc.			
Grants for Agricultural Research, Special Research Grants	10.200		7,661
Purdue University			
Grants for Agricultural Research, Special Research Grants	10.200		17,031
University of Maine			
Grants for Agricultural Research, Special Research Grants	10.200		35,441

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RESEARCH AND DEVELOPMENT CLUSTER			
Pass-Through:			
University of Maryland			
Grants for Agricultural Research, Special Research Grants	10.200		107,327
Subtotal Grants for Agricultural Research, Special Research Grants			251,518
South Dakota State University			
Grants for Agricultural Research Competitive Research Grants	10.206		31,126
University of Southern California			
Grants for Agricultural Research Competitive Research Grants	10.206		25,091
Subtotal Grants for Agricultural Research Competitive Research Grants			56,217
Jersey Flora, Inc.			
Small Business Innovation Research	10.212		(1,063)
Nutrasorb LLC			
Small Business Innovation Research	10.212		63,832
Subtotal Small Business Innovation Research			62,769
Northeast Sustainable Agriculture Resource & Education			
Sustainable Agriculture Research and Education	10.215		8,000
University of Rhode Island			
Sustainable Agriculture Research and Education	10.215		12,054
University of Vermont			
Sustainable Agriculture Research and Education	10.215		15,420
Subtotal Sustainable Agriculture Research and Education			35,474
Southern University and A&M College			
1890 Institution Capacity Building Grants	10.216		5,618
Subtotal 1890 Institution Capacity Building Grants			5,618
North Carolina State University			
Higher Education Challenge Grants	10.217		38,431
Subtotal Higher Education Challenge Grants			38,431
Colorado State University			
Integrated Programs	10.303		3,988

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# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2012

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER			
Pass-Through:			
Illinois Institute of Technology Integrated Programs	10.303		(29,783)
Michigan State University Integrated Programs	10.303		78,206
Penn State University Integrated Programs	10.303		14,494
Penn State University-Northeast IPM Center Integrated Programs	10.303		19,998
University of Delaware Integrated Programs	10.303		23,988
University of Rhode Island Integrated Programs	10.303		162,727
Utah State University Integrated Programs	10.303		4,248
Virginia Institute of Technology Integrated Programs	10.303		677
Subtotal Integrated Programs			278,543
Colorado State University Specialty Crop Research Initiative	10.309		52,501
Oregon State University Specialty Crop Research Initiative	10.309		103,958
University of Illinois Specialty Crop Research Initiative	10.309		13,667
Subtotal Specialty Crop Research Initiative			170,126
University of Nevada Agriculture and Food Research Initiative (AFRI)	10.310		2,889
Subtotal Agriculture and Food Research Initiative (AFRI)			2,889
Mississippi State University Cooperative Extension Service	10.500		1,312
Northeast Sustainable Agriculture Resource & Education Cooperative Extension Service	10.500		11,008
University of Delaware-NCRME Cooperative Extension Service	10.500		9,040

(Continued)

# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

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YEAR ENDED JUNE 30, 2012

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER			
Pass-Through:			
University of Vermont			
Cooperative Extension Service	10.500		16,990
Subtotal Cooperative Extension Service			38,350
SNJ-Department of Agriculture			
Team Nutrition Grants	10.574		141,738
Subtotal Team Nutrition Grants			141,738
University of California-Davis			
Environmental Quality Incentives Program	10.912		36,450
Subtotal Environmental Quality Incentives Program			36,450
Auburn University			
Various	10.RD		39,884
IMPAQ International LLC			
Various	10.RD		885
New Mexico State University			
Various	10.RD		99,294
University of Vermont			
Various	10.RD		10,692
USDA Forest Service			
Various	10.RD		52,859
Subtotal Various			203,614
<b>Subtotal U.S. Department of Agriculture</b>			<b>1,353,220</b>
U.S. Department of Commerce			
New Jersey Sea Grant Consortium			
Sea Grant Support	11.417		87,635
University of Washington			
Sea Grant Support	11.417		1,178
Subtotal Sea Grant Support			88,813
University of New Hampshire-CICEET			
Coastal Zone Management Administration Awards	11.419		57,985
Subtotal Coastal Zone Management Administration Awards			57,985

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## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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RESEARCH AND DEVELOPMENT CLUSTER			
Pass-Through:			
Princeton University			
Office of Oceanic and Atmospheric Research (OAR) Joint and Cooperative Institutes	11.432		28,228
Woods Hole Oceanographic Institution			
Office of Oceanic and Atmospheric Research (OAR) Joint and Cooperative Institutes	11.432		16,036
Subtotal Office of Oceanic and Atmospheric Research (OAR) Joint and Cooperative Institutes			44,264
National Fish and Wildlife Foundation			
Habitat Conservation	11.463		26,807
Subtotal Habitat Conservation			26,807
University of California-Berkeley			
Congressionally Identified Construction Projects	11.469		56,856
Subtotal Congressionally Identified Construction Projects			56,856
East Coast Shellfish Research Institute			
Unallied Science Program	11.472		27,450
Partnership for Mid-Atlantic Fisheries Science			
Unallied Science Program	11.472		185,152
Subtotal Unallied Science Program			212,602
Monmouth University			
Coastal Services Center	11.473		49,061
Subtotal Coastal Services Center			49,061
University of Texas			
Center for Sponsored Coastal Ocean Research Coastal Ocean Program	11.478		37,537
Subtotal Center for Sponsored Coastal Ocean Research Coastal Ocean Program			37,537
Greater Philadelphia Urban Affairs Coalition			
ARRA-Broadband Technology Opportunities Program (BTOP)	11.557	Y	84,668
Subtotal ARRA-Broadband Technology Opportunities Program (BTOP)			84,668

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RESEARCH AND DEVELOPMENT CLUSTER			
Pass-Through:			
Telecommunication Company			
ARRA-State Broadband Data and Development Grant Program	11.558	Y	102,993
Subtotal ARRA-State Broadband Data and Development Grant Program			102,993
Garden State Seafood Association			
Various	11.RD		116,398
Global Science & Technology Inc			
Various	11.RD		297,806
New Jersey Sea Grant Consortium			
Various	11.RD		170,426
Partnership for the Delaware Estuary, Inc.			
Various	11.RD		29,953
SUNY-The Research Foundation			
Various	11.RD		7,090
University of Maine			
Various	11.RD		12,030
Virginia Institute of Marine Science			
Various	11.RD		31,567
Woods Hole Oceanographic Institution			
Various	11.RD		31,548
Subtotal Various			696,818
<b>Subtotal U.S. Department of Commerce</b>			<b>1,458,404</b>
U.S. Department of Defense			
Oregon State University			
Basic and Applied Scientific Research	12.300		1,790
Penn State University			
Basic and Applied Scientific Research	12.300		111,773
Woods Hole Oceanographic Institution			
Basic and Applied Scientific Research	12.300		71,548
Subtotal Basic and Applied Scientific Research			185,111

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# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

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RESEARCH AND DEVELOPMENT CLUSTER			
Pass-Through:			
Purdue University			
Basic Scientific Research - Combating Weapons of Mass Destruction	12.351		47,666
University of Illinois			
Basic Scientific Research - Combating Weapons of Mass Destruction	12.351		7,440
Subtotal Basic Scientific Research - Combating Weapons of Mass Destruction			<u>55,106</u>
Auburn University			
Basic Scientific Research	12.431		32,497
Subtotal Basic Scientific Research			<u>32,497</u>
Academy of Applied Science			
Basic, Applied, and Advanced Research in Science and Engineering	12.630		8,978
Subtotal Basic, Applied, and Advanced Research in Science and Engineering			<u>8,978</u>
CUNY-Research Foundation			
Air Force Defense Research Sciences Program	12.800		72,711
DOD-DON-Office of Naval Research			
Air Force Defense Research Sciences Program	12.800		246
Duke University			
Air Force Defense Research Sciences Program	12.800		102,487
Massachusetts Institute of Technology			
Air Force Defense Research Sciences Program	12.800		(7,500)
Princeton University			
Air Force Defense Research Sciences Program	12.800		1,981
Stanford University			
Air Force Defense Research Sciences Program	12.800		204,264
Subtotal Air Force Defense Research Sciences Program			<u>374,189</u>
Johns Hopkins University			
Research and Technology Development	12.910		54,101
Princeton University			
Research and Technology Development	12.910		4,662

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## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER			
Pass-Through:			
University of Illinois			
Research and Technology Development	12.910		38,953
Subtotal Research and Technology Development			<u>97,716</u>
Agave BioSystems, Inc.			
Various	12.RD		30,075
Alion Science and Technology			
Various	12.RD		152,628
Axion International, Inc.			
Various	12.RD		49,328
California Institute of Technology			
Various	12.RD		134,579
ChromoLogic LLC			
Various	12.RD		56,384
dBmCorp, Inc			
Various	12.RD		22,735
HYPRES			
Various	12.RD		130,971
Li Creative Technologies Inc			
Various	12.RD		4,505
Luna Innovations, Inc.			
Various	12.RD		79,910
Massachusetts Institute of Technology			
Various	12.RD		6,248
Multi-Phase Technologies, LLC			
Various	12.RD		(12,360)
NEI Corporation			
Various	12.RD		22,206
Object Video, Inc			
Various	12.RD		170,743
Raytheon Company			
Various	12.RD		4,253
SOSSEC, Inc			
Various	12.RD		107,214

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<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER			
Pass-Through:			
Technology Holding, LLC			
Various	12.RD		86,142
Telecommunication Company			
Various	12.RD		309,590
UMDNJ-Robert Wood Johnson Medical School			
Various	12.RD		28,658
University of Arizona			
Various	12.RD		1,406
University of Texas			
Various	12.RD		69,567
Virginia Center for Innovative Technology			
Various	12.RD		102,883
Weidlinger Associates, Inc.			
Various	12.RD		18,070
Woods Hole Oceanographic Institution			
Various	12.RD		31,380
Yale University			
Various	12.RD		80,708
Subtotal Various			1,687,823
<b>Subtotal U.S. Department of Defense</b>			2,441,420
U.S. Department of Education			
Essex County College			
Higher Education Institutional Aid	84.031		24,934
Subtotal Higher Education Institutional Aid			24,934
Syracuse University			
National Institute on Disability and Rehabilitation Research	84.133		10,899
Subtotal National Institute on Disability and Rehabilitation Research			10,899
University of Delaware			
Fund for the Improvement of Education	84.215		10,138
Subtotal Fund for the Improvement of Education			10,138

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# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

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RESEARCH AND DEVELOPMENT CLUSTER			
Pass-Through:			
University of Virginia			
Education Research, Development and Dissemination	84.305		68,298
Subtotal Education Research, Development and Dissemination			68,298
Vanderbilt University			
Special Education Technical Assistance on State Data Collection	84.373		29,775
Subtotal Special Education Technical Assistance on State Data Collection			29,775
Essex County College			
Strengthening Minority-Serving Institutions	84.382		27,384
Subtotal Strengthening Minority-Serving Institutions			27,384
SNJ-Department of Labor			
ARRA-Rehabilitation Services-Vocational Rehabilitation Grants to States	84.390	Y	62,392
Subtotal ARRA-Rehabilitation Services-Vocational Rehabilitation Grants to States			62,392
Essex County College			
Various	84.RD		7,225
ICF Incorporated LLC			
Various	84.RD		81,946
New Jersey Institute of Technology			
Various	84.RD		11,497
Penn State University			
Various	84.RD		443,679
Prevent Child Abuse - New Jersey Chapter			
Various	84.RD		45,498
SNJ-Department of Education			
Various	84.RD		93,654
Subtotal Various			93,654
<b>Subtotal U.S. Department of Education</b>			917,319
U.S. Department of Energy			
NEI Corporation			
Office of Science Financial Assistance Program	81.049		17,035

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# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

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<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER			
Pass-Through:			
Opto-Knowledge Systems, Inc Office of Science Financial Assistance Program	81.049		147,639
SUNY-The Research Foundation Office of Science Financial Assistance Program	81.049		476,453
University of Texas Office of Science Financial Assistance Program	81.049		100,997
Subtotal Office of Science Financial Assistance Program			742,124
CCS Materials, Inc. Conservation Research and Development	81.086		53,161
Penn State University Conservation Research and Development	81.086		346,623
Subtotal Conservation Research and Development			399,784
Penn State University Renewable Energy Research and Development	81.087		185,750
South Dakota State University Renewable Energy Research and Development	81.087		(1,582)
Sunlight Photonics Inc Renewable Energy Research and Development	81.087		48,894
University of California-San Diego Renewable Energy Research and Development	81.087		560,645
Subtotal Renewable Energy Research and Development			793,707
CCS Materials, Inc. Fossil Energy Research and Development	81.089		138,321
Subtotal Fossil Energy Research and Development			138,321
SNJ-Board of Public Utilities ARRA-State Energy Program Special Projects	81.119	Y	215,497
Subtotal ARRA-State Energy Program Special Projects			215,497
Oak Ridge National Laboratory ARRA-Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	Y	23,965
Subtotal ARRA-Energy Efficiency and Conservation Block Grant Program (EECBG)			23,965

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RESEARCH AND DEVELOPMENT CLUSTER			
Pass-Through:			
Massachusetts Institute of Technology			
ARRA-Advanced Research and Projects Agency – Energy Financial Assistance Program	81.135	Y	256,424
Subtotal	ARRA-Advanced Research and Projects Agency – Energy Financial Assistance Program		<u>256,424</u>
Battelle Memorial Institute			
Various	81.RD		268,467
Brookhaven National Labs			
Various	81.RD		23,497
CIT-Jet Propulsion Laboratory			
Various	81.RD		11,852
Colorado State University			
Various	81.RD		2,455
Consortium for Plant Biotechnology Research Inc.			
Various	81.RD		82,370
HiFunda LLC			
Various	81.RD		(346)
Lawrence Livermore National Laboratory			
Various	81.RD		176,489
National Renewable Energy Laboratory			
Various	81.RD		88,636
Oak Ridge National Laboratory			
Various	81.RD		20,394
SNJ-Board of Public Utilities			
Various	81.RD		2,294
SUNY-The Research Foundation			
Various	81.RD		323,085
University of California-Davis			
Various	81.RD		221,957
University of Texas			
Various	81.RD		33,372
Vanderbilt University			
Various	81.RD		694,458

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RESEARCH AND DEVELOPMENT CLUSTER			
Pass-Through:			
Virginia Institute of Technology			
Various	81.RD		87,693
Vista Clara Inc			
Various	81.RD		2,152
Subtotal Various			2,038,825
<b>Subtotal U.S. Department of Energy</b>			4,608,647
U.S. Department of Health and Human Services			
University of Florida			
Food and Drug Administration Research	93.103		95,445
Subtotal Food and Drug Administration Research			95,445
Michigan State University			
Biological Response to Environmental Health Hazards	93.113		290,437
UMDNJ-Robert Wood Johnson Medical School			
Biological Response to Environmental Health Hazards	93.113		450,149
University of Southern California			
Biological Response to Environmental Health Hazards	93.113		186,766
Subtotal Biological Response to Environmental Health Hazards			927,352
UMDNJ-New Jersey Medical School			
Oral Diseases and Disorders Research	93.121		96,293
University of Rochester			
Oral Diseases and Disorders Research	93.121		112,310
Subtotal Oral Diseases and Disorders Research			208,603
Lawrence Berkeley National Laboratory			
Human Genome Research	93.172		260,450
Subtotal Human Genome Research			260,450
Research Institute at Nationwide Children's Hospital			
Research Related to Deafness and Communication Disorders	93.173		56,328
Subtotal Research Related to Deafness and Communication Disorders			56,328

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RESEARCH AND DEVELOPMENT CLUSTER			
Pass-Through:			
Louisiana State University			
Research and Training in Complementary and Alternative Medicine	93.213		3,971
Pennington Biomedical Research Center			
Research and Training in Complementary and Alternative Medicine	93.213		674,146
Purdue University			
Research and Training in Complementary and Alternative Medicine	93.213		43,969
Worcester Polytechnic Institute			
Research and Training in Complementary and Alternative Medicine	93.213		21,647
Subtotal	Research and Training in Complementary and Alternative Medicine		743,733
University of Florida			
Research on Healthcare Costs, Quality and Outcomes	93.226		(1,384)
Subtotal	Research on Healthcare Costs, Quality and Outcomes		(1,384)
Illinois Institute of Technology			
Mental Health Research Grants	93.242		107,078
Johns Hopkins University			
Mental Health Research Grants	93.242		9,962
Research Institute at Nationwide Children's Hospital			
Mental Health Research Grants	93.242		97,592
University of Pennsylvania			
Mental Health Research Grants	93.242		9,752
Subtotal	Mental Health Research Grants		224,384
UMDNJ-Robert Wood Johnson Medical School			
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		148,797
Subtotal	Substance Abuse and Mental Health Services Projects of Regional and National Significance		148,797
The Center to Protect Workers' Rights			
Occupational Safety and Health Research Grants	93.262		156,064
Subtotal	Occupational Safety and Health Research Grants		156,064

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RESEARCH AND DEVELOPMENT CLUSTER			
Pass-Through:			
Bionex Pharmaceuticals, LLC Alcohol Research Programs	93.273		782
SUNY-The Research Foundation Alcohol Research Programs	93.273		2,086
University of New Mexico Alcohol Research Programs	93.273		40,915
University of Puerto Rico Alcohol Research Programs	93.273		221,680
Subtotal Alcohol Research Programs			265,463
City College of New York Drug Abuse Research Programs	93.279		1,684
CUNY-Research Foundation Drug Abuse Research Programs	93.279		107,162
University of Massachusetts Medical School Drug Abuse Research Programs	93.279		15,553
Subtotal Drug Abuse Research Programs			124,399
SNJ-Department of Environmental Protection Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283		79,986
Subtotal Centers for Disease Control and Prevention Investigations and Technical Assistance			79,986
University of Pennsylvania Biomedical Imaging Research	93.286		304
Subtotal Biomedical Imaging Research			304
Mt. Sinai School of Medicine Loan Repayment for Health Disparities Research	93.307		38,817
Subtotal Loan Repayment for Health Disparities Research			38,817
UMDNJ-Robert Wood Johnson Medical School Trans-NIH Research Support	93.310		64,357
Subtotal Trans-NIH Research Support			64,357
University of Michigan Research Infrastructure	93.389		50,768

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RESEARCH AND DEVELOPMENT CLUSTER			
Pass-Through:			
Subtotal Research Infrastructure			50,768
Portland State University			
Cancer Cause and Prevention Research	93.393		20,457
Subtotal Cancer Cause and Prevention Research			20,457
Riverside Research Institute			
Cancer Detection and Diagnosis Research	93.394		239,840
UMDNJ-Cancer Institute of New Jersey			
Cancer Detection and Diagnosis Research	93.394		82,310
University of Pennsylvania			
Cancer Detection and Diagnosis Research	93.394		196,183
Subtotal Cancer Detection and Diagnosis Research			518,333
Fox Chase Chemical Diversity Center, Inc			
Cancer Treatment Research	93.395		7,986
Subtotal Cancer Treatment Research			7,986
UMDNJ-Robert Wood Johnson Medical School			
Cancer Biology Research	93.396		33,772
Subtotal Cancer Biology Research			33,772
Emory University			
Cancer Centers Support Grants	93.397		29,264
Subtotal Cancer Centers Support Grants			29,264
University of Wisconsin			
Refugee and Entrant Assistance State Administered Programs	93.566		1,017
Subtotal Refugee and Entrant Assistance State Administered Programs			1,017
Boston University			
ARRA-Trans-NIH Recovery Act Research Support	93.701	Y	84,456
Johns Hopkins University			
ARRA-Trans-NIH Recovery Act Research Support	93.701	Y	1,604
Mississippi State University			
ARRA-Trans-NIH Recovery Act Research Support	93.701	Y	45,274

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RESEARCH AND DEVELOPMENT CLUSTER			
Pass-Through:			
Ohio State University			
ARRA-Trans-NIH Recovery Act Research Support	93.701	Y	423
Research Institute at Nationwide Children's Hospital			
ARRA-Trans-NIH Recovery Act Research Support	93.701	Y	70,079
Scripps Research Institute			
ARRA-Trans-NIH Recovery Act Research Support	93.701	Y	14,112
Stanford University			
ARRA-Trans-NIH Recovery Act Research Support	93.701	Y	3,322
University of Illinois			
ARRA-Trans-NIH Recovery Act Research Support	93.701	Y	16,527
University of North Carolina			
ARRA-Trans-NIH Recovery Act Research Support	93.701	Y	247,280
University of Pennsylvania			
ARRA-Trans-NIH Recovery Act Research Support	93.701	Y	(8,348)
Vanderbilt University			
ARRA-Trans-NIH Recovery Act Research Support	93.701	Y	790,406
Subtotal ARRA-Trans-NIH Recovery Act Research Support			<u>1,265,135</u>
Brigham & Womens Medical Hospital, Inc			
ARRA-Comparative Effectiveness Research - AHRQ	93.715	Y	31,616
Maine DHS-Bureau of Elder and Adult Services			
ARRA-Comparative Effectiveness Research - AHRQ	93.715	Y	7,824
Subtotal ARRA-Comparative Effectiveness Research - AHRQ			<u>39,440</u>
SNJ-Department of Human Services			
Medicaid Infrastructure Grants To Support the Competitive Employment of People with Disabilities	93.768		106,566
SNJ-DHS-Division of Disability Services			
Medicaid Infrastructure Grants To Support the Competitive Employment of People with Disabilities	93.768		98,094
Subtotal Medicaid Infrastructure Grants To Support the Competitive Employment of People with Disabilities			<u>204,660</u>
Mount Sinai Medical Center			
Lung Diseases Research	93.838		32,718

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RESEARCH AND DEVELOPMENT CLUSTER			
Pass-Through:			
UMDNJ-New Jersey Medical School			
Lung Diseases Research	93.838		85,378
Subtotal Lung Diseases Research			<u>118,096</u>
University of Pennsylvania			
Blood Diseases and Resources Research	93.839		30,244
Subtotal Blood Diseases and Resources Research			<u>30,244</u>
Hospital for Special Surgery			
Arthritis, Musculoskeletal and Skin Diseases Research	93.846		25,504
UMDNJ-Robert Wood Johnson Medical School			
Arthritis, Musculoskeletal and Skin Diseases Research	93.846		2,256,870
University of Minnesota			
Arthritis, Musculoskeletal and Skin Diseases Research	93.846		3,558
Subtotal Arthritis, Musculoskeletal and Skin Diseases Research			<u>2,285,932</u>
Mayo Clinic Rochester			
Diabetes, Endocrinology and Metabolism Research	93.847		50,000
Subtotal Diabetes, Endocrinology and Metabolism Research			<u>50,000</u>
Children's Hospital of Philadelphia			
Kidney Diseases, Urology and Hematology Research	93.849		52,983
Subtotal Kidney Diseases, Urology and Hematology Research			<u>52,983</u>
California Institute of Technology			
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		4,638
Feinstein Institute for Medical Research, The			
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		107,265
Subtotal Extramural Research Programs in the Neurosciences and Neurological Disorders			<u>111,903</u>
Mayo Clinic Rochester			
Allergy, Immunology and Transplantation Research	93.855		362,021
Medicines for Malaria Venture			
Allergy, Immunology and Transplantation Research	93.855		162,365

(Continued)

# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2012

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER			
Pass-Through:			
University of Pittsburgh			
Allergy, Immunology and Transplantation Research	93.855		2,764
University of Texas			
Allergy, Immunology and Transplantation Research	93.855		188,961
Yale University			
Allergy, Immunology and Transplantation Research	93.855		93,425
Subtotal Allergy, Immunology and Transplantation Research			<u>809,536</u>
Montefiore Medical Center			
Microbiology and Infectious Diseases Research	93.856		102,952
Subtotal Microbiology and Infectious Diseases Research			<u>102,952</u>
Baylor College of Medicine			
Biomedical Research and Research Training	93.859		248,995
Bowling Green State University			
Biomedical Research and Research Training	93.859		124,693
Columbia University			
Biomedical Research and Research Training	93.859		118,822
Georgia Institute of Technology			
Biomedical Research and Research Training	93.859		3,753
Princeton University			
Biomedical Research and Research Training	93.859		71,240
UMDNJ-Robert Wood Johnson Medical School			
Biomedical Research and Research Training	93.859		6,571
University of Texas			
Biomedical Research and Research Training	93.859		24,056
University of Wisconsin			
Biomedical Research and Research Training	93.859		113,097
Yale University			
Biomedical Research and Research Training	93.859		27,792
Subtotal Biomedical Research and Research Training			<u>739,019</u>
CUNY-John Jay College of Criminal Justice			
Center for Research for Mothers and Children	93.865		68,724
UMDNJ-Robert Wood Johnson Medical School			
Center for Research for Mothers and Children	93.865		165,514

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YEAR ENDED JUNE 30, 2012

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER			
Pass-Through:			
University of Texas			
Center for Research for Mothers and Children	93.865		119,528
Subtotal   Center for Research for Mothers and Children			353,766
University of Wisconsin			
Aging Research	93.866		39,713
Subtotal   Aging Research			39,713
University of California-Berkeley			
Vision Research	93.867		130,439
Subtotal   Vision Research			130,439
Memphis City Schools			
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	93.938		47,114
Subtotal   Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems			47,114
Cosmid Capital, LLC			
HIV Prevention Activities Non-Governmental Organization Based	93.939		51,501
Memorial Sloan Kettering Institute for Cancer Research			
HIV Prevention Activities Non-Governmental Organization Based	93.939		15,217
Subtotal   HIV Prevention Activities Non-Governmental Organization Based			66,718
SNJ-DHSS-Division of HIV/AIDS Services			
HIV Prevention Activities Health Department Based	93.940		740,495
Subtotal   HIV Prevention Activities Health Department Based			740,495
Commonwealth of Pennsylvania			
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	93.946		146,789
Subtotal   Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs			146,789
Albert Einstein College of Medicine			
Various	93.RD		74,935

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# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

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YEAR ENDED JUNE 30, 2012

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER			
Pass-Through:			
Behavioral Instruments			
Various	93.RD		1,727
City of Newark, NJ			
Various	93.RD		84,985
Columbia University			
Various	93.RD		(21,068)
County of Somerset			
Various	93.RD		44,462
Fox Chase Cancer Center			
Various	93.RD		527
Harvard Pilgrim Health Care, Inc			
Various	93.RD		2,540
Henry M. Jackson Fdn for the Adv of Military Medicine			
Various	93.RD		442,364
IbRis, Inc			
Various	93.RD		833
Mount Sinai Medical Center			
Various	93.RD		42,548
National Institute of Pharmaceutical Technology & Education			
Various	93.RD		19,995
Princeton University			
Various	93.RD		35,441
Research Institute at Nationwide Children's Hospital			
Various	93.RD		50,866
SilaGene, Inc			
Various	93.RD		11,425
SNJ-Department of Banking and Insurance			
Various	93.RD		379,752
SNJ-Department of Health and Senior Services			
Various	93.RD		229,695
SNJ-DHS-Division of Disability Services			
Various	93.RD		865,377
SNJ-DHS-Division of Mental Health and Addiction Services			
Various	93.RD		309,101

(Continued)

# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

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YEAR ENDED JUNE 30, 2012

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER			
Pass-Through:			
SUNY-The Research Foundation			
Various	93.RD		203,829
Textile Research Institute			
Various	93.RD		(8,985)
UMDNJ-Cancer Institute of New Jersey			
Various	93.RD		161,943
UMDNJ-Robert Wood Johnson Medical School			
Various	93.RD		12,782
University of California-Berkeley			
Various	93.RD		20,660
University of California-San Francisco			
Various	93.RD		113,031
University of Illinois			
Various	93.RD		20,488
University of Missouri			
Various	93.RD		40,583
University of Pittsburgh			
Various	93.RD		(2,060)
University of South Florida			
Various	93.RD		259,275
University of Texas			
Various	93.RD		36,321
Subtotal Various			3,433,372
<b>Subtotal U.S. Department of Health and Human Services</b>			14,823,001
U.S. Department of Homeland Security			
SNJ-DLPS-Office of Emergency Management			
Emergency Management Performance Grants	97.042		323,269
Subtotal Emergency Management Performance Grants			323,269
Stevens Institute of Technology			
Centers for Homeland Security	97.061		376,746
University of Connecticut			
Centers for Homeland Security	97.061		82,337

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# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2012

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER			
Pass-Through:			
University of Minnesota			
Centers for Homeland Security	97.061		100,379
Subtotal   Centers for Homeland Security			<u>559,462</u>
SNJ-Office of Homeland Security and Preparedness			
Homeland Security Grant Program	97.067		12,333
Subtotal   Homeland Security Grant Program			<u>12,333</u>
Purdue University			
Various	97.RD		117,098
SNJ-DLPS-Office of Emergency Management			
Various	97.RD		139,779
Stevens Institute of Technology			
Various	97.RD		85,995
Subtotal   Various			<u>342,872</u>
<b>Subtotal   U.S. Department of Homeland Security</b>			<u>1,237,936</u>
U.S. Department of Housing and Urban Development			
Dover, Kohl & Partners			
Various	14.RD		22,722
Trenton Housing Authority			
Various	14.RD		89,419
Subtotal   Various			<u>112,141</u>
<b>Subtotal   U.S. Department of Housing and Urban Development</b>			<u>112,141</u>
U.S. Department of Justice			
SNJ-DLPS-Juvenile Justice Commission			
Juvenile Justice and Delinquency Prevention Allocation to States	16.540		20,933
Subtotal   Juvenile Justice and Delinquency Prevention Allocation to States			<u>20,933</u>
Vera Institute of Justice, Inc.			
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560		3,188
Subtotal   National Institute of Justice Research, Evaluation, and Development Project Grants			<u>3,188</u>

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# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2012

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER			
Pass-Through:			
SNJ-Department of Law and Public Safety			
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580		17,132
Subtotal Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program			17,132
SNJ-DLPS-Office of Victim Witness Advocacy			
Crime Victim Assistance/Discretionary Grants	16.582		28,250
Subtotal Crime Victim Assistance/Discretionary Grants			28,250
National 4-H Council			
Juvenile Mentoring Program	16.726		55,663
Subtotal Juvenile Mentoring Program			55,663
SNJ-Department of Law and Public Safety			
Enforcing Underage Drinking Laws Program	16.727		5,000
Subtotal Enforcing Underage Drinking Laws Program			5,000
SNJ-DLPS-Division of Criminal Justice			
ARRA-Edward Byrne Memorial Justice Assistance Grant (JAG) Program/ Grants to States and Territories	16.803	Y	21,975
Subtotal ARRA-Edward Byrne Memorial Justice Assistance Grant (JAG) Program/ Grants to States and Territories			21,975
Beyond Diversity Resource Center, Inc.			
Various	16.RD		62,259
SNJ-Department of Corrections			
Various	16.RD		59,182
U. S. Department of Justice-NIJ			
Various	16.RD		91,164
Subtotal Various			212,605
<b>Subtotal U.S. Department of Justice</b>			364,746
U.S. Department of Labor			
Colorado Community College System			
Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants	17.282		54,086
Subtotal Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants			54,086

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# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

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YEAR ENDED JUNE 30, 2012

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER			
Pass-Through:			
BCT Partners			
Various	17.RD		54,547
Colorado Dept of Labor & Employment			
Various	17.RD		21,037
Raritan Valley Community College			
Various	17.RD		13,358
SNJ-Department of Labor			
Various	17.RD		290,681
University of Baltimore			
Various	17.RD		13,334
WorkPlace, Inc. The			
Various	17.RD		20,269
Subtotal   Various			413,226
<b>Subtotal U.S. Department of Labor</b>			467,312
U.S. Department of the Interior			
University of Vermont			
Cooperative Research and Training Programs – Resources of the National Park System	15.945		6,299
Subtotal   Cooperative Research and Training Programs – Resources of the National Park System			6,299
Minnesota Pollution Control Agency			
Various	15.RD		7,693
Telcordia Technologies, Inc			
Various	15.RD		92,490
Subtotal   Various			100,183
<b>Subtotal U.S. Department of the Interior</b>			106,482
U.S. Department of Transportation			
New Jersey Institute of Technology			
Highway Research and Development Program	20.200		14,981
Subtotal   Highway Research and Development Program			14,981
CUNY-Research Foundation			
Highway Planning and Construction	20.205		45,892

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# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

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YEAR ENDED JUNE 30, 2012

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER			
Pass-Through:			
Metropolitan Transportation Authority - NYC Transit			
Highway Planning and Construction	20.205		655
SNJ-Department of Transportation			
Highway Planning and Construction	20.205		65,516
University of New Hampshire			
Highway Planning and Construction	20.205		35,728
Subtotal Highway Planning and Construction			<u>147,791</u>
SNJ-DLPS-Division of Highway Traffic Safety			
State and Community Highway Safety	20.600		59,851
Subtotal State and Community Highway Safety			<u>59,851</u>
SNJ-DLPS-Division of Highway Traffic Safety			
State Traffic Safety Information System Improvement Grants	20.610		13,516
Subtotal State Traffic Safety Information System Improvement Grants			<u>13,516</u>
CUNY-Research Foundation			
University Transportation Centers Program	20.701		2,929
CUNY-Transportation Research Center			
University Transportation Centers Program	20.701		44,957
Subtotal University Transportation Centers Program			<u>47,886</u>
SNJ-Board of Public Utilities			
HMSA Pipeline Safety Program One Call Grant	20.721		43,053
Subtotal HMSA Pipeline Safety Program One Call Grant			<u>43,053</u>
Cornell University			
Biobased Transportation Research	20.761		37,086
Subtotal Biobased Transportation Research			<u>37,086</u>
George Mason University			
Transportation Planning, Research and Education	20.931		(4,390)
Subtotal Transportation Planning, Research and Education			<u>(4,390)</u>
Bloomfield, Township of			
Various	20.RD		14,094

(Continued)

# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2012

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER			
Pass-Through:			
Cambridge Systematics, Inc			
Various	20.RD		37,676
CUNY-Transportation Research Center			
Various	20.RD		44,565
National Academies-NRC-Transportation Research Board			
Various	20.RD		278,759
National Academy of Sciences			
Various	20.RD		16,228
Rensselaer Polytechnic Institute			
Various	20.RD		21,281
SNJ-Department of Transportation			
Various	20.RD		3,534,946
SNJ-DLPS-Division of Highway Traffic Safety			
Various	20.RD		4,836
Subtotal Various			3,952,385
<b>Subtotal U.S. Department of Transportation</b>			<b>4,312,159</b>
U.S. Election Assistance Commission			
Clemson University			
U.S. Election Assistance Commission Research Grants	90.403		10,987
Subtotal U.S. Election Assistance Commission Research Grants			10,987
<b>Subtotal U.S. Election Assistance Commission</b>			<b>10,987</b>
<b>Subtotal Pass-Through Research and Development</b>			<b>\$38,234,261</b>
<b>Subtotal Research and Development Cluster</b>			<b>\$251,754,439</b>

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# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2012

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
STUDENT FINANCIAL AID CLUSTER:			
DIRECT:			
U.S. Department of Education			
Federal Supplemental Educational Opportunity Grant Program	84.007		2,083,288
Federal Work-Study Program	84.033		4,450,439
Federal Perkins Loan Program (Including Administrative Cost of \$453,647)	84.038		5,826,178
Federal Pell Grant Program	84.063		67,494,917
Federal Direct Student Loan Program	84.268		338,629,395
Academic Competitive Grant	84.375		1,125
<b>Subtotal U.S. Department of Education</b>			<b>\$418,485,342</b>
U.S. Department of Health and Human Services			
Nursing Student Loan Program	93.364		317,648
Scholarships for Disadvantaged Students	93.925		57,643
<b>Subtotal U.S. Department of Health and Human Services</b>			<b>\$375,291</b>
<b>Subtotal Student Financial Aid Cluster</b>			<b>\$418,860,633</b>

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# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

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<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
TRIO PROGRAMS CLUSTER:			
Direct:			
U.S. Department of Education			
TRIO Student Support Services	84.042		981,389
TRIO Talent Search	84.044		331,948
TRIO Upward Bound	84.047		560,399
TRIO McNair Post-Baccalaureate Achievement	84.217		247,386
<b>Subtotal U.S. Department of Education</b>			<b>\$2,121,122</b>
<b>Subtotal TRIO PROGRAMS Cluster</b>			<b>\$2,121,122</b>

# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

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<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:			
Direct:			
Environmental Protection Agency			
Pollution Prevention Grants Program	66.708		9,765
Science To Achieve Results (STAR) Fellowship Program	66.514		4,395
Surveys Studies, Investigations Demonstrations and Special Purpose Activities Relating to the Clean Air Act	66.034		3,355
Various	66.UNK		3,920
<b>Subtotal Environmental Protection Agency</b>			21,435
Institute of Museum and Library Services			
Museums for America	45.301		25,159
<b>Subtotal Institute of Museum and Library Services</b>			25,159
Internal Revenue Service			
Low Income Taxpayer Clinics	21.008		46,527
Various	21.UNK		47,071
<b>Subtotal Internal Revenue Service</b>			93,598
Millennium Challenge Corporation			
Various	85.UNK		108,363
<b>Subtotal Millennium Challenge Corporation</b>			108,363
National Endowment for the Arts			
Promotion of the Arts Grants to Organizations and Individuals	45.024		85,883
<b>Subtotal National Endowment for the Arts</b>			85,883
National Endowment for the Humanities			
Promotion of the Humanities Fellowships and Stipends	45.160		(3,377)
<b>Subtotal National Endowment for the Humanities</b>			(3,377)
National Historical Publications and Records Commission			
Various	89.UNK		34,103
<b>Subtotal National Historical Publications and Records Commission</b>			34,103

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# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2012

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:			
Direct:			
National Science Foundation			
ARRA-Trans-NSF Recovery Act Research Support	47.082	Y	418,604
Biological Sciences	47.074		46,135
Computer and Information Science and Engineering	47.070		383,511
Education and Human Resources	47.076		8,611,456
Engineering Grants	47.041		428,636
Geosciences	47.050		366,294
International Science And Engineering (OISE International)	47.079		1,381
Mathematical and Physical Sciences	47.049		166,027
Social, Behavioral, and Economic Sciences	47.075		150,396
Various	47.UNK		749,787
<b>Subtotal National Science Foundation</b>			<b>11,322,227</b>
Small Business Administration			
Small Business Development Center	59.037		4,018,924
Various	59.UNK		307,169
Veterans Entrepreneurial Training and Counseling	59.044		186,441
<b>Subtotal Small Business Administration</b>			<b>4,512,534</b>
U.S. Department of Agriculture			
Agricultural Research Basic and Applied Research	10.001		26,990
Agriculture and Food Research Initiative (AFRI)	10.310		49,212
Biomass Research and Development Initiative Competitive Grants Program (BRDI)	10.312		58,277
Commodity Partnerships for Small Agricultural Risk Management Education Sessions	10.459		68,357
Cooperative Extension Service	10.500		5,208,836
Food and Agricultural Sciences National Needs Graduate Fellowship Grants	10.210		18,192
Integrated Programs	10.303		18,209

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# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

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<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:			
Direct:			
U.S. Department of Agriculture			
Scientific Cooperation and Research	10.961		99,609
Specialty Crop Research Initiative	10.309		108,593
Various	10.UNK		16,462
<b>Subtotal U.S. Department of Agriculture</b>			5,672,737
U.S. Department of Commerce			
Coastal Zone Management Estuarine Research Reserves	11.420		250,893
Various	11.UNK		103,220
<b>Subtotal U.S. Department of Commerce</b>			354,113
U.S. Department of Defense			
Air Force Defense Research Sciences Program	12.800		179,022
Basic and Applied Scientific Research	12.300		401,494
Basic Scientific Research	12.431		10,000
Language Grant Program	12.900		204,757
Various	12.UNK		35,555
<b>Subtotal U.S. Department of Defense</b>			830,828
U.S. Department of Education			
Fund for the Improvement of Postsecondary Education	84.116		66,662
Graduate Assistance in Areas of National Need	84.200		744,927
Javits Fellowships	84.170		299,205
Special Education Personnel Preparation to Improve Services and Results for Children with Disabilities	84.325		8,942
<b>Subtotal U.S. Department of Education</b>			1,119,736
U.S. Department of Energy			
Office of Science Financial Assistance Program	81.049		31,408
<b>Subtotal U.S. Department of Energy</b>			31,408
U.S. Department of Health and Human Services			
Advanced Education Nursing Traineeships	93.358		45,091

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# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2012

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:			
Direct:			
U.S. Department of Health and Human Services			
Affordable Care Act (ACA) Advanced Nursing Education Expansion Initiative	93.513		383,680
Aging Research	93.866		26,926
Alcohol Research Programs	93.273		39,550
ARRA-National Center for Research Resources, Recovery Act Construction Support	93.702	Y	1,952,422
Basic Nurse Education and Practice Grants	93.359		(35,870)
Biological Response to Environmental Health Hazards	93.113		391,234
Biomedical Imaging Research	93.286		313,107
Biomedical Research and Research Training	93.859		655,903
Center for Research for Mothers and Children	93.865		(3,842)
Diabetes, Endocrinology and Metabolism Research	93.847		(4,806)
Drug Abuse Research Programs	93.279		110,554
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		23,365
Mental Health National Research Service Awards for Research Training	93.282		302,500
Mental Health Research Career/Scientist Development Awards	93.281		(791)
Research and Training in Complementary and Alternative Medicine	93.213		37,084
Various	93.UNK		434,895
<b>Subtotal U.S. Department of Health and Human Services</b>			4,671,002
U.S. Department of Homeland Security			
Homeland Security-Related Science, Technology, Engineering And Mathematics (HS STEM) Career Development Program	97.104		260,233
Various	97.UNK		229,510
<b>Subtotal U.S. Department of Homeland Security</b>			489,743

(Continued)

# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2012

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:			
Direct:			
U.S. Department of Housing and Urban Development			
Community Development Block Grants/Entitlement Grants	14.218		10,000
Economic Development Initiative-Special Project, Neighborhood Initiative And Miscellaneous Grants	14.251		266,266
<b>Subtotal U.S. Department of Housing and Urban Development</b>			276,266
U.S. Department of Labor			
Employment Programs for People with Disabilities	17.720		600,906
Occupational Safety and Health Susan Harwood Training Grants	17.502		100,154
<b>Subtotal U.S. Department of Labor</b>			701,060
U.S. Department of Transportation			
ARRA-Capital Assistance Program for Reducing Energy Consumption and Greenhouse Gas Emissions	20.523	Y	444,880
Transit Planning and Research	20.514		3,732,195
University Transportation Centers Program	20.701		436,807
Various	20.UNK		101,592
<b>Subtotal U.S. Department of Transportation</b>			4,715,474
U.S. Department of Treasury			
Various	21.UNK		17,426
<b>Subtotal U.S. Department of Treasury</b>			17,426
U.S. Department of Veterans Affairs			
Various	64.UNK		41,358
<b>Subtotal U.S. Department of Veterans Affairs</b>			41,358
United States Courts			
Various	16.UNK		155,808
<b>Subtotal United States Courts</b>			155,808
<b>Subtotal Direct Other Programs</b>			\$35,276,884

(Continued)

# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2012

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:			
Pass-Through:			
Agency for International Development			
Research Triangle Institute			
Various	98.UNK		445,675
Subtotal Various			<u>445,675</u>
<b>Subtotal Agency for International Development</b>			<u>445,675</u>
Corporation for National and Community Service			
SNJ-DE-Commission on National and Community Service- AmeriCor			
Learn and Serve America School and Community Based Programs	94.004		9,734
Subtotal Learn and Serve America School and Community Based Programs			<u>9,734</u>
Jumpstart for Young Children			
AmeriCorps	94.006		69,759
SNJ-DE-Commission on National and Community Service- AmeriCor			
AmeriCorps	94.006		181,183
SNJ-Department of State			
AmeriCorps	94.006		710
The College of New Jersey			
AmeriCorps	94.006		71,422
Subtotal AmeriCorps			<u>323,074</u>
Mayor's Fund to Advance New York City			
Social Innovation Fund	94.019		349,652
Subtotal Social Innovation Fund			<u>349,652</u>
<b>Subtotal Corporation for National and Community Service</b>			<u>682,460</u>
Environmental Protection Agency			
PA-Department of Environmental Protection			
Water Quality Management Technical Planning Assistance	66.023		29,369
Subtotal Water Quality Management Technical Planning Assistance			<u>29,369</u>

# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2012

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:			
Pass-Through:			
SNJ-Department of Environmental Protection			
Capitalization Grants for Drinking Water State Revolving Funds	66.468		67,736
Subtotal Capitalization Grants for Drinking Water State Revolving Funds			67,736
SNJ-Department of Environmental Protection			
Various	66.UNK		111,288
Subtotal Various			111,288
<b>Subtotal Environmental Protection Agency</b>			208,393
Institute of Museum and Library Services			
New York Public Library			
Various	45.UNK		4,590
Subtotal Various			4,590
<b>Subtotal Institute of Museum and Library Services</b>			4,590
National Aeronautics and Space Administration			
Stevens Institute of Technology			
Various	43.UNK		2,091
Subtotal Various			2,091
<b>Subtotal National Aeronautics and Space Administration</b>			2,091
National Endowment for the Arts			
SNJ-DS-NJ State Council on the Arts			
Promotion of the Arts Partnership Agreements	45.025		11,590
Subtotal Promotion of the Arts Partnership Agreements			11,590
<b>Subtotal National Endowment for the Arts</b>			11,590
National Endowment for the Humanities			
New Jersey Council for the Humanities			
Promotion of the Humanities Federal/State Partnership	45.129		1,000
Subtotal Promotion of the Humanities Federal/State Partnership			1,000

# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2012

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:			
Pass-Through:			
New Jersey Council for the Humanities			
Various	45.UNK		7,788
NJ Council for the Humanities			
Various	45.UNK		10,745
Subtotal Various			18,533
<b>Subtotal National Endowment for the Humanities</b>			19,533
National Science Foundation			
Institute for Advanced Studies			
Mathematical and Physical Sciences	47.049		52,203
Mathematical Association of America			
Mathematical and Physical Sciences	47.049		23,748
Subtotal Mathematical and Physical Sciences			75,951
Education Development Center			
Education and Human Resources	47.076		24,090
Subtotal Education and Human Resources			24,090
Consortium of Ocean Leadership			
Various	47.UNK		171,266
Liberty Science Center			
Various	47.UNK		4,090
University of Notre Dame			
Various	47.UNK		1,800
Subtotal Various			177,156
<b>Subtotal National Science Foundation</b>			277,197
U.S. Department of Agriculture			
USDA - Agricultural Research Service (ARS)			
Agricultural Research Basic and Applied Research	10.001		58,106
Subtotal Agricultural Research Basic and Applied Research			58,106

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# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2012

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:			
Pass-Through:			
University of Connecticut			
Grants for Agricultural Research, Special Research Grants	10.200		5,068
Subtotal Grants for Agricultural Research, Special Research Grants			<u>5,068</u>
University of Vermont			
Sustainable Agriculture Research and Education	10.215		4,609
Subtotal Sustainable Agriculture Research and Education			<u>4,609</u>
Penn State University-Northeast IPM Center			
Integrated Programs	10.303		22,059
Subtotal Integrated Programs			<u>22,059</u>
Cornell University			
Homeland Security Agricultural	10.304		20,721
Subtotal Homeland Security Agricultural			<u>20,721</u>
University of Nebraska			
Beginning Farmer and Rancher Development Program	10.311		9,450
Subtotal Beginning Farmer and Rancher Development Program			<u>9,450</u>
University of Minnesota			
ARRA-Trade Adjustment Assistance for Farmers Training Coordination Program (TAAF)	10.315	Y	5,341
Subtotal ARRA-Trade Adjustment Assistance for Farmers Training Coordination Program (TAAF)			<u>5,341</u>
SNJ-Department of Agriculture			
Crop Insurance Education in Targeted States	10.458		204,952
Subtotal Crop Insurance Education in Targeted States			<u>204,952</u>
Kansas State University			
Cooperative Extension Service	10.500		185,407
Mississippi State University			
Cooperative Extension Service	10.500		903
North Carolina State University			
Cooperative Extension Service	10.500		19,349

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# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2012

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:			
Pass-Through:			
University of Delaware			
Cooperative Extension Service	10.500		5,129
University of Vermont			
Cooperative Extension Service	10.500		28,277
Subtotal Cooperative Extension Service			239,065
SNJ-Department of Agriculture			
Summer Food Service Program for Children	10.559		27,390
Subtotal Summer Food Service Program for Children			27,390
SNJ-DHS-Division of Family Development			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		6,466,890
Subtotal State Administrative Matching Grants for the Supplemental Nutrition Assistance Program			6,466,890
<b>Subtotal U.S. Department of Agriculture</b>			7,063,651
U.S. Department of Commerce			
New Jersey Sea Grant Consortium			
Sea Grant Support	11.417		6,999
Subtotal Sea Grant Support			6,999
Consortium of Ocean Leadership			
Congressionally Identified Construction Projects	11.469		4,879
Subtotal Congressionally Identified Construction Projects			4,879
Woods Hole Oceanographic Institution			
Various	11.UNK		4,095
Subtotal Various			4,095
<b>Subtotal U.S. Department of Commerce</b>			15,973
U.S. Department of Defense			
Princeton University			
Basic and Applied Scientific Research	12.300		111,284
Subtotal Basic and Applied Scientific Research			111,284

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# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2012

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:			
Pass-Through:			
<b>Subtotal U.S. Department of Defense</b>			111,284
U.S. Department of Education			
CUNY-LaGuardia Community College			
Fund for the Improvement of Postsecondary Education	84.116		1,439
Subtotal Fund for the Improvement of Postsecondary Education			1,439
William Paterson University			
Safe and Drug-Free Schools and Communities National Programs	84.184		11,581
Subtotal Safe and Drug-Free Schools and Communities National Programs			11,581
SNJ- Higher Education Student Assistance Authority			
College Access Challenge Grant Program	84.378		1,926
SNJ-Commission on Higher Education			
College Access Challenge Grant Program	84.378		122,380
Subtotal College Access Challenge Grant Program			124,306
Middletown, Township of			
ARRA-Special Education Grants to States	84.391	Y	(10,593)
North Plainfield Board of Education			
ARRA-Special Education Grants to States	84.391	Y	(177)
Piscataway Township Board of Education			
ARRA-Special Education Grants to States	84.391	Y	1,179
Trenton Public Schools			
ARRA-Special Education Grants to States	84.391	Y	67,962
Subtotal ARRA-Special Education Grants to States			58,371
MPR Associates, Inc.			
Various	84.UNK		(1,931)
National Writing Project			
Various	84.UNK		26,451

# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2012

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:			
Pass-Through:			
Newark Public Schools			
Various	84.UNK		8,653
SNJ-Commission on Higher Education			
Various	84.UNK		98,567
SNJ-Department of Education			
Various	84.UNK		539,946
Various Associations/Other			
Various	84.UNK		89,573
Subtotal Various			761,259
<b>Subtotal U.S. Department of Education</b>			<b>956,956</b>
U.S. Department of Energy			
Krell Institute			
Various	81.UNK		2,210
Subtotal Various			2,210
<b>Subtotal U.S. Department of Energy</b>			<b>2,210</b>
U.S. Department of Health and Human Services			
SNJ-DHSS-Division of Aging and Community Service			
Alzheimer's Disease Demonstration Grants to States	93.051		108,173
Subtotal Alzheimer's Disease Demonstration Grants to States			108,173
SNJ-Department of Community Affairs			
Injury Prevention and Control Research and State and Community Based Programs	93.136		54,703
Subtotal Injury Prevention and Control Research and State and Community Based Programs			54,703
Pennington Biomedical Research Center			
Research and Training in Complementary and Alternative Medicine	93.213		136,522
Subtotal Research and Training in Complementary and Alternative Medicine			136,522

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# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2012

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:			
Pass-Through:			
SNJ-DHS-Division of Addiction Services			
Cooperative Agreements for State Treatment Outcomes and Performance Pilot Studies Enhancement	93.238		101,178
SNJ-DHS-Division of Mental Health and Addiction Services			
Cooperative Agreements for State Treatment Outcomes and Performance Pilot Studies Enhancement	93.238		97,929
Subtotal Cooperative Agreements for State Treatment Outcomes and Performance Pilot Studies Enhancement			199,107
Rice University			
Biomedical Imaging Research	93.286		29,825
Subtotal Biomedical Imaging Research			29,825
SNJ-Department of Human Services			
Child Support Enforcement	93.563		3,505,568
Subtotal Child Support Enforcement			3,505,568
UMDNJ-Robert Wood Johnson Medical School			
Allergy, Immunology and Transplantation Research	93.855		9,028
University of Pittsburgh			
Allergy, Immunology and Transplantation Research	93.855		292,341
Subtotal Allergy, Immunology and Transplantation Research			301,369
Chicago Board of Education			
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	93.938		42,480
Newark Public Schools			
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	93.938		32,080
Subtotal Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems			74,560
Advaxis Inc			
Various	93.UNK		(8,803)

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# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2012

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:			
Pass-Through:			
Center for Great Expectations, The			
Various	93.UNK		12,559
International Social Service, USA Branch Inc			
Various	93.UNK		39,456
Los Angeles Unified School District			
Various	93.UNK		18,497
Newark Department of Child & Family Well Being			
Various	93.UNK		8,544
North Jersey Community Research Initiative			
Various	93.UNK		33,404
SNJ-Department of Education			
Various	93.UNK		17,476
SNJ-Department of Health and Senior Services			
Various	93.UNK		206,455
SNJ-DHS-Division of Addiction Services			
Various	93.UNK		528
SNJ-DHS-Division of Family Development			
Various	93.UNK		3,973
SNJ-DHS-Division of Mental Health and Addiction Services			
Various	93.UNK		239,520
University of Pittsburgh			
Various	93.UNK		720
Subtotal   Various			572,329
<b>Subtotal   U.S. Department of Health and Human Services</b>			4,982,156
U.S. Department of Homeland Security			
Metropolitan Transit Authority - Harris County, Texas			
Rail and Transit Security Grant Program	97.075		88,549
Subtotal   Rail and Transit Security Grant Program			88,549

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# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2012

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:			
Pass-Through:			
San Francisco Municipal Transportation Agency			
Various	97.UNK		2,779
Subtotal Various			<u>2,779</u>
<b>Subtotal U.S. Department of Homeland Security</b>			<u>91,328</u>
U.S. Department of Justice			
SNJ-DLPS-Office of Victim Witness Advocacy			
Crime Victim Assistance	16.575		57,392
Subtotal Crime Victim Assistance			<u>57,392</u>
SNJ-DLPS-Office of Victim Witness Advocacy			
ARRA-State Victim Assistance Formula Grant Program	16.801	Y	11,295
Subtotal ARRA-State Victim Assistance Formula Grant Program			<u>11,295</u>
SNJ-DLPS-Office of Victim Witness Advocacy			
Various	16.UNK		(1,091)
Subtotal Various			<u>(1,091)</u>
<b>Subtotal U.S. Department of Justice</b>			<u>67,596</u>
U.S. Department of Labor			
City of Newark, NJ			
Various	17.UNK		482,649
Ocean County PIC			
Various	17.UNK		90,949
SNJ-Department of Labor			
Various	17.UNK		474,875
Subtotal Various			<u>1,048,473</u>
<b>Subtotal U.S. Department of Labor</b>			<u>1,048,473</u>
U.S. Department of the Interior			
National Fish and Wildlife Foundation			
Fish and Wildlife Management Assistance	15.608		(187)
Subtotal Fish and Wildlife Management Assistance			<u>(187)</u>

(Continued)

# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2012

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:			
Pass-Through:			
University of North Carolina			
Economic, Social, and Political Development of the Territories and the Freely Associated States	15.875		19,494
Subtotal Economic, Social, and Political Development of the Territories and the Freely Associated States			19,494
<b>Subtotal U.S. Department of the Interior</b>			19,307
U.S. Department of Transportation			
U.S. Department of Transportation-FTA			
Transit Planning and Research	20.514		210,994
Subtotal Transit Planning and Research			210,994
SNJ-DLPS-Division of Highway Traffic Safety			
State and Community Highway Safety	20.600		6,532
Subtotal State and Community Highway Safety			6,532
CUNY-Research Foundation			
University Transportation Centers Program	20.701		3,234
CUNY-Transportation Research Center			
University Transportation Centers Program	20.701		3,863
Subtotal University Transportation Centers Program			7,097
Cornell University			
Biobased Transportation Research	20.761		8,132
Subtotal Biobased Transportation Research			8,132
<b>Subtotal U.S. Department of Transportation</b>			232,755
<b>Subtotal Pass-Through Other Programs</b>			\$16,243,218
<b>Subtotal TRIO, Other Programs and Student Financial Aid Cluster</b>			\$472,501,857
<b>Total Expenditures of Federal Awards</b>			\$724,256,296

See accompanying notes to Schedule of Expenditures of Federal Awards.

# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2012

### (1) Basis of Presentation

The purpose of the schedule of expenditures of Federal awards (the schedule) is to present a summary of those activities of Rutgers, The State University of New Jersey (the University) for the year ended June 30, 2012, which have been financed by the U.S. Government (Federal awards). For purposes of the schedule, Federal awards include all Federal assistance and procurement relationships entered into directly between the University and the Federal Government and sub-awards from non-Federal organizations made under Federally sponsored agreements. The information in this schedule is presented in accordance with the requirements of U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the 2012 basic financial statements. Because the schedule presents only a selected portion of the activities of the University, it is not intended to and does not present either the financial position, changes in financial position, or cash flows of the University. For reporting purposes, Federal expenditures have been classified into three groups:

1. Research and development cluster,
2. Student financial aid cluster, and
3. Awards other than student financial aid and sponsored research, principally development and training activities.

The accounting principles followed by the University in each of these areas and used in preparing the accompanying schedule are as follows:

- Student Financial Aid – Disbursements are recognized on the accrual basis of accounting for awards made to students and for allowable administrative expenses of running such programs.
- Awards Other Than Student Financial Aid – Disbursements (expenditures) for direct costs are recognized as incurred using the accrual method of accounting and the cost accounting principles contained in the U.S. Office of Management and Budget Circular A-21, *Cost Principles for Educational Institutions*. Under those cost principles, certain types of expenditures are not allowable or are limited as to reimbursement. Moreover, expenditures include a portion of costs associated with general University activities which are allocated to Federal expenditures under negotiated formulas commonly referred to as facilities and administrative (“F&A”) costs rates. F&A costs applicable to these cost recoveries are classified as unrestricted expenditures in the statements of revenues, expenses, and changes in net assets. Credit disbursement amounts typically result from grant or contract closing adjustments or transfers.

**RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY**

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2012

**(2) Subrecipients**

Of the Federal expenditures presented in the schedule of expenditures of Federal awards, the University provided Federal awards to subrecipients as follows:

<u>Program title</u>	<u>Federal CFDA numbers</u>	<u>Amount provided to subrecipients</u>
Agricultural Research Basic and Applied Research	10.001	\$ 406,174
Grants for Agricultural Research, Special Research Grants	10.200	479,786
Grants for Agricultural Research Competitive Research	10.206	20,849
Integrated Programs	10.303	125,484
International Science and Education Grants	10.305	(5,712)
Specialty Crop Research Initiative	10.309	203,112
Agriculture and Food Research Initiative (AFRI)	10.310	226,109
Biomass Research and Development Initiative Competitive Grants Program (BRDI)	10.312	50,346
Various	10.RD	204,653
Integrated Ocean Observing System (IOOS)	11.012	942,174
Coastal Zone Management Estuarine Research Reserves	11.420	22,090
Office of Oceanic and Atmospheric Research (OAR) Joint and Cooperative Institutes	11.432	2,622
Unallied Science Program	11.472	114,607
Coastal Services Center	11.473	775,682
Technology Innovation Program (TIP)	11.616	1,282,140
Basic and Applied Scientific Research	12.300	519,852
Military Medical Research and Development	12.420	9,421,944
Basic, Applied and Advanced Research in Science and Engineering	12.630	440,331
Air Force Defense Research Sciences Program	12.800	197,918
Research and Technology Development	12.910	30,119
Various	12.RD	377,580
Healthy Homes Technical Studies Grants	14.906	128,933
Various	14.RD	40,663
Minerals Management Service (MMS) Environmental Studies Program (ESP)	15.423	54,363
Assistance to State Water Resources Research Institutes	15.805	85,515
Cooperative Research and Training Programs - Resources of the National Park System	15.945	6,000
Various	15.RD	114,212
ARRA - State and Local Law Enforcement Assistance Program	16.809	58,540
Various	16.RD	69,532
Occupational Safety and Health Susan Harwood Training Grants	17.502	57,910
Employment Programs for People with Disabilities	17.720	577,193
Various	17.RD	28,769
Various	17.UNK	70,906



**RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY**

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2012

<u>Program title</u>	<u>Federal CFDA numbers</u>	<u>Amount provided to subrecipients</u>
Transit Planning and Research	20.514	852,568
Program for Reducing Energy Consumption and Greenhouse Gas Emissions	20.523	317,701
HMSA Pipeline Safety Program One Call Grant	20.721	25,936
Technology Development Grant	20.722	19,475
Biobased Transportation Research	20.761	(27,000)
Various	20.RD	4,570,779
Aerospace Education Services Program	43.001	6,006
Various	43.RD	608,841
Promotion of the Arts Grants to Organizations and Individuals	45.024	15,000
Engineering Grants	47.041	3,020,850
Geosciences	47.050	487,429
Computer and Information Science and Engineering	47.070	81,511
Biological Sciences	47.074	2,273,863
Social, Behavioral, and Economic Sciences	47.075	37,739
Education and Human Resources	47.076	5,423,741
Polar Programs	47.078	24,790
ARRA - Trans-NSF Recovery Act Research Support	47.082	66,166
Various	47.RD	422,461
Various	47.UNK	26,760
Small Business Development Center	59.037	1,973,818
Surveys, Studies, Investigations, Demonstrations and Special Purpose Activities Relating to the Clean Air Act	66.034	3,741
Water Pollution Control State and Interstate Program Support	66.419	20,000
Nonpoint Source Implementation Grants	66.460	27,857
Science To Achieve Results (STAR) Program	66.509	312,840
Office of Research and Development Consolidated Research	66.511	3,341
Office of Science Financial Assistance Program	81.049	770,563
Stewardship Science Grant Program	81.112	1,538,528
Various	81.RD	158,215
Education Research, Development and Dissemination	84.305	355,516
Child Care Access Means Parents in School	84.335	8,139
ARRA - Rehabilitation Services - Vocational Rehabilitation Grants to States	84.390	11,357
Various	85.UNK	35,072
Biological Response to Environmental Health Hazards	93.113	14,259
Human Genome Research	93.172	448,469
Research Related to Deafness and Communication Disorders	93.173	486,697
Research on Healthcare Costs, Quality and Outcomes	93.226	175,280
Mental Health Research Grants	93.242	2,452,185
Occupational Safety and Health Research Grants	93.262	105,077

**RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY**

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2012

<b>Program title</b>	<b>Federal CFDA numbers</b>	<b>Amount provided to subrecipients</b>
Alcohol Research Programs	93.273	119,250
Drug Abuse Research Programs	93.279	46,478
Biomedical Imaging Research	93.286	395,161
Trans-NIH Research Support	93.310	463,490
Cancer Cause and Prevention Research	93.393	183,471
Cancer Detection and Diagnosis Research	93.394	31,432
Cancer Treatment Research	93.395	207,338
ARRA - Trans-NIH Recovery Act Research Support	93.701	497,786
ARRA – Comparative Effectiveness Research - AHRQ	93.715	749,253
Medicaid Infrastructure Grants to Support the Competitive Employment of People with Disabilities	93.768	45,000
Heart and Vascular Diseases Research	93.837	33,779
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	248,333
Allergy, Immunology and Transplantation Research	93.855	787,130
Biomedical Research and Research Training	93.859	5,111,060
Center for Research for Mothers and Children	93.865	688
Aging Research	93.866	110,472
Vision Research	93.867	25,316
Senior International Fellowships	93.989	41,442
Various	93.RD	1,126,462
Various	93.UNK	32,810
Centers for Homeland Security	97.061	1,416,939
Homeland Security Research Training, Evaluation and Demonstration of Technologies Related to Nuclear Detection	97.077	(526)
Various	97.RD	36,375
Various	98.RD	44,846
Various	98.UNK	\$ 49,927
Grand Total		<u><u>56,089,678</u></u>

**(3) Federal Direct Student Loan Program**

The University is responsible only for the performance of certain administrative duties with respect to the Federal Direct Student Loan Program and, accordingly, these loans are not included in the University's basic financial statements. It is not practical to determine the balance of loans outstanding to students of the University under this program at June 30, 2012.

**RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY**

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2012

**(4) Federal Perkins Loan Program, Nursing Student Loan Program, and Income Contingent Loan Program**

The balance of loans outstanding under the Federal Perkins Loan Program, Nursing Student Loan Program, and Income Contingent Loan Program (CFDA # 84.226) at June 30, 2012 was \$38,979,906, \$897,985, and \$83,168, respectively.

	<b>Year ended June 30, 2012</b>		
	<b>Federal Perkins Loan Program</b>	<b>Nursing Student Loan Program</b>	<b>Income Contingent Loan Program</b>
Beginning balance	\$ 38,106,319	682,515	99,175
New loans issued	5,164,059	317,648	—
Payments	(4,044,153)	(19,759)	—
Adjustments	(74,936)	(52,506)	(16,007)
Cancellations	(171,383)	(29,913)	—
Ending balance	<u>\$ 38,979,906</u>	<u>897,985</u>	<u>83,168</u>



**KPMG LLP**  
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Princeton, NJ 08540-6227

**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 Governors  
The Board of Trustees  
Rutgers, The State University of New Jersey:

We have audited the financial statements of Rutgers, the State University of New Jersey (the University), a component unit of the State of New Jersey, as of and for the year ended June 30, 2012, and have issued our report thereon dated November 7, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the blended component units of Rutgers, The State University of New Jersey were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance with the blended component units of Rutgers, The State University of New Jersey.

**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 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 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 management, board of governors, board of trustees, others within the entity, and Federal and State of New Jersey awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

November 7, 2012



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**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 Federal OMB Circular A-133, *Audits of  
States, Local Governments, and Non-Profit Organizations***

The Board of Governors  
The Board of Trustees  
Rutgers, The State University of New Jersey:

### Compliance

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

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Federal OMB Circular A-133. Those standards and Federal 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 described in the Compliance Supplement 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 in the first paragraph above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2012. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with Federal OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 12-1 and 12-2.

### **Internal Control Over Compliance**

Management of the University 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 to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with Federal OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 12-1 and 12-2. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.



## **Schedules of Expenditures of Federal Awards**

We have audited the financial statements of the business-type activities of the University as of and for the year ended June 30, 2012, and have issued our report thereon dated November 7, 2012 which contained an unqualified opinion on those financial statements. Our audit was conducted for the purpose of forming our opinion on the financial statements that collectively comprise the University's basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to November 7, 2012. The accompanying schedule of expenditures of Federal awards is presented for purposes of additional analysis as required by Federal OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2012 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2012 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2012 basic financial statements or to the 2012 basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of Federal awards is fairly stated in all material respects in relation to the 2012 basic financial statements as a whole.

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

This report is intended solely for the information and use of management, board of governors, board of trustees, 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 22, 2013



**RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY**

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

**(1) Summary of Auditor's Results:**

- (a) An unqualified opinion was issued on the basic financial statements of Rutgers, The State University of New Jersey (the University), a component unit of the State of New Jersey, as of and for the year ended June 30, 2012.
- (b) Significant deficiencies in internal control disclosed by the audit of the financial statements of the University as of and for the year ended June 30, 2012: **none reported** Material weaknesses: **no**
- (c) The audit disclosed no instances of noncompliance which are material to the basic financial statements of the University as of and for the year ended June 30, 2012.
- (d) Significant deficiencies in internal control over the major Federal programs of the University for the year ended June 30, 2012: **two Federal findings were reported** Material weaknesses: **no**
- (e) An unqualified opinion was issued on the University's compliance with its major Federal programs for the year ended June 30, 2012.
- (f) There were two audit findings (12-1 and 12-2) which are required to be reported under Section 510(a) of Federal OMB Circular A-133 for the year ended June 30, 2012.
- (g) The major Federal programs of the University for the year ended June 30, 2012 were as follows:
  - Research and Development Cluster (various CFDA numbers)
  - Student Financial Aid Cluster (various CFDA numbers)
  - Child Support Enforcement (93.563)
  - ARRA – Capital Assistance Program for Reducing Energy Consumption and Greenhouse Gas Emissions (20.523)
  - ARRA – Trans-NSF Recovery Act Research Support (47.082)
  - ARRA – National Center for Research Resources, Recovery Act Construction Support (93.702)
- (h) The dollar threshold used to distinguish between type A and type B programs was \$3,000,000 for Federal awards for the year ended June 30, 2012.
- (i) The University qualified as a low-risk auditee for Federal awards for the year ended June 30, 2012.

**RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY**

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

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

No findings or questioned costs required to be reported.

**(3) Findings and Questioned Costs Relating to Federal Awards:**

***12-1 – Special Tests, Verification – Significant Deficiency***

Student Financial Assistance Cluster:

Federal Direct Student Loans (CFDA # 84.268)

Federal Pell Grant Program (CFDA # 84.063)

Federal Perkins Loan – Federal Capital Contributions (CFDA # 84.038)

**Federal Award and Year:**

**P268K120272 (7/1/11 – 6/30/12), E-P063P110272 (7/1/11 – 6/30/12), P038A112602 (7/1/11 – 6/30/12)**

**Criteria:**

An institution may participate under an ED-approved Quality Assurance Program (QAP) that exempts it from verifying those applicants selected by the central processor, provided that the applicants do not meet the institution's own verification selection criteria. (20 USC 1094a; HEA section 487A) (FSA Handbook 2011-2012 Application and Verification Guide, , Chapter 4, page AVG-79<http://ifap.ed.gov/fsahandbook/attachments/1011AVG.pdf>), An institution not participating under an ED-approved QAP is required to establish written policies and procedures that incorporate the provisions of 34 CFR sections 668.51 through 668.61 for verifying applicant information. Such an institution shall require each applicant whose application is selected by the central processor, based on edits specified by ED, to verify the information specified in 34 CFR section 668.56. However, certain applicants are excluded from the verification process as listed in 34 CFR section 668.54(b). The institution is not required to verify the applications of more than 30 percent of its total number of applicants selected by ED (34 CFR section 668.54(a)(2)). The institution shall also require applicants to verify any information used to calculate an applicant's EFC that the institution has reason to believe is inaccurate. Generally, the information that must be updated is the number of family members, number of family members attending postsecondary educational institutions, and the applicant's dependency status (34 CFR section 668.55). Information that must be verified or updated is adjusted gross income, U.S. income tax paid, aggregate number of family members in the household, number of family members in the household who are enrolled as at least half-time students in postsecondary educational institutions if that number is greater than one, and untaxed income and benefits including:

- Social security benefits if the institution has reason to believe that those benefits were received and were not reported or were not correctly reported;
- Child support if the institution has reason to believe child support was received;

**RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY**

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

- U.S. income tax deductions for a payment made to an individual retirement account or Keogh account;
- Interest on tax-free bonds;
- Foreign income excluded from U.S. income taxation if the institution has reason to believe that foreign income was received;
- Earned income credit taken on the applicant's tax return; and
- All other untaxed income subject to U.S. income tax reporting requirements in the base year included on the tax return form, excluding information contained on schedules appended to such forms (34 CFR section 668.56)

Acceptable documentation for the verification is listed in 34 CFR section 668.57.

**Condition:**

For five out of sixty-five students selected for testwork, the "Making Work Pay" credit was claimed on the parents' or student's tax return, however, the amount was not included in the untaxed income on the Institutional Student Information Report (ISIR). This was not detected nor corrected during the verification of the student's record by the Financial Aid Office. The result of the incorrect information resulted in an overpayment of \$100 of Pell award for one student. For the other four students noted as exceptions, there was no impact on the amounts of student financial assistance to be received by each of the respective students.

**Questioned Costs:**

\$100

**Cause:**

The University began processing verifications prior to guidance being issued requiring the "Making Work Pay" credit to be included in untaxed income on the ISIR.

**Recommendation:**

We recommend that the University take appropriate steps to ensure all untaxed income is included on the ISIR to ensure proper awarding.

**View of Responsible Official:**

The Office of Financial Aid received clarification on this tax credit in July of 2011. Prior to this, the counselors were not aware that this was a reportable value. Once it was discovered, the counselors were advised that this was to be reported as an untaxed income item. For this reason, there were inconsistencies found in the verification process.

**RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY**

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Since then, this particular tax credit has been eliminated and will not create any future concerns.

***12-2 – Special Tests, Return of Title IV Funds – Significant Deficiency***

Student Financial Assistance Cluster:

Federal Direct Student Loans (CFDA # 84.268)

**Federal Award and Year:**

**P268K120272 (7/1/11 – 6/30/12)**

**Criteria:**

When a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV aid earned by the student as of the student's withdrawal date. If the total amount of Title IV assistance earned by the student is less than the amount that was disbursed to the student or on his or her behalf as of the date of the institution's determination that the student withdrew, the difference must be returned to the Title IV programs as outlined in this section and no additional disbursements may be made to the student for the payment period or period of enrollment. If the amount the student earned is greater than the amount disbursed, the difference between the amounts must be treated as a post-withdrawal disbursement (34 CFR sections 668.22(a)(1) through (a)(5)).

*Calculation of the Amount of Title IV Assistance Earned*

The amount of earned Title IV grant or loan assistance is calculated by determining the percentage of Title IV grant or loan assistance that has been earned by the student and applying that percentage to the total amount of Title IV grant or loan assistance that was or could have been disbursed to the student for the payment period or period of enrollment as of the student's withdrawal date. A student earns 100 percent if his or her withdrawal date is after the completion of more than 60 percent of (1) the calendar days in the payment period or period of enrollment for a program measured in credit hours; or (2) the clock hours scheduled to be completed for the payment period or period of enrollment for a program measured in clock hours (34 CFR section 668.22(e)(2)). Otherwise, the percentage earned by the student is equal to the percentage (60 percent or less) of the payment period or period of enrollment that was completed as of the student's withdrawal date. The percentage of Title IV grant or loan assistance that has not been earned by the student is the complement of one of these calculations. Standard term-based institutions must always use the payment period as the basis for the determination.

The unearned amount of Title IV assistance to be returned is calculated by subtracting the amount of Title IV assistance earned by the student from the amount of Title IV aid that was disbursed to the student as of the date of the institution's determination that the student withdrew (34 CFR section 668.22(e)).

**RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY**

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

*Institution's Return of Unearned Aid*

The institution must return the lesser of: (1) the total amount of unearned Title IV assistance to be returned as described above; or (2) an amount equal to the total institutional charges incurred by the student for the payment period or period of enrollment multiplied by the percentage of Title IV grant or loan assistance that has not been earned by the student. If, for a non-term program an institution chooses to calculate the treatment of Title IV assistance on a payment period basis, but the institution charges for a period that is longer than the payment period, "total institutional charges incurred by the student for the payment period" is the greater of: (1) the prorated amount of institutional charges for the longer period, or (2) the amount of Title IV assistance retained for institutional charges as of the student's withdrawal date (34 CFR section 668.22(g)).

*Student's Return of Unearned Aid*

The amount a student is responsible for returning is calculated by subtracting the amount of unearned aid that the institution is required to return from the total amount of unearned Title IV assistance to be returned. However, the student need only return 50 percent of the total grant assistance that was disbursed (and that could have been disbursed) for the payment period or period of enrollment. After the 50 percent rule is applied, a student does not have to return an overpayment amount of \$50 or less.

In addition, the Secretary may waive grant overpayments that students are required to return if the students who withdrew were residing in, employed in, or attending an institution located in an area where the President has declared that a major disaster exists (34 CFR sections 668.22(g), 668.22(h)(3), and 668.22(h)(5)).

**Condition:**

For ten of the sixty-five selections, the Title IV refund was improperly calculated by the University resulting in University returning fewer funds to the Federal Government than it was required to. For those ten students, a total Direct Loans of \$1,368 should have been returned to the Federal Government.

**Questioned Costs:**

\$1,368

**Cause:**

In each of the ten cases, human error was the cause of the improper calculation. The information was processed through the Federal R2T4 software adequately, but the amount returned were calculated on the gross amount of the loans rather than the net amount disbursed which caused the over awarding of students.

## **RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY**

### Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Despite being thoroughly and adequately trained on the correct methodology for calculating the types, amount and order in which Federal financial aid must be returned to the Federal financial aid must be returned to the Federal government when a student withdraws, staff on the Newark campus failed to follow standard protocols. The R2T4 calculations in New Brunswick and Camden were all done correctly.

#### **Effect:**

Student financial aid returned by the students and subsequently to the Federal government was less than what it should actually have been.

#### **Recommendation:**

We recommend that the University establish a process to ensure the calculations of returned financial aid funds be reviewed for accuracy to ensure that the proper amount is returned.

#### **View of Responsible Official:**

During the audit of our Return to Title IV processing, it was discovered that 100% of all the calculations at our Newark campus were done incorrectly. Although training has been provided, there was a significant lack of understanding in how to determine the gross value of a federal Direct Student Loan. When processing the return in the federal software, the net value of the loan(s) is to be used. Once this amount is determined, the gross value must be assessed in order to process the return through COD. It was found that this net amount was not converted to its gross value so the return to the loan programs was less than it should have been.

This matter was addressed with additional training for the three regions. The Newark office was advised to review and correct all withdrawal calculations for the 2011-2012 funding year. This project was completed in March 2013 and the corrections have been submitted to the Department of Education. Ordinarily, when mistakes are the result of human error, there is a finding but corrections are not required. Because this was systematic in nature, all adjustments to the 2011-2012 funding year had to be made.

In order to address this deficit, reports are periodically run to ensure all calculations at the Newark campus are being properly completed. Beginning in the 2013-2014 funding year, all Return to Title IV processing will be done on the New Brunswick campus to prevent any future findings of this nature.



## **Corrective Action Plan to A133 Audit Findings For The Year Ended June 30, 2012**

### **12-1 – Special Tests, Verification – Significant Deficiency**

Contact Person – Jean McDonald Rash, University Director of Financial Aid, Financial Aid Office, 848-932-7057 extension 22605

Corrective Action Plan - The financial aid counselors have been advised that this was to be reported as an untaxed income item, however, this particular tax credit has been eliminated and will not create any future concerns.

Anticipated Completion Date – Completed

### **12-2 – Special Tests, Return of Title IV Funds – Significant Deficiency**

Contact Person – Jean McDonald Rash, University Director of Financial Aid, Financial Aid Office, 848-932-7057 extension 22605

Corrective Action Plan - Additional training has been provided for the three regions. Corrections have been submitted to the Department of Education. Reports are being periodically run to ensure all calculations at the Newark campus are being properly completed. Beginning in the 2013-2014 funding year, all Return to Title IV processing will be done on the New Brunswick campus to prevent any future findings of this nature.

Anticipated Completion Date – FY2014