

Princeton University

**Report on Federal Awards in Accordance with
OMB Uniform Guidance and New Jersey Office of
Management and Budget Circular 15-08
For the year ended June 30, 2016
Employer Identification Number 21-0634501**

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OMB Uniform Guidance and New Jersey Office
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For the year ended June 30, 2016
Table of Contents

	Page(s)
Report of Independent Auditors.....	1
Consolidated Statements of Financial Position as of June 30, 2016 and 2015.....	2
Consolidated Statements of Activities for the year ended June 30, 2016 and June 30, 2015.....	3-4
Consolidated Statements of Cash Flows for the year ended June 30, 2016 and 2015.....	5
Notes to the Consolidated Financial Statements	6 – 26
Schedule of Expenditures of Federal Awards for the year ended June 30, 2016.....	27– 33
Supplemental Schedule of New Jersey State Awards for the year ended June 30, 2016	34
Notes to Schedule of Expenditures of Federal and State Awards for the year ended June 30, 2016 ...	35-36
Report of Independent Auditors on Internal Control on Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	37-38
Report of Independent Auditors on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Uniform Guidance and New Jersey Circular 15-08	39-41
Summary of Independent Auditors' Results	42-43
Schedule of Findings and Questioned Costs	44-47
Status of Prior Year's Findings.....	48
Management's Views and Corrective Action Plan	49



Report of Independent Auditors

To the Trustees of Princeton University:

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Princeton University (the "University"), which comprise the consolidated statements of financial position as of June 30, 2016 and 2015 and the related consolidated statements of activities and consolidated statements of cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Princeton University as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards for the year ended June 30, 2016 and Schedule of Expenditures of State of New Jersey Awards for the year ended June 30, 2016 is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and The State of New Jersey Department of the Treasury Circular Letter 15-08 OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and the Schedule of Expenditures of State of New Jersey Awards are fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2016 on our consideration of Princeton 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 for the year ended June 30, 2016. 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 and on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Princeton University's internal control over financial reporting and compliance.

PricewaterhouseCoopers LLP

New York, New York
November 21, 2016

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Consolidated Statements of Financial Position

June 30, 2016 and 2015

<i>(dollars in thousands)</i>	2016	2015
Assets		
Cash	\$ 8,003	\$ 11,544
Accounts receivable	103,015	98,816
Receivables associated with investments	103,974	126,671
Educational and mortgage loans receivable	395,178	378,230
Contributions receivable	178,280	186,430
Inventories and deferred charges	9,442	10,451
Managed investments at market value	21,807,342	22,472,966
Funds held in trust by others	144,452	154,163
Other investments	678,327	685,436
Property, net of accumulated depreciation	3,952,390	3,753,676
Total assets	\$ 27,380,403	\$ 27,878,383
Liabilities		
Accounts payable	\$ 103,036	\$ 116,608
Liabilities associated with investments	207,828	308,367
Deposits, advance receipts, and accrued liabilities	125,797	125,025
Deposits held in custody for others	121,667	158,716
Deferred revenues	39,099	39,520
Liability under planned giving agreements	90,998	101,657
Federal loan programs	5,574	8,454
Indebtedness to third parties	3,495,552	3,301,413
Accrued postretirement benefits	483,410	382,648
Total liabilities	\$ 4,672,961	\$ 4,542,408
Net assets		
Unrestricted	\$ 9,693,143	\$ 9,928,976
Temporarily restricted	11,062,850	11,535,371
Permanently restricted	1,951,449	1,871,628
Total net assets	\$ 22,707,442	\$ 23,335,975
Total liabilities and net assets	\$ 27,380,403	\$ 27,878,383

See notes to consolidated financial statements.

Consolidated Statements of Activities

Year ended June 30, 2016

<i>(dollars in thousands)</i>	Unrestricted	Temporarily Restricted	Permanently Restricted	2016 Total
Operating revenues				
Tuition and fees	\$ 337,396	-	-	\$ 337,396
Less scholarships and fellowships	(226,235)	-	-	(226,235)
Net tuition and fees	111,161	-	-	111,161
Government grants and contracts	290,238	-	-	290,238
Private gifts, grants, and contracts	92,719	-	-	92,719
Auxiliary sales and services	90,359	-	-	90,359
Other sources	169,645	-	-	169,645
Investment earnings distributed	413,874	\$ 519,760	-	933,634
Operating revenues	1,167,996	519,760	-	1,687,756
Net assets released from restrictions	575,263	(575,263)	-	-
Total operating revenues	1,743,259	(55,503)	-	1,687,756
Operating expenses				
Educational and general:				
Academic departments and programs	768,283	-	-	768,283
Academic support	116,811	-	-	116,811
Student services	121,041	-	-	121,041
Library	83,632	-	-	83,632
General administration and institutional support	166,422	-	-	166,422
Other student aid	61,017	-	-	61,017
Plasma Physics Laboratory	125,610	-	-	125,610
Total educational and general	1,442,816	-	-	1,442,816
Auxiliary activities	84,638	-	-	84,638
Interest on indebtedness	143,286	-	-	143,286
Total operating expenses	1,670,740	-	-	1,670,740
Results of operations	72,519	(55,503)	-	17,016
Nonoperating activities				
Adjustments to planned giving agreements	(1,038)	(3,098)	-	(4,136)
Decrease in value of assets held in trust by others	-	(312)	\$ (9,398)	(9,710)
Private gifts, noncurrent	63,886	23,655	83,791	171,332
Net realized and unrealized appreciation on investments	47,818	89,428	887	138,133
Distribution of investment earnings	(413,874)	(519,760)	-	(933,634)
Reclassifications, transfers, and other nonoperating	(5,144)	(6,931)	4,541	(7,534)
Increase (decrease) from nonoperating activities	(308,352)	(417,018)	79,821	(645,549)
Increase (decrease) in net assets	(235,833)	(472,521)	79,821	(628,533)
Net assets at the beginning of the year	9,928,976	11,535,371	1,871,628	23,335,975
Net assets at the end of the year	\$ 9,693,143	\$ 11,062,850	\$ 1,951,449	\$ 22,707,442

See notes to consolidated financial statements.

Consolidated Statements of Activities

Year ended June 30, 2015

<i>(dollars in thousands)</i>	Unrestricted	Temporarily Restricted	Permanently Restricted	2015 Total
Operating revenues				
Tuition and fees	\$ 325,271	-	-	\$ 325,271
Less scholarships and fellowships	(215,298)	-	-	(215,298)
Net tuition and fees	109,973	-	-	109,973
Government grants and contracts	274,973	-	-	274,973
Private gifts, grants, and contracts	88,023	-	-	88,023
Auxiliary sales and services	86,599	-	-	86,599
Other sources	180,368	-	-	180,368
Investment earnings distributed	271,793	\$ 609,346	-	881,139
Operating revenues	1,011,729	609,346	-	1,621,075
Net assets released from restrictions	613,214	(613,214)	-	-
Total operating revenues	1,624,943	(3,868)	-	1,621,075
Operating expenses				
Educational and general:				
Academic departments and programs	677,927	-	-	677,927
Academic support	102,014	-	-	102,014
Student services	109,131	-	-	109,131
Library	88,930	-	-	88,930
General administration and institutional support	165,147	-	-	165,147
Other student aid	55,322	-	-	55,322
Plasma Physics Laboratory	119,488	-	-	119,488
Total educational and general	1,317,959	-	-	1,317,959
Auxiliary activities	79,709	-	-	79,709
Interest on indebtedness	143,952	-	-	143,952
Total operating expenses	1,541,620	-	-	1,541,620
Results of operations	83,323	(3,868)	-	79,455
Nonoperating activities				
Adjustments to planned giving agreements	-	(18,549)	-	(18,549)
Decrease in value of assets held in trust by others	-	(4,686)	\$ (2,179)	(6,865)
Private gifts, noncurrent	62,763	13,674	65,826	142,263
Net realized and unrealized appreciation on investments	1,697,880	821,251	-	2,519,131
Distribution of investment earnings	(271,793)	(609,346)	-	(881,139)
Reclassifications, transfers, and other nonoperating	2,662	1,984	(11,155)	(6,509)
Increase from nonoperating activities	1,491,512	204,328	52,492	1,748,332
Increase in net assets	1,574,835	200,460	52,492	1,827,787
Net assets at the beginning of the year	8,354,141	11,334,911	1,819,136	21,508,188
Net assets at the end of the year	\$ 9,928,976	\$ 11,535,371	\$ 1,871,628	\$ 23,335,975

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Years ended June 30, 2016 and 2015

<i>(dollars in thousands)</i>	2016	2015
Cash flows from operating activities		
Change in net assets	\$ (628,533)	\$ 1,827,787
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation expense	149,653	138,124
Amortization of bond issuance costs and premiums	(5,878)	(6,495)
Property gifts-in-kind	(1,777)	(2,982)
Adjustments to planned giving agreements	4,136	18,554
Net realized and unrealized losses (gains) on investments	17,300	(2,373,809)
Loss on disposal of fixed assets	1,260	2,229
Decrease in value of assets held in trust by others	9,711	6,864
Contributions received for long-term investment	(83,791)	(65,826)
Changes in operating assets and liabilities:		
Receivables	(12,997)	(3,166)
Inventory and deferred charges	1,009	5,838
Accounts payable	420	995
Deposits, advance receipts, and accrued liabilities	772	19,893
Deposits held in custody for others	(37,049)	16,392
Deferred revenue	(421)	(380)
Accrued postretirement benefits	100,762	15,394
Net cash used by operating activities	(485,423)	(400,588)
Cash flows from investing activities		
Purchases of property, plant, and equipment	(368,296)	(379,077)
Proceeds from disposal of property, plant, and equipment	6,454	5,622
Purchases of investments	(14,041,165)	(13,143,769)
Proceeds from maturities/sales of investments	14,618,756	13,787,389
Net cash provided by investing activities	215,749	270,165
Cash flows from financing activities		
Issuance of indebtedness to third parties, net of drawdowns	268,485	336,817
Payment of debt principal	(68,468)	(247,631)
Contributions received for long-term investment	83,791	65,826
Transactions on planned giving agreements	(14,795)	(19,616)
Net additions (reductions) under federal loan programs	(2,880)	1,783
Net cash provided by financing activities	266,133	137,179
Net increase (decrease) in cash	(3,541)	6,756
Cash at the beginning of the year	11,544	4,788
Cash at the end of the year	\$ 8,003	\$ 11,544
Supplemental disclosures		
Interest paid	\$ 152,060	\$ 147,717

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Years ended June 30, 2016 and 2015

1. NATURE OF OPERATIONS

Princeton University (the “University”) is a private, not-for-profit, nonsectarian institution of higher learning. When originally chartered in 1746 as the College of New Jersey, it became the fourth college in British North America. It was renamed Princeton University in 1896. First located in Elizabeth, and briefly in Newark, the school moved to Princeton in 1756.

The student body numbers approximately 5,277 undergraduates and 2,697 graduate students in more than 90 departments and programs. The University offers instruction in the liberal arts and sciences and in professional programs of the School of Architecture, the School of Engineering and Applied Science, and the Woodrow Wilson School of Public and International Affairs. The faculty numbers approximately 1,240, including visitors and part-time appointments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of Princeton University (now legally known as “The Trustees of Princeton University”) are prepared on the accrual basis and include the accounts of its wholly owned subsidiaries, foundation, and investments controlled by the University. Financial information conforms to the statements of accounting principles of the Financial Accounting Standards Board (FASB) and to the American Institute of Certified Public Accountants *Audit and Accounting Guide for Not-for-Profit Entities*. Relevant pronouncements include FASB Accounting Standards Codification (ASC) 958-310, *Not-for-Profit Entities—Receivables*, and ASC 958-205, *Not-for-Profit Entities—Presentation of Financial Statements*.

Unconditional promises to give are recognized as revenues in the year made, not in the year in which the cash is received. The amounts are discounted based on timing of expected collections. Amounts received from donors to planned giving programs are shown in part as a liability for the present value of annuity payments to the donor; the balance is shown as a gift of either temporarily or permanently restricted net assets.

External financial statements of not-for-profit organizations require the preparation of a statement of financial position, a statement of activities, and a statement of cash flows. The classification of the organization’s net assets and its revenues and expenses into three categories according to the existence or absence of donor-imposed restrictions—permanently restricted, temporarily restricted, or unrestricted—is also required. Changes, including reclassification and transfers, in each category are reflected in the statement of activities, certain of which are further categorized as nonoperating. Such nonoperating activities primarily reflect transactions of a long-term investment or capital nature, contributions receivable in future periods, contributions subject to donor-imposed restrictions, gains and losses on investments in excess of the University’s spending rule and other non-recurring activities. Temporarily restricted gift revenue expended in the same fiscal year is recorded as unrestricted revenue.

Other significant accounting policies are described elsewhere in these notes.

The preparation of the University’s financial statements in conformity with generally accepted accounting principles (GAAP) 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 dates of the consolidated statements of financial position, and the reported amounts of revenue and expense included in the consolidated statements of activities. Actual results could differ from such estimates.

Certain prior-year balances have been reclassified to conform to the current-year presentation.

Notes to Consolidated Financial Statements

(Continued)

New Authoritative Pronouncements

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606) and Other Assets and Deferred Costs - Contracts with Customers (Subtopic 340-40)*. This ASU implements a single framework for revenue recognition ensuring that revenue is recognized in a manner which reflects the consideration to which the entity expects to be entitled to in exchange for goods and services. The ASU is effective for fiscal years beginning after December 15, 2017. The University is evaluating the impact on the University consolidated financial statements.

In April 2015, the FASB issued ASU 2015-03 (Subtopic 835-30), *Imputation of Interest - Simplifying the Presentation of Debt Issuance Costs*. This ASU requires all premium received, discount given and costs incurred to issue debt to be presented in the balance sheet as an adjustment to the carrying value of the associated debt liability. The ASU is effective for fiscal years beginning after December 15, 2016 with early adoption permissible. The University has adopted ASU 2015-03 and has presented unamortized debt issuance costs as an offset to indebtedness to third parties within the liabilities section of the balance sheet for fiscal years 2016 and 2015. As a result, \$13.0 million has been reclassified from Inventories and deferred charges to Indebtedness to third parties in the 2015 column on the Consolidated Statements of Financial Position. The change in presentation has also been appropriately reflected in the Indebtedness to third parties table shown in Note 12.

In May 2015, the FASB issued ASU 2015-07, *Fair Value Measurement (Topic 820), Disclosure for Investments in Certain Entities That Calculate Net Asset Value per Share (or its Equivalent)*. The ASU removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the practical expedient. The ASU further removes the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the practical expedient. This ASU is effective for annual periods beginning after December 15, 2015, with early adoption permitted. The University has adopted AU 2015-07, and the disclosure change can be seen in the investment leveling tables shown in Note 4 for fiscal years 2016 and 2015.

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*. The ASU allows entities that are not public business entities and do not carry financial instruments at fair value in the statement of financial position to no longer be required to disclose the fair value and significant assumptions used to estimate the fair value of such financial instruments. The standard is effective for fiscal years beginning after December 15, 2017 with early adoption permissible. The University has adopted the ASU for fiscal years 2016 and 2015.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The new ASU establishes a right-of-use ("ROU") model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. The ASU is effective for fiscal years beginning after December 15, 2018 with early adoption permissible. The University is evaluating the impact of the new standard on the University consolidated financial statements.

Notes to Consolidated Financial Statements

(Continued)

In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*. The ASU amends the financial reporting requirements in Topic 958, *Not-for-Profit Entities*. Changes include revisions to the classification of net assets and expanded liquidity disclosures. The ASU is effective for fiscal years beginning after December 15, 2017 with early adoption permissible. The University is evaluating the impact of the new standard on the University consolidated financial statements.

3. INVESTMENTS

Managed Investments

All managed investments are reported at fair value. The fair value of marketable equity, debt, and certain derivative securities (which includes both domestic and foreign issues) is generally based upon a combination of published current market prices and exchange rates. The fair value of restricted securities and other investments for which published market prices are not available is based on estimated values using discounted cash flow analysis and other industry standard methodologies. Where applicable, independent appraisers and engineers assist in the valuation. The fair value of limited partnerships and similar investment vehicles is based on the net value of such investments and is generally estimated by external investment managers, including general partners or valuation committees. These valuations necessarily involve assumptions and methods that are reviewed, evaluated, and adjusted, if necessary, by the University. Changes in assumptions could have a significant effect on the fair values of these investments. Actual results could differ from these estimates and could have a material impact on the financial statements. These investments are generally less liquid than other investments, and the values reported may differ from the values that would have been reported had a ready market for these securities existed. Securities transactions are reported on a trade-date basis. Realized gains and losses are calculated using the specific identification cost method.

A summary of managed investments by asset category at fair value at June 30, 2016 and 2015 is presented below. The managed investment categories are presented on a “manager-mandate” basis, that is, all of the assets and market value of the underlying funds and accounts are included in the asset class that is the primary focus of the fund or account. (Many funds and accounts have contractual flexibility to invest across more than one asset class.)

(dollars in millions)	2016	2015
Managed investments:		
Domestic equity	\$ 2,218.3	\$ 2,653.6
International equity	3,108.2	3,389.2
Independent return	5,763.1	5,535.1
Private equity	7,049.1	6,844.2
Real assets	3,053.2	3,027.4
Fixed income	416.0	752.5
Cash and other	199.4	271.0
Gross managed investments ¹	\$ 21,807.3	\$ 22,473.0
Receivables (liabilities) associated with investments—net	(103.8)	(181.7)
Net managed investments	\$ 21,703.5	\$ 22,291.3

¹Includes derivative financial instruments at fair value

Notes to Consolidated Financial Statements

(Continued)

The Princeton University Investment Company (PRINCO) manages investments for a foundation that the University controls, the Stanley J. Seeger Hellenic Fund, and deposits held in custody for others. The investment balances managed by PRINCO for these entities as of June 30, included in the University's consolidated financial statements, are as follows:

<i>(dollars in millions)</i>	2016	2015
Princeton University	\$ 21,554.4	\$ 22,105.6
Stanley J. Seeger Hellenic Fund	42.1	43.5
Deposits held in custody for others	107.0	142.2
Net managed investments	\$ 21,703.5	\$ 22,291.3

The composition of net investment return from managed and other investments for the years ended June 30 was as follows:

<i>(dollars in thousands)</i>	2016	2015
Net realized and unrealized gains (losses)	\$ (17,300)	\$ 2,373,809
Interest, dividends, and other income	155,433	145,322
Total	\$ 138,133	\$ 2,519,131

Princeton University investments together with the Stanley J. Seeger Hellenic Fund and deposits held in custody for others are invested in a single unitized pool. The market value of each unit was \$10,521.24 and \$10,902.38 at June 30, 2016 and 2015, respectively. The average value of a unit during the years ending June 30, 2016 and 2015, was \$10,473.19 and \$10,264.36, respectively.

The average invested market balance in the unitized pool during the years ending June 30, 2016 and 2015, was \$21.494 billion and \$20.899 billion, respectively.

The University follows a spending rule for its unitized investments, including funds functioning as endowment, that provides for regular increases in spending while preserving the long-term purchasing power of the endowment. Earnings available for spending are shown in operating revenue, and the balance is shown as nonoperating revenue. Amounts distributed per unit under that rule were \$449.17 and \$427.78 for fiscal years 2016 and 2015, respectively.

The University invests in various investment instruments. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Derivative Financial Instruments

As part of its investment strategy, the University enters into transactions utilizing a variety of financial instruments and strategies, including futures, swaps, options, short sales, and forward foreign currency contracts. These financial instruments and strategies allow the University to fine-tune the asset allocation of the investment portfolio. In all cases except forward foreign currency exchange and swap contracts, these instruments are traded through securities and commodities exchanges. The forward foreign currency and swap contracts are executed with creditworthy banks and brokerage firms. These financial instruments are subject to an enforceable master netting arrangement or similar agreement, and are presented at fair value on a net basis on the consolidated statement of financial position.

Notes to Consolidated Financial Statements

(Continued)

Investment related derivative exposures at June 30 are as follows:

2016 (dollars in millions)	Long Notional¹	Short Notional¹	Net Derivative Assets (Liabilities)	Gains (Losses)²
Index Futures	\$ 219.8	-	\$ (4.4)	\$ 4.6
Equity Swaps	249.9	\$ 207.5	39.9	66.9
Forward Contracts	-	1,699.3	10.2	2.5
Total	\$ 469.7	\$ 1,906.8	\$ 45.7	\$ 74.0

2015 (dollars in millions)	Long Notional¹	Short Notional¹	Net Derivative Assets (Liabilities)	Gains (Losses)²
Index Futures	\$ 19.9	\$ 230.3	\$ 2.0	\$ (21.7)
Equity Swaps	325.5	231.4	(30.0)	(120.2)
Forward Contracts	-	-	-	11.9
Total	\$ 345.4	\$ 461.7	\$ (28.0)	\$ (130.0)

¹ Notional amounts are representative of the volume and activity of each derivative type during the years ended June 30, 2016 and June 30, 2015

² Gains and losses on derivatives are recorded under "Net realized and unrealized appreciation on investments" in the Consolidated Statement of Activities

Investment related derivative assets, liabilities and collateral by counterparty at June 30, are as follows:

Fair Value					
2016 (dollars in millions)	# of Contracts	Gross Derivative Assets	Gross Derivative Liabilities	Collateral (Held) Pledged	Net
Counterparty A	14	\$ 29.3	\$ (7.5)	\$ (13.0)	\$ 8.8
Counterparty B	6	12.6	(1.0)	(10.7)	0.9
Counterparty C	6	6.3	-	(7.0)	-
Counterparty D	10	6.6	(0.7)	-	5.9
Total	36	\$ 54.8	\$ (9.2)	\$ (30.7)	\$ 15.6

Fair Value					
2015 (dollars in millions)	# of Contracts	Gross Derivative Assets	Gross Derivative Liabilities	Collateral (Held) Pledged	Net
Counterparty A	4	\$ 3.7	\$ (11.8)	\$ 9.2	\$ 1.1
Counterparty B	4	-	(19.8)	2.1	(17.7)
Counterparty C	-	-	-	-	-
Counterparty D	-	-	-	-	-
Total	8	\$ 3.7	\$ (31.6)	\$ 11.3	\$ (16.6)

Funds Held in Trust by Others

The University is the income beneficiary of various trusts that are held and controlled by independent trustees. In addition, the University is the income beneficiary of entities that qualify as supporting organizations under Section 509(a)(3) of the U.S. Internal Revenue Code. Funds held in trust by others are recognized at the estimated fair value of the assets or the present value of the future cash flows when the irrevocable trust is established or the University is notified of its existence. Funds held in trust by others, stated at fair value, amounted to \$144.4 million in 2016 and \$154.2 million in 2015.

Notes to Consolidated Financial Statements

(Continued)

Other Investments

Other investments include working capital (consisting primarily of U.S. Treasury bonds), a small number of funds that must be separately invested due to donor or legal restrictions, planned giving investments, proceeds from debt, and local real estate holdings expected to be liquidated strategically over several years. A summary of other investments at fair value at June 30, 2016 and 2015, is as follows:

<i>(dollars in millions)</i>	2016	2015
Working capital	\$ 354.4	\$ 378.7
Planned giving investments	160.8	178.4
Proceeds from debt	114.4	75.4
Strategic real estate investments	47.2	47.2
Other	1.5	5.7
Total	\$ 678.3	\$ 685.4

4. FAIR VALUE MEASUREMENTS

ASC 820, *Fair Value Measurements and Disclosures*, defines fair value, establishes a framework for measuring fair value in GAAP, and expands disclosure about fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (exit price) in an orderly transaction between market participants at the measurement date. Fair value should be based on assumptions that market participants would use when pricing an asset or liability, including assumptions about risk and the risks inherent in valuation techniques and the inputs to valuations. Fair value measurements assume that the transaction occurs in the principal market for the asset or liability (the market with the most volume and activity for the asset or liability from the perspective of the reporting entity), or in the absence of a principal market, the most advantageous market for the asset or liability (the market in which the reporting entity would be able to maximize the amount received or minimize the amount paid). The University applies fair value measurements to certain assets and liabilities, including the University's managed investments, other investments, and funds held in trust by others, in accordance with the requirements described above.

The University maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value. Fair value is based on actively quoted market prices, if available. In the absence of actively quoted market prices, price information from external sources, including broker quotes and industry publications, is used. If pricing information from external sources is not available, or if observable pricing is not indicative of fair value, judgment is required to develop the estimates of fair value using discounted cash flow and other income valuation approaches.

The University utilizes the following fair value hierarchy, which prioritizes, into three broad levels, the inputs to valuation techniques used to measure fair value:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities that the University has the ability to access at the measurement date. Instruments categorized in Level 1 primarily consist of a broadly traded range of equity and debt securities.

Level 2: Inputs other than quoted prices included within Level 1 that are either directly or indirectly observable for the asset or liability, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability,

Notes to Consolidated Financial Statements

(Continued)

and inputs that are derived from observable market data by correlation or other means.

Level 3: Unobservable inputs for the asset or liability, including situations where there is little, if any, market activity for the asset or liability. Instruments categorized in Level 3 consist primarily of limited partnership interests and other similar investment vehicles.

The fair value hierarchy gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobservable data (Level 3). In some cases, the inputs used to measure fair value might fall in different levels of the fair value hierarchy. The lowest level input that is significant to a fair value measurement in its entirety determines the applicable level in the fair value hierarchy. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability. Fair value measurements are categorized as Level 3 when a significant amount of price or other inputs that are considered to be unobservable are used in their valuations.

Investments in investee funds that are valued using the net asset values (NAV) of the underlying investee fund as a practical expedient have been excluded from the fair value hierarchy and are shown as a separate column in the fair value levelling table. Where the University has the ability to redeem its investment with the investee at net asset value per share (or its equivalent) using the practical expedient, such investments have been excluded from the fair value hierarchy. Certain of these investments may be subject to modest holdback provisions to cover audit and other potential expenses or adjustments in the event of a complete withdrawal.

The University has various processes and controls in place to ensure investment fair value is reasonable and performs due diligence procedures on its investments, including an assessment of applicable accounting policies, a review of the valuation procedures employed, and consideration of redemption features and price transparency. The University holds direct real estate investments categorized as Level 3. Valuation for material directly held real estate investments is determined from periodic valuations prepared by independent appraisers or broker opinions.

The following tables present the University's assets that are measured at fair value for each hierarchy level, at June 30, 2016 and 2015.

		Fair Value Measurements at Reporting Date Using			
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV as Practical Expedient
<i>(dollars in millions)</i>					
2016	Total				
Assets at fair value					
Managed investments (gross):					
Domestic equity	\$ 2,218.3	\$ 109.8	\$ 7.2	\$ 1.2	\$ 2,100.1
International equity	3,108.2	436.7	6.6	210.8	2,454.1
Independent return	5,763.1	-	-	5.4	5,757.7
Private equity	7,049.1	1.5	4.5	240.4	6,802.7
Real assets	3,053.2	127.7	31.8	7.5	2,886.2
Fixed income	416.0	416.0	-	-	-
Cash and other	199.4	250.8	(51.4)	-	-
Total managed investments (gross)	21,807.3	1,342.5	(1.3)	465.3	20,000.8
Funds held in trust by others	144.5	-	-	144.5	-
Other investments	678.3	472.2	-	206.1	-
Total	\$ 22,630.1	\$ 1,814.7	\$ (1.3)	\$ 815.9	\$ 20,000.8

Notes to Consolidated Financial Statements

(Continued)

(dollars in millions)		Fair Value Measurements at Reporting Date Using			
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV as Practical Expedient
2015	Total				
Assets at fair value					
Managed investments (gross):					
Domestic equity	\$ 2,653.6	\$ 146.7	\$ (11.8)	\$ 2.4	\$ 2,516.3
International equity	3,389.2	675.9	1.7	181.5	2,530.1
Independent return	5,535.1	-	-	7.9	5,527.2
Private equity	6,844.2	0.7	-	244.2	6,599.3
Real assets	3,027.4	123.8	(19.8)	9.6	2,913.8
Fixed income	752.5	752.5	-	-	-
Cash and other	271.0	269.2	1.8	-	-
Total managed investments (gross)	22,473.0	1,968.8	(28.1)	445.6	20,086.7
Funds held in trust by others	154.2	-	-	154.2	-
Other investments	685.4	461.1	-	224.3	-
Total	\$ 23,312.6	\$ 2,429.9	\$ (28.1)	\$ 824.1	\$ 20,086.7

Assets and liabilities of a majority-owned investment fund have been consolidated for reporting purposes at June 30, 2016 and 2015. Managed investments, specifically the independent return asset class, includes consolidated investment fund assets of \$995.4 million and \$962.5 million at June 30, 2016 and 2015, respectively, and liabilities associated with investments includes consolidated investment fund liabilities of \$180.6 million and \$185.7 million at June 30, 2016 and 2015, respectively.

The following tables present the net change in the assets measured at fair value on a recurring basis and included in the Level 3 fair value category for the years ended June 30, 2016 and 2015:

(dollars in millions)		Fair Value Measurements Using Significant Unobservable Inputs (Level 3)					
		June 30, 2015	Total gains or losses included in changes in net assets	Purchases	Sales and settlements	Transfers into Level 3	Transfers out of Level 3
June 30, 2016							
Assets at fair value							
Managed investments (gross):							
Domestic equity	\$ 2.4	\$ (1.2)	-	-	-	-	\$ 1.2
International equity	181.5	18.3	\$ 11.2	\$ (0.2)	-	-	210.8
Independent return	7.9	1.1	-	(3.6)	-	-	5.4
Private equity	244.2	7.6	10.6	(22.0)	-	-	240.4
Real assets	9.6	(4.1)	-	(0.5)	\$ 2.5	-	7.5
Fixed income	-	-	-	-	-	-	-
Cash and other	-	-	-	-	-	-	-
Total Managed Investments (gross)	445.6	21.7	21.8	(26.3)	2.5	-	465.3
Funds held in trust by others	154.2	(11.5)	1.8	-	-	-	144.5
Other investments	224.3	(17.0)	3.7	(4.9)	-	-	206.1
Total Level 3 investments	\$ 824.1	\$ (6.8)	\$ 27.3	\$ (31.2)	\$ 2.5	-	\$ 815.9

Notes to Consolidated Financial Statements

(Continued)

Fair Value Measurements Using Significant Unobservable Inputs (Level 3)							
(dollars in millions)	June 30, 2014	Total gains or losses included in changes in net assets	Purchases	Sales and settlements	Transfers into Level 3	Transfers out of Level 3	June 30, 2015
Assets at fair value							
Managed investments (gross):							
Domestic equity	\$ 2.0	\$ 0.4	\$ 0.1	\$ (0.1)	-	-	\$ 2.4
International equity	229.5	(48.0)	0.1	(0.1)	-	-	181.5
Independent return	18.4	1.4	-	(11.9)	-	-	7.9
Private equity	281.5	(30.9)	20.5	(26.9)	-	-	244.2
Real assets	12.2	(1.6)	-	(1.0)	-	-	9.6
Fixed income	-	-	-	-	-	-	-
Cash and other	-	-	-	-	-	-	-
Total Managed							
Investments (gross)	543.6	(78.7)	20.7	(40.0)	-	-	445.6
Funds held in trust by others	161.0	(7.4)	2.1	(1.5)	-	-	154.2
Other investments	246.0	(21.8)	5.5	(5.4)	-	-	224.3
Total Level 3 investments	\$ 950.6	\$ (107.9)	\$ 28.3	\$ (46.9)	-	-	\$ 824.1

The University assesses the valuation hierarchy for each asset or liability measured on an annual basis. From time to time, assets or liabilities will be transferred within hierarchy levels as a result of changes in valuation methodologies, liquidity, and/or redemption terms. One transfer to Level 3 assets occurred in the year ended June 30, 2016. The University's policy is to recognize transfers at the beginning of the reporting period.

Realized gains of \$5.7 million and \$14.0 million related to Level 3 investments and unrealized losses of \$12.5 million and \$121.9 million related to Level 3 investments are included in net realized and unrealized appreciation on investments in the consolidated statements of activities for the years ended June 30, 2016 and 2015, respectively.

The following tables and disclosures set forth the significant terms of the agreements with investment managers or funds by major category at June 30, 2016 and 2015. The information is presented on a "manager-mandate" basis.

(dollars in millions)	June 30 Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
2016				
Managed investments (gross)				
Domestic equity (a)	\$ 2,218.3	\$ 181.2	daily—annually	4-90 days
International equity—developed (b)	1,028.8	-	daily—annually	7-90 days
International equity—emerging (c)	2,079.4	233.4	daily—annually	7-90 days
Independent return (d)	5,763.1	503.0	monthly—annually	30-90 days
Fixed income and cash (e)	615.4	-	daily	1 day
Marketable asset classes	\$ 11,705.0	\$ 917.6		
Private equity (f)	7,049.1	2,716.4		
Real assets (g)	3,053.2	1,837.9		
Nonmarketable asset classes	\$ 10,102.3	\$ 4,554.3		
Total gross managed investments	\$ 21,807.3	\$ 5,471.9		

Notes to Consolidated Financial Statements

(Continued)

<i>(dollars in millions)</i>	June 30 Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
2015				
Managed investments (gross)				
Domestic equity (a)	\$ 2,653.6	\$ 181.2	daily—annually	4–90 days
International equity—developed (b)	1,076.9	-	daily—annually	7–90 days
International equity—emerging (c)	2,312.3	136.0	daily—annually	7–90 days
Independent return (d)	5,535.1	306.2	monthly—annually	30–90 days
Fixed income and cash (e)	1,023.5	-	daily	1 day
Marketable asset classes	\$ 12,601.4	\$ 623.4		
Private equity (f)	6,844.2	2,172.3		
Real assets (g)	3,027.4	1,523.0		
Nonmarketable asset classes	\$ 9,871.6	\$ 3,695.3		
Total gross managed investments	\$ 22,473.0	\$ 4,318.7		

(a) Domestic Equity: This asset class includes funds and accounts primarily invested in equities traded on domestic exchanges or in domestic over-the-counter markets. The fair values of the investments in this asset class have been estimated using the net asset value per share of the investee funds, or, in the case of custodied accounts, the fair value of the securities held. Investments representing approximately 4 percent of the market value of this asset class are invested in nonredeemable assets.

(b) International Equity—Developed: This asset class includes funds primarily invested in public equity and debt securities traded in countries with developed economies other than the United States. The fair values of the investments in this asset class have been estimated using the net asset value per share of the investee funds. Investments representing approximately 13 percent of the market value of this asset class are invested in nonredeemable assets.

(c) International Equity—Emerging: This asset class includes funds primarily invested in public equity and debt securities traded in countries with emerging economies. The fair values of the investments in this asset class have been estimated using the net asset value per share of the investee funds or, in the case of custodied accounts, the fair value of the securities held, at prevailing exchange rates. Investments representing approximately 6 percent of the market value of this asset class are invested in nonredeemable assets.

(d) Independent Return: This asset class includes funds invested in equity and debt securities and financial instruments such as options, swaps, futures, and other derivatives. Funds in this asset class may hold both long and short positions in any of these instruments and pursue a variety of investment strategies based upon the fund's investment mandate and the current opportunity set. In general terms, approximately 32 percent of independent return market value is invested in funds principally focused on long/short equity investments, 25 percent is invested in event-driven/arbitrage strategies, and 43 percent is invested in funds that opportunistically engage in both strategies. Investments representing approximately 16 percent of the market value of this asset class are invested in nonredeemable assets.

(e) Fixed Income and Cash: On a combined basis, these asset classes include primarily U.S. government and U.S. government-guaranteed securities held in separate accounts at the custodial bank. Virtually all of the investments in these asset classes can be liquidated on a daily basis.

(f) Private Equity: This asset class includes funds invested primarily in buyouts or venture capital. The fair values of the investments in this asset class have generally been estimated using

Notes to Consolidated Financial Statements

(Continued)

partners' capital statements issued by the funds, which reflect the University's ownership interest. Generally, investments in this asset class are not redeemable. Distributions from investee funds in the portfolio are received as the underlying investments of the funds are liquidated.

(g) Real Assets: This asset class includes funds invested primarily in real estate, energy, and timber. The fair values of the investments in this asset class have been estimated using partners' capital statements issued by the funds, which reflect the University's ownership interest. Generally, investments in this asset class are not redeemable. However, a small portion, \$175.0 million at June 30, 2016, and \$196.2 million at June 30, 2015, was invested in redeemable funds. More broadly, distributions from investee funds are received as the underlying investments of the funds are liquidated.

Investments in the marketable asset classes are generally redeemable, made in entities that allow the University to request withdrawals in specified circumstances. However, approximately \$1.2 billion of the marketable asset classes are invested in "nonredeemable assets," which are not eligible for redemption by the University. Nonredeemable assets are specific investments within a fund designated by the fund manager as ineligible for withdrawal. Due to the illiquid nature of nonredeemable assets, it is impossible for the University to predict when these assets will liquidate and the proceeds be distributed to investors.

In addition to nonredeemable assets, the University may be limited in its ability to effect a withdrawal if a fund manager invokes a "gate" provision restricting redemptions from its fund. Gates are generally triggered when aggregate fund withdrawal requests exceed a contractually predetermined threshold. No withdrawal requests were impacted by a gate in the year ended June 30, 2016.

The University is obligated under certain agreements to fund capital calls periodically up to specified commitment amounts. At June 30, 2016, the University had unfunded commitments of \$5.5 billion. Such commitments are generally called over periods of up to 10 years and contain fixed expiration dates or other termination clauses.

5. ENDOWMENT

The University's endowment consists of approximately 4,300 individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the University to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the University to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

ASC 958-205-45-28, *Not-for-Profit Entities—Presentation of Financial Statements—Other Presentation Matters—Classification of Donor-Restricted Endowment Funds Subject to the Uniform Prudent Management of Institutional Funds Act*, provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA), which was enacted in the state of New Jersey in June 2009.

Interpretation of relevant law—The University interprets the UPMIFA as requiring the preservation of the fair value at the original gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the University classifies as permanently restricted net assets: (a) the original value of gifts donated to the

Notes to Consolidated Financial Statements

(Continued)

permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the University in a manner consistent with the standard of prudence prescribed by UPMIFA. The University considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the University and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the University
- (7) The investment policies of the University

Endowment net asset composition by type of fund as of June 30, 2016 and 2015, was:

2016 (dollars in thousands)	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ (535)	\$ 10,796,205	\$ 1,750,003	\$ 12,545,673
Board-designated endowment funds	9,049,775	-	-	9,049,775
Total	\$ 9,049,240	\$ 10,796,205	\$ 1,750,003	\$ 21,595,448

2015 (dollars in thousands)	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	-	\$ 11,219,923	\$ 1,649,703	\$ 12,869,626
Board-designated endowment funds	\$ 9,278,348	-	-	9,278,348
Total	\$ 9,278,348	\$ 11,219,923	\$ 1,649,703	\$ 22,147,974

Changes in endowment net assets for the years ended June 30, 2016 and 2015, were:

2016 (dollars in thousands)	Unrestricted	Temporarily Restricted	Permanently Restricted	2016 Total
Endowment net assets, beginning of the year	\$ 9,278,348	\$ 11,219,923	\$ 1,649,703	\$ 22,147,974
Investment return:				
Net realized and unrealized appreciation	73,178	81,036	887	155,101
Reclassification for funds with deficiencies	(535)	535	-	-
Total investment return	\$ 72,643	\$ 81,571	\$ 887	\$ 155,101
Contributions	13,699	1,056	94,872	109,627
Appropriation of endowment assets for expenditure	(404,369)	(511,904)	-	(916,273)
Reclassifications, transfers, and board designations	88,919	5,559	4,541	99,019
Endowment net assets, end of the year	\$ 9,049,240	\$ 10,796,205	\$ 1,750,003	\$ 21,595,448

Notes to Consolidated Financial Statements

(Continued)

2015 (dollars in thousands)	Unrestricted	Temporarily Restricted	Permanently Restricted	2015 Total
Endowment net assets, beginning of the year	\$ 8,023,126	\$ 10,721,605	\$ 1,697,187	\$ 20,441,918
Investment return:				
Net realized and unrealized appreciation	1,574,425	821,251	-	2,395,676
Contributions	14,616	1,460	72,608	88,684
Appropriation of endowment assets for expenditure	(262,253)	(602,799)	-	(865,052)
Reclassifications, transfers, and board designations	(71,566)	278,406	(120,092)	86,748
Endowment net assets, end of the year	\$ 9,278,348	\$ 11,219,923	\$ 1,649,703	\$ 22,147,974

Funds with Deficiencies—From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor of UPMIFA requires the University to retain as a fund of perpetual duration. Deficiencies of this nature that are reported in unrestricted net assets were \$0.5 million at June 30, 2016. There were no funds with deficiencies at June 30, 2015. Deficiencies can result from unfavorable market fluctuations that occur shortly after the investment of new permanently restricted contributions while continued appropriations are deemed prudent by the Board of Trustees.

In accordance with the terms of donor gift instruments, the University is permitted to reduce the balance of restricted endowments below the original amount of the gift. Subsequent investment gains are then used to restore the balance up to the fair market value of the original amount of the gift. Subsequent gains above that amount are recorded in temporarily restricted net assets.

Return objectives and risk parameters—The University has adopted investment and spending policies for endowment assets that attempt to support the University's current and future operating needs, while preserving intergenerational equity. Endowment assets include those assets of donor-restricted funds that the University must hold in perpetuity or for donor-specified periods as well as University-designated funds. Under these policies, the endowment assets are invested in a manner that is intended to produce returns that exceed both the annual rate of spending and university inflation.

Strategies employed for achieving objectives—The vast majority of the endowment assets are actively managed by PRINCO, which is structured as a University office, but maintains its own Board of Directors, and operates under the final authority of the University's Board of Trustees (the "Trustees").

In pursuit of the investment return objectives, PRINCO maintains an equity-biased portfolio and seeks to partner with best-in-class investment management firms across diverse asset categories.

Spending policy and how the investment objectives relate to spending policy—Each year the Trustees decide upon an amount to be spent from the endowment for the following fiscal year. In their deliberations, the Trustees use a spending framework that is designed to enable sizable amounts to be spent in a reasonably stable fashion, while allowing for reinvestment sufficient to preserve purchasing power in perpetuity. The framework targets annual spending rates of between 4.0 percent and 6.25 percent.

The endowment must seek investment returns sufficient to meet spending policy targets as well as to maintain future purchasing power without deterioration of corpus resulting from university inflation.

Notes to Consolidated Financial Statements

(Continued)

6. EDUCATIONAL AND MORTGAGE LOANS

Educational loans include donor-restricted and federally sponsored educational loans that bear mandated interest rates and repayment terms, and are subject to significant restrictions on their transfer and disposition. These loans totaled \$65.0 million and \$64.8 million at June 30, 2016 and 2015, respectively.

Through a program designed to attract and retain excellent faculty and senior staff, the University provides home acquisition and financing assistance on residential properties in the area surrounding the University. Notes receivable from faculty and staff and co-ownership interests in the properties are included in mortgage loans and are collateralized by mortgages on those properties. These loans and interests totaled \$330.6 million and \$313.7 million at June 30, 2016 and 2015, respectively.

Allowance for Doubtful Loans

Management assesses the adequacy of the allowance for doubtful loans by performing evaluations of the loan portfolio, including such factors as the differing economic risks associated with each loan category, the financial condition of borrowers, the economic environment, the level of delinquent loans, and the value of any collateral associated with the loans. In addition to general economic conditions and other factors described above, a detailed review of the aging of loans receivable is considered in management's assessment. The level of the allowance is adjusted according to the results of management's analysis.

Loans less than 120 days delinquent are deemed to have a minimal delay in payment and are generally not written off. Loans delinquent by 120 days or more are subject to standard collection practices, including litigation. Only loans that are deemed uncollectible are written off, and this occurs only after several unsuccessful collection attempts, including placement at an external collection agency. Considering the other factors discussed herein, management considers the allowance for doubtful loans at June 30, 2016 and 2015, to be prudent and reasonable.

Educational and mortgage loans receivable at June 30, 2016 and 2015, are reported net of allowances for doubtful loans of \$0.4 million and \$0.3 million, respectively.

7. PROMISES TO GIVE

At June 30, 2016 and 2015, the University had received from donors unconditional promises to give contributions of amounts receivable in the following periods:

<i>(dollars in thousands)</i>	2016	2015
Less than one year	\$ 75,600	\$ 89,043
One to five years	90,335	94,525
More than five years	23,441	14,319
Total	189,376	197,887
Less unamortized discount and reserve	11,096	11,457
Net amount	\$ 178,280	\$ 186,430

The amounts promised have been recorded after discounting the future cash flows to the present value. Current-year promises are included in revenue as additions to temporarily or permanently restricted net assets, as determined by the donors, and are included in contributions receivable at fair value based on observable ASC 820 Level 2 inputs.

Notes to Consolidated Financial Statements

(Continued)

In addition, at June 30, 2016, the University had received from donors promises to give totaling \$6.3 million, conditioned upon the raising of matching gifts from other sources and other criteria. These amounts will be recognized as income in the periods in which the conditions have been fulfilled.

8. PROPERTY

Land additions are reported at estimated market value at the date of gift, or on a cost basis. Buildings and improvements are stated at cost. Expenditures for operation and maintenance of physical plant are expensed as incurred.

Items classified as property at June 30, 2016 and 2015, consisted of the following:

<i>(dollars in thousands)</i>	2016	2015
Land	\$ 114,272	\$ 113,891
Buildings and improvements	4,123,404	3,815,443
Construction in progress	331,167	353,023
Equipment and systems	361,528	342,446
Rare books	104,063	98,878
Library books, periodicals, and bindings	286,816	281,844
Fine art objects	132,202	126,805
Total property	5,453,452	5,132,330
Accumulated depreciation	(1,501,062)	(1,378,654)
Total	\$ 3,952,390	\$ 3,753,676

Equipment, library books, periodicals, and bindings are stated at cost net of accumulated depreciation. Equipment includes items purchased with federal government funds; an indeterminate portion of those items are expected to be transferred to the University at the termination of the respective grant or contract.

In addition to making purchases with University funds, the University, since its inception, has received a substantial number of fine art objects and rare books from individual gifts and bequests. Art objects and rare books acquired through June 30, 1973, are carried at insurable values at that date because it is not practicable to determine the historical cost or market value at the date of gift. Art objects and rare books acquired subsequent to June 30, 1973, are recorded at cost or fair value at the date of gift. Works of art, literary works, historical treasures, and artifacts that are part of a collection are protected, preserved, and held for public exhibition, education, and research in furtherance of public service. Collections are not capitalized, and contributed collection items are not recognized as revenues in the University's financial statements.

The University uses componentized depreciation for buildings and building improvements used for research. The costs of research facilities are separated into building shell, service system, and fixed equipment components that are separately depreciated.

Annual depreciation is calculated on the straight-line method over useful lives ranging from 15 to 50 years for buildings and improvements, 30 years for library books, and 10 and 15 years for equipment. Art objects and rare books having cultural, aesthetic, or historical value are not depreciated.

Notes to Consolidated Financial Statements

(Continued)

9. CONDITIONAL ASSET RETIREMENT OBLIGATIONS

Under ASC 410-20, *Asset Retirement and Environmental Obligations—Asset Retirement Obligations*, companies must accrue costs related to legal obligations to perform certain activities in connection with the retirement, disposal, or abandonment of assets. The obligation to perform the asset retirement activity is not conditional even though the timing or method may be conditional.

The University has identified asbestos abatement as a conditional asset retirement obligation. Asbestos abatement was estimated using site-specific surveys where available and a per-square-foot estimate based on historical cost where surveys were unavailable. The estimate is recorded as a liability and as an increase to the asset, and the capitalized portion is depreciated over the remaining useful life of the asset. The asset retirement obligation included in accrued liabilities was \$13.2 million and \$12.8 million at June 30, 2016 and 2015, respectively, and accretion expense on the asset retirement obligation was \$0.3 million and \$0.4 million for the years ended June 30, 2016 and 2015, respectively.

10. INCOME TAXES

ASC 740, *Income Taxes*, prescribes the minimum recognition threshold a tax position must meet in connection with accounting for uncertainties in income tax positions taken or expected to be taken by an entity before being measured and recognized in the financial statements. The University continues to evaluate its tax positions pursuant to the principles of ASC 740, and has determined that there is no material impact on the University's financial statements.

The University is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from income taxes on related income. The University files U.S. federal and various state and local tax returns. The statute of limitations on the University's U.S. federal tax returns remains open for the years ended June 30, 2013, through the present.

11. DEFERRED REVENUES

Deferred revenues primarily represent advance receipts relating to the University's real estate leasing activities. Such amounts are amortized over the term of the related leases.

12. INDEBTEDNESS TO THIRD PARTIES

At June 30, 2016 and 2015, the University's debt consisted of taxable bonds, taxable notes, loans through the New Jersey Educational Facilities Authority (NJEFA), commercial paper, various parent loans, and a note as follows:

(dollars in thousands)	2016	2015
Taxable Revenue Bonds		
2009 Series A, 4.95% and 5.70%, due March 2019 and March 2039, net of unamortized discount of \$2,526 and \$2,636	\$ 997,474	\$ 997,364
2016 Series A, 1.85%, 2.61%, 3.63%, due July 2021, July 2026, July 2046	100,000	-
Taxable Notes		
2012, 3.372%, due July 2042	170,000	170,000
2013, 4.72%, due July 2044	75,000	75,000

Notes to Consolidated Financial Statements

(Continued)

NJEFA Revenue Bonds	2016	2015
2003 Series D, 3.73%, due July 2019, including unamortized premium of \$2,054 and \$2,739	34,364	45,119
2006 Series D, 4.39%, due July 2031, including unamortized premium of \$0.00 and \$603	-	58,258
2006 Series E, 4.50%, due July 2027, including unamortized premium of \$0.00 and \$57	-	91,727
2007 Series E, 4.53%, due July 2037, including unamortized premium of \$3,609 and \$3,781	271,274	278,866
2007 Series F, 4.39%, due July 2030, including unamortized premium of \$559 and \$599	62,904	67,354
2008 Series J, 4.39%, due July 2038, including unamortized premium of \$3,463 and \$3,620	218,563	224,355
2008 Series K, 4.36%, due July 2023, including unamortized premium of \$3,466 and \$3,961	109,231	124,766
2010 Series B, 4.03%, due July 2040, including unamortized premium of \$9,732 and \$10,137	235,657	241,207
2011 Series B, 4.09%, due July 2041, including unamortized premium of \$13,634 and \$14,179	245,534	250,929
2014 Series A, 3.77%, due July 2044, including unamortized premium of \$17,971 and \$18,613	215,386	218,613
2015 Series A, 2.32% due July 2035, including unamortized premium of \$28,779 and \$30,293	182,294	187,083
2015 Series D, 3.40% due July 2045, including unamortized premium of \$19,133 and \$19,793	169,133	169,793
2016 Series A, 2.53% due July 2035 including unamortized premium of \$22.145	131,645	-
2016 Series B, 1.77% due July 2027 including unamortized premium of \$28,837	146,657	-
NJEFA Dormitory Safety Trust Fund Bonds		
2001 Series A, due January 2016	-	832
NJEFA Capital Improvement Fund Bonds		
2005 Series A, 4.12%, 2000 Series A, 5.72%, due September 2020	574	702
2006 Series A, 4.42%, 2000 Series A, 5.72%, due September 2020	165	166
2014 Series B, 3.67%, due September 2033, including unamortized premium of \$200 and \$211	3,102	3,215
Commercial Paper		
Taxable, .12% and .08% with maturities up to one year	64,800	5,700
Tax-exempt (NJEFA), .08% and .04% with maturities up to one year	29,000	59,000
Parent Loans , 0.5% to 5.4% with maturities up to nine years	44,343	43,489
Notes	735	906
Total Borrowings	\$3,507,835	\$3,314,444
Unamortized debt issuance costs	(12,283)	(13,031)
Total Borrowings Net of Unamortized Issuance Costs	\$3,495,552	\$3,301,413

In March 2016, the University issued the 2016 Series A Taxable Bonds for general corporate purposes.

The proceeds of NJEFA loans are used primarily to finance the costs of acquisition, construction, renovation, and installation of capital assets of the University.

In April 2016, the University issued the NJEFA 2016 Series A Bonds and the 2016 Series B Bonds. The 2016 Series A Bonds were issued for the purpose of funding new construction and renovations, and for the refunding of portions of the taxable and tax-exempt commercial papers notes. The 2016 Series B Bonds were issued for the purpose of the current refunding and defeasance of the 2006 Series D and 2006 Series E Bonds. The University is authorized by the Trustees to issue new debt up to \$350 million annually. The University intends to issue additional debt in the future.

The full faith and credit of the University is pledged in all loan agreements with the NJEFA.

In fiscal 1999, the University entered into a loan facility with a national bank to fund its parent loan program, which is currently authorized by the Trustees up to \$100 million. Fixed or variable rates may be selected on a pass-through basis to the borrowers; terms may be as long as 14 years.

In fiscal year 1998, a commercial paper program was authorized as an initial step of financing to provide construction funds for approved capital projects. The commercial paper proceeds are primarily used to finance construction expenditures until permanent financing

Notes to Consolidated Financial Statements

(Continued)

from gifts or other sources is made available. The program is currently authorized to a maximum level of \$300 million.

Principal payments for each of the next five years and thereafter on debt outstanding at June 30, 2016, excluding commercial paper, are as follows:

<i>(dollars in thousands)</i>	Principal Payments
2017	98,186
2018	88,002
2019	583,884
2020	89,935
2021	107,793
Thereafter	2,295,180
Subtotal	3,262,980
Unamortized premium	151,055
Net long-term debt	\$ 3,414,035

The University has committed bank lines of credit totaling \$300 million, under which the University may borrow on an unsecured basis at agreed-upon rates. There were \$18.3 million and \$16.9 million in letters of credit outstanding under these credit facilities at June 30, 2016 and 2015, respectively.

13. EMPLOYEE BENEFIT PLANS

All faculty and staff who meet specific employment requirements participate in a defined contribution plan, which invests in the Teachers Insurance and Annuity Association and College Retirement Equities Fund and Vanguard Fiduciary Trust Funds. The University's contributions were \$52.3 million and \$53.5 million for the years ended June 30, 2016 and 2015, respectively.

Postretirement Benefits Other Than Pensions

ASC 715, *Compensation—Retirement Benefits*, requires the recognition of a defined benefit postretirement plan's funded status as either an asset or a liability on the statement of financial position. Actuarial gains or losses and prior service costs or credits that arise during the period must be recognized as a component of unrestricted net assets. The University calculates its Accumulated Postretirement Benefit Obligation (APBO) in accordance with ASC 715, which was initially elected in 1993 and amortized over 20 years. The University continues to recognize the cost of providing postretirement benefits for employees over the period of their working years.

The University provides single-coverage health insurance to its retirees who meet certain eligibility requirements. Participants may purchase additional dependent or premium coverage. The accounting for the plan anticipates future cost-sharing changes to the written plan that are consistent with the University's expressed intent to increase retiree contributions in line with medical costs.

The benefit costs for the years ended June 30, 2016 and 2015, consisted of the following:

<i>(dollars in thousands)</i>	2016	2015
Service cost	\$ 18,434	\$ 17,479
Interest cost	17,022	15,416
Total	\$ 35,456	\$ 32,895

Notes to Consolidated Financial Statements

(Continued)

The APBO at June 30, 2016 and 2015, consisted of actuarially determined obligations to the following categories of employees:

<i>(dollars in thousands)</i>	2016	2015
Retirees	\$ 150,327	\$ 130,175
Active employees eligible to retire	129,857	98,822
Other active participants	203,226	153,651
Total	\$ 483,410	\$ 382,648

As of June 30, 2016 and 2015, the APBO was unfunded.

An assumed discount rate of 3.75 percent and 4.5 percent was used to calculate the APBO at June 30, 2016 and 2015, respectively. The assumed health care cost trend rate used to calculate the APBO at June 30, 2016 was 6.2 percent, declining by 0.24 percent per year until the long-term trend rate of 5.0 percent is reached for medical claims. For prescription drug claims, the assumed health care cost trend rate used to calculate the APBO at June 30, 2016 was 9.0 percent, declining by 0.08 percent per year until the long-term trend rate of 5.0 percent is reached. The assumed health care cost trend rate used to calculate the APBO at June 30, 2015 was 7.75 percent, declining by 0.3 percent per year until the long-term trend rate of 5.0 percent is reached, for medical claims. For prescription drug claims, the assumed health care cost trend rate used to calculate the APBO at June 30, 2015 was 7.75 percent, declining by 0.55 percent per year until the long-term trend rate of 5.0 percent is reached. An increase of 1 percent in the cost trend rate would raise the APBO to \$594.4 million and \$465.8 million and cause the service and interest cost components of the net periodic cost to be increased by \$10.3 million and \$9.4 million for the years ended June 30, 2016 and 2015, respectively. A decrease of 1 percent in the cost trend rate would decrease the APBO to \$398.9 million and \$318.8 million and cause the service and interest cost components of the net periodic cost to be decreased by \$7.5 million and \$7.0 million for the years ended June 30, 2016 and 2015, respectively.

Postretirement plan benefit payments for fiscal years 2017 through 2021 are expected to range from \$9.5 million to \$13.2 million per year, with aggregate expected payments of \$80.9 million for fiscal years 2022 through 2026. These amounts reflect the total benefits expected to be paid from the plan, net of the participants' share of the cost and federal subsidies. Expected benefit payments are based on the same assumptions used to measure the benefit obligations and include estimated future employee service.

The University provides Medicare retiree drug coverage through an employer group waiver plan (EGWP). Under EGWP, the cost of drug coverage is offset through direct federal subsidies, brand-name drug discounts, and reinsurance reimbursements. The net effect of these subsidies has been recognized in the calculation of the University's postretirement benefit obligation as of June 30, 2016 and 2015.

14. NET ASSETS

Net assets are categorized as unrestricted, temporarily restricted, and permanently restricted. Unrestricted net assets are derived from gifts and other institutional resources that are not subject to explicit donor-imposed restrictions. The unrestricted category also includes income and gains on these funds. Included in the total is the net investment in plant and equipment. Certain net assets classified as unrestricted for external reporting purposes are designated for specific purposes or uses under the internal operating budget practices of

Notes to Consolidated Financial Statements

(Continued)

the University. Restricted net assets are generally established by donors in support of schools or departments of the University, often for specific purposes such as professorships, research, faculty support, scholarships and fellowships, athletics, the library, the art museum, building construction, and other specific purposes. Temporarily restricted net assets include gifts, pledges, trusts and remainder interests, and income and gains that can be expended but for which restrictions have not yet been met. Such restrictions include purpose restrictions and time restrictions imposed by donors or implied by the nature of the gift, or by the interpretations of law. Temporary restrictions are normally released upon the passage of time or the incurrence of expenditures that fulfill the donor-specified purpose. Permanently restricted net assets include gifts, pledges, trusts and remainder interests, and income and gains that are required by donor-imposed restrictions to be permanently retained. Investment earnings are spent for general or specific purposes in accordance with donor wishes, based on the University's endowment spending rule.

15. NATURAL CLASSIFICATION OF EXPENSES

Operating expenses incurred for the years ended June 30 were as follows:

<i>(dollars in thousands)</i>	2016	2015
Salaries and wages	\$ 653,477	\$ 625,757
Employee benefits	265,189	180,712
Purchased services	169,493	172,604
Supplies and materials	113,116	107,843
Space and occupancy	68,442	73,495
Sub-recipient agreements	24,760	25,333
Other expenses	21,634	17,765
Other student aid	61,017	55,321
Depreciation	150,326	138,838
Interest	143,286	143,952
Total	\$ 1,670,740	\$ 1,541,620

Certain prior-year balances have been reclassified to conform to the current-year presentation.

16. COMMITMENTS AND CONTINGENCIES

At June 30, 2016, the University had authorized major renovation and capital construction projects for more than \$986.7 million. Of the total, approximately \$285.8 million had not yet been expended.

Minimum operating lease commitments at June 30, 2016, for space and equipment were as follows:

<i>(dollars in thousands)</i>	Lease Payments
2017	\$ 6,525
2018	6,525
2019	6,525
2020	6,765
2021	5,542
Thereafter	13,600
Total	\$ 45,482

Notes to Consolidated Financial Statements

(Continued)

The University has entered into certain agreements to guarantee the debt of others. Under these agreements, if the principal obligor defaults on the debt, the University may be required to satisfy all or part of the remaining obligation. The total amount of these guarantees was \$21.9 million at June 30, 2016.

The University is subject to certain legal claims that have arisen in the normal course of operations. In the opinion of management, the ultimate outcome of these actions will not have a material effect on the University's financial position, statement of activities, or cash flows.

17. SUBSEQUENT EVENTS

The University has evaluated subsequent events through November 21, 2016, and determined that there were no subsequent events requiring adjustment or disclosure in the consolidated financial statements.

Supplementary Information

Princeton University

Supplemental Schedule of Expenditures of Federal Awards

For the year ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-through Entity Identifying Number	Passed to Subrecipients	Federal Expenditures
Research and Development Cluster				
Department of Energy Direct Programs				
Office of Science Financial Assistance Program	81.049		278,825	7,137,876
University Coal Research	81.057		-	3,074
Conservation Research and Development	81.086		-	349,310
Renewable Energy Research and Development	81.087		-	195,252
Fossil Energy Research and Development	81.089		370,503	1,067,376
Stewardship Science Grant Program	81.112		64,961	597,221
Advanced Research Projects Agency - Energy	81.135		-	99,413
Department of Energy - Program Unknown	81.RD		-	637
Subtotal Department of Energy Direct Programs			714,289	9,450,159
Department of Energy Pass-Through Programs From:				
Argonne National Laboratory	81.049	DE-AC02-06CH11357	-	101,387
Lawrence Berkeley National Laboratory	81.049	DE-AC02-05CH11231	-	275,913
Physical Sciences Inc.	81.049	DE-SC0015104	-	12,083
Southwest Sciences, Inc.	81.049	DE-SC0011288	-	570,195
Temple University	81.049	DE-SC0012575	-	100,906
The Johns Hopkins University	81.049	DE-FG02-08ER46544	-	177,621
University of Minnesota	81.049	DE-SC0014363	-	88,380
University of New Hampshire	81.049	DE-SC0007168	-	94,570
University of South Carolina	81.049	DE-SC0001061	-	16,350
Washington University	81.049	DE-SC0001035	-	77,910
CSI Technologies	81.089	DE-D7812121-6503-01	-	158,228
Purdue University	81.089	DE-FE0011822	-	128,133
The Pennsylvania State University	81.089	DE-FE0023354	-	116,411
University of South Carolina	81.089	DE-FE0012005	-	34,671
University of Virginia	81.089	DE-FE0026582	-	24,742
Cornell University	81.112	DE-NA0001836	-	121,581
Rice University	81.112	DE-NA0002721	-	28,149
University of Michigan	81.113	DE-NA0002534	-	627,211
Krell Institute	81.123	DOE - CSGF	-	216,087
Krell Institute	81.123	DOE - SSGF	-	83,231
Siemens Power Generation	81.134	DE-FC26-05NT42644	-	110
Intl Business Machines Corp. (IBM)	81.135	DE-AR0000540	-	113,975
Physical Sciences Inc.	81.135	SC67232-1867-001	-	211,674
Battelle - Pacific Northwest Ntl Labs	81.RD	DE-AC05-76RL01830	-	117,840
Brookhaven National Laboratory	81.RD	DE-AC02-98CH10886	-	110,446
Fermi National Accelerator Laboratory	81.RD	DE AC02 76CH03000	-	94,456
Fermi National Accelerator Laboratory	81.RD	DE-AC02-07CH11359	-	126,385
Fermi National Accelerator Laboratory	81.RD	DE-AC0276 CH 03000	-	51,911
General Atomics	81.RD	DE-FC02-04ER54698	-	76,333
Lawrence Livermore National Laboratory	81.RD	DE-AC52-07NA27344	-	55,653
National Renewal Energy Laboratory - DOE	81.RD	DE-AC36-08GO28308	-	40,000
Princeton Plasma Physics Laboratory	81.RD	DE-AC02-09CH11466	-	600,893
Sandia National Laboratories	81.RD	1317246	-	38,941
Sandia National Laboratories	81.RD	1587022	-	30,000
Sandia National Laboratories	81.RD	1638858	-	79,272
Sandia National Laboratories	81.RD	1643319	-	21,666
UT-Battelle, LLC	81.RD	DE-AC05-00OR22725	-	10,229
Subtotal Department of Energy Pass-Through Programs			-	4,833,543
Total Department of Energy			714,289	14,283,702
Department of Health and Human Services Direct Programs				
Emergency System for Advance Registration of Volunteer Health Professionals	93.089		90,605	196,742
HHS Programs for Disaster Relief Appropriations Act - Non Construction	93.095		78,376	78,376
Oral Diseases and Disorders Research	93.121		-	18,198
Human Genome Research	93.172		143,911	1,403,730
Research Related to Deafness and Communication Disorders	93.173		-	203,549
Mental Health Research Grants	93.242		170,260	2,939,021
Drug Abuse and Addiction Research Programs	93.279		-	115,045
Minority Health and Health Disparities Research	93.307		-	24,032
Trans-NIH Research Support	93.310		-	3,272,204
Nursing Research	93.361		71,513	219,525
Cancer Cause and Prevention Research	93.393		-	64,273
Cancer Biology Research	93.396		40,487	656,316
Cancer Centers Support Grants	93.397		22,991	221,417
Cancer Research Manpower	93.398		-	192,305

The accompanying footnotes are an integral part of the Supplemental Schedule of Expenditures of Federal Awards

Princeton University

Supplemental Schedule of Expenditures of Federal Awards

For the year ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-through Entity Identifying Number	Passed to Subrecipients	Federal Expenditures
Cardiovascular Diseases Research	93.837		-	44,700
Lung Diseases Research	93.838		-	279,979
Arthritis, Musculoskeletal and Skin Diseases Research	93.846		-	367,070
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847		-	47,633
Extramural Research Programs in the Neurosciences/Neurological Disorders	93.853		823,435	4,536,015
Allergy, Immunology and Transplantation Research	93.855		56,450	2,440,391
Biomedical Research and Research Training	93.859		1,203,382	15,536,292
Child Health and Human Development Extramural Research	93.865		1,815,416	5,237,820
Aging Research	93.866		206,611	1,075,212
Vision Research	93.867		86,245	1,078,573
Department of Health and Human Services - Program	93.RD		-	57,034
Subtotal Department of Health and Human Services Direct Programs			4,809,682	40,305,452
Department of Health and Human Services Pass-Through Programs From:				
Scripps Research Institute	93.113	5-52231/5-52110	-	62,776
Duke University	93.172	1U01- HG007900-01	-	35,000
Rutgers University - New Brunswick	93.213	1R01AT006868-01A1	-	233,233
Massachusetts Institute of Technology	93.242	1U01MH109129-01	-	248,565
University of Michigan	93.242	3R01MH103761-02S1	-	240,580
University of Michigan	93.242	5R01MH103761-02	-	36,159
University of Texas at Austin	93.242	5R01MH099611-04	-	31,062
Washington University	93.242	5R37MH066078-12	-	2,326
Rutgers University - New Brunswick	93.286	2P41EB001046-12	-	813
Rutgers University - New Brunswick	93.286	5P41EB001046-13	-	83,364
Harvard University	93.310	5R01NS076467-05	-	160,792
University of Pennsylvania	93.310	5R01MH101822-03	-	181,044
University of Pittsburgh	93.351	126326-2	-	184,718
University of Pittsburgh	93.351	2P40OD01099611	-	13,282
University of Pittsburgh	93.351	5P50OD010996	-	(765)
Samuel Lunenfeld Research Institute	93.389	4R01OD010929-09	-	303,511
Rockefeller University	93.393	1P01CA196539-01	-	429,830
Rutgers University - New Brunswick	93.393	2P30CA072720-15	-	17,005
GPB Scientific, LLC	93.394	2R41CA174121-01	-	(3,920)
GPB Scientific, LLC	93.394	2R42CA174121-02	-	192,787
Mt. Sinai School of Medicine	93.394	HHSN272201000054C	-	132,670
Rutgers University - New Brunswick	93.395	1R01CA155061-01	-	76,476
Rutgers University - New Brunswick	93.396	1R01CA163591	-	298,242
Rutgers University - New Brunswick	93.396	5P30CA072720-18	-	28,085
Rutgers University - New Brunswick	93.397	P30CA072720	-	52,250
Univ of No Carolina at Chapel Hill	93.837	1R01HL127640-01	-	235,665
Univ of No Carolina at Chapel Hill	93.837	5R01HL112618-04	-	11,734
University of Pennsylvania	93.837	5U54HL117798-04	-	525,824
University of Pennsylvania	93.838	5R01HL120872-02	-	52,938
University of Pennsylvania	93.847	4R37DK-043806-23	-	(95)
University of Pennsylvania	93.847	5P30DK-19525-37	-	432,648
University of Pittsburgh	93.847	5R01DK098361-02	-	4,170
Calif Inst of Technology (Cal Tech)	93.853	U01NS09051	-	169,038
University of California at Berkeley	93.853	5R01NS092079-21	-	87,355
New York University	93.855	5R01AI042783-15	-	82,509
Rutgers University - New Brunswick	93.855	R01AI1177776	-	64,470
University of Alabama at Birmingham	93.855	5R33AI102187-04	-	51,575
University of Pennsylvania	93.855	1R01AI118891-01	-	312,087
University of Pennsylvania	93.855	1R21AI106000-01	-	(3,309)
Arizona State University	93.859	1R01GM100471-01	-	17,470
Harvard University	93.859	5R01GM083084-10	-	25,116
Rutgers University - New Brunswick	93.859	FR01GM079176-08	-	40,782
Texas A&M University	93.859	1R01GM114405-01	-	14,530
University of South Florida	93.859	5R01GM109459-03	-	175,899
Virginia Polytechnic Inst & State Univ	93.859	1R01GM105245-01	-	21,099
The Research Foundation S.U.N.Y.	93.865	1R01HD073352	-	13,827
Univ of No Carolina at Chapel Hill	93.865	5R21HD073044-02	-	31,887
Univ of TX Southwestern Medical Ctr	93.865	5R01HD066219-05	-	30,117
Duke University	93.866	1P01-AG031719	-	2,389
Duke University	93.866	5R01-AG034513	-	11,398
National Bureau of Economic Research	93.866	5R01AG040629-05	-	90,064
University of Michigan	93.866	1R01AG047167	-	18,129
University of Texas at Austin	93.867	UTA15-000196	-	29,966
Subtotal Department of Health and Human Services Pass-Through Programs			-	5,589,167
Total Department of Health and Human Services			4,809,682	45,894,619

The accompanying footnotes are an integral part of the Supplemental Schedule of Expenditures of Federal Awards

Princeton University

Supplemental Schedule of Expenditures of Federal Awards

For the year ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-through Entity Identifying Number	Passed to Subrecipients	Federal Expenditures
National Science Foundation Direct Programs				
Engineering Grants	47.041		791,343	5,568,733
Mathematical and Physical Sciences	47.049		8,021,148	27,999,636
Geosciences	47.050		3,362,822	7,836,685
Computer and Information Science and Engineering	47.070		18,581	7,767,140
Biological Sciences	47.074		48,024	3,001,633
Social, Behavioral, and Economic Sciences	47.075		45,623	1,596,013
Education and Human Resources	47.076		60,363	4,437,733
Polar Programs	47.078		-	52,150
Office of International and Integrative Activities	47.079		-	74,861
Office of Cyberinfrastructure	47.080		-	121,407
Subtotal National Science Foundation Direct Programs			12,347,904	58,455,991
National Science Foundation Pass-Through Programs From:				
Colorado State University	47.041	CBET-1444758	-	113,235
Massachusetts Institute of Technology	47.041	CBET-0939511	-	122,210
Tiger Optics (MEECO)	47.041	1347523	-	42,534
University of Virginia	47.041	CBET-1134397	-	(678)
Assn of Univ for Rsrch in Astronomy, Inc	47.049	1202910	-	1,048,230
California State University, Northridge	47.049	1205734	-	45,708
Cornell University	47.049	CHE-1124754	-	147,487
Emory University	47.049	CHE-1205646	-	127,290
Harvard University	47.049	W91NF-11-1-0036	-	376,425
Institute for Advanced Study	47.049	DMS-1252158	-	123,600
Massachusetts Institute of Technology	47.049	DMS-1541100	-	65,595
New York University	47.049	F6228-01	-	40,250
St. Olaf College	47.049	1606967	-	230
Texas Tech University	47.049	CHE-1308726	-	6,356
The Johns Hopkins University	47.049	PHY-0969510	-	17,459
University of Wisconsin	47.049	0821899	-	49,005
Consortium for Ocean Leadership	47.050	SAF-14-05	-	11,121
Harvard University	47.050	OCE-1321612	-	1,212
Pomona College	47.050	OCE-1234664	-	10,165
The Trustees of Columbia University	47.050	OCE-1450528	-	13,986
University of California at Davis	47.050	EAR-0949446	-	61,440
University of California at San Diego	47.050	PLR-1246151	-	9,256
University of Southern California	47.050	EAR-1349180	-	49,418
University of Southern California	47.050	OCE-0939564	-	37,017
Purdue University	47.070	CCF-0939370	-	396,553
Rutgers University - New Brunswick	47.070	CNS-1247764	-	48,212
University of Arizona	47.070	ACI-1541318	-	145,956
University of Illinois at Chicago	47.070	CNS-1248080	-	22,420
Indiana University	47.075	BCS-1115009	-	(13)
Northwestern University	47.075	BCS-1461088	-	45,856
Consort Univ for Rsrch in Earthquake Eng	47.076	0840185	-	22
Rutgers University - New Brunswick	47.076	DGE-0903661	-	16,962
University of Illinois at Chicago	47.080	OCI-0725070	-	184,755
Subtotal National Science Foundation Pass-Through Programs			-	3,379,274
Total National Science Foundation			12,347,904	61,835,265
National Aeronautics and Space Administration Direct Programs				
Science	43.001		677,941	4,353,554
Aeronautics	43.002		-	(156)
Education	43.008		-	62,332
Cross Agency Support	43.009		-	149,588
Office of Inspector General	43.011		-	3,247
Space Technology	43.012		-	57,401
National Aeronautics and Space Administration - Program Unknown	43.RD		-	64,023
Subtotal National Aeronautics and Space Administration Direct Programs			677,941	4,689,989
National Aeronautics and Space Administration Pass-Through Programs From:				
Cal Tech - Jet Propulsion Lab (JPL)	43.001	1537547-B	-	20,000
Cal Tech - Jet Propulsion Lab (JPL)	43.001	NNN12AA01C	-	277,921
Cal Tech - Jet Propulsion Lab (JPL)	43.001	RSA 1508335	-	1,452
Massachusetts Institute of Technology	43.001	NNX13AI40G	-	155,028
Michigan State University	43.001	NNX13AI44G	-	47,710
Smithsonian Astrophysical Observatory	43.001	AR3-14016A	-	36,946
Smithsonian Astrophysical Observatory	43.001	NAS8-03060	-	182,764

The accompanying footnotes are an integral part of the Supplemental Schedule of Expenditures of Federal Awards

Princeton University

Supplemental Schedule of Expenditures of Federal Awards

For the year ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-through Entity Identifying Number	Passed to Subrecipients	Federal Expenditures
The Trustees of Columbia University	43.001	NNX12AF15G	-	36,499
University of California at Los Angeles	43.001	NNX15AH05A	-	99,963
University of Iowa	43.001	NNX13AG94G	-	31,202
University of Maryland	43.001	NNX10AB71G	-	(714)
University of Maryland	43.001	NNX15AE19G	-	87,655
University of Washington	43.001	NNX13AK45A	-	(1,473)
Cal Tech - Jet Propulsion Lab (JPL)	43.RD	1499194	-	313,522
Cal Tech - Jet Propulsion Lab (JPL)	43.RD	1524338	-	20,000
Cal Tech - Jet Propulsion Lab (JPL)	43.RD	1542112	-	29,861
Cal Tech - Jet Propulsion Lab (JPL)	43.RD	1546102	-	3,212
Cal Tech - Jet Propulsion Lab (JPL)	43.RD	NM0710834	-	39,757
Cal Tech - Jet Propulsion Lab (JPL)	43.RD	NM0711048	-	597
KalScott Engineering Inc.	43.RD	NNX14CA35P	-	(221)
Massachusetts Institute of Technology	43.RD	NNG14FC03C	-	153,736
MetroLaser, Inc.	43.RD	NNX15CA32P	-	32,805
Space Telescope Science Institute	43.RD	NAS5-26555	-	593,676
Spectral Energies LLC	43.RD	NNX15CC23C	-	93,826
University of CA at Santa Barbara	43.RD	1533766	-	14,701
Subtotal National Aeronautics and Space Administration Pass-Through Programs			-	2,270,425
Total National Aeronautics and Space Administration			677,941	6,960,414
Department of Defense Direct Programs				
Department of Defense - Program Unknown	12.RD		-	(31,218)
Subtotal Department of Defense Direct Programs			-	(31,218)
Department of Defense Pass-Through Programs From:				
University of Georgia	12.360	W912HQ13C0017	-	23,574
American Society for Engineering Educ	12.RD	NDEG Fellowship	-	732,760
BAE Systems, Inc.	12.RD	HR0011-13-C-0005	-	38,206
Battelle - Chapel Hill Operations	12.RD	W911NF-11-D-0001	-	99,880
DE Technologies, Inc.	12.RD	W911NF-15-C-0030	-	100,000
Government of Israel Ministry of Defense	12.RD	1000366232	-	43,037
HRL Laboratories, LLC	12.RD	H98230-15-C-0453	-	51,016
HRL Laboratories, LLC	12.RD	H98230-15-R-0453	-	152,202
HRL Laboratories, LLC	12.RD	HR0011-06-C-0052	-	(820)
HRL Laboratories, LLC	12.RD	HR0011-10-C-0125	-	(160)
Intl Business Machines Corp. (IBM)	12.RD	W911NF-10-1-0324	-	73,892
Intl Business Machines Corp. (IBM)	12.RD	W911NF-16-1-0114	-	12,275
Iowa State University	12.RD	N66001-15-C-4068	-	126,918
Lockheed Martin Corporation	12.RD	4101916239	-	174,812
Siemens Medical Solutions USA, Inc.	12.RD	FA8850-14-C-7358	-	127,062
The Trustees of Columbia University	12.RD	GG009550-05	-	107,539
Twinleaf LLC	12.RD	N00014-14-C-0326	-	156,292
Universal Technology Corporation	12.RD	FA8650-14-D-2411	-	215,847
Utah State University Research Fdn	12.RD	HQ0147-11-D-0052-0031	-	84,868
Woods Hole Oceanographic Institute	12.RD	W912HQ-13-C-0070	-	45,749
Subtotal Department of Defense Pass-Through Programs			-	2,364,949
Total Department of Defense			-	2,333,731
Army Direct Programs				
Collaborative Research and Development	12.114		-	18,334
Military Medical Research and Development	12.420		-	591,528
Basic Scientific Research	12.431		1,269,642	6,279,854
Subtotal Army Direct Programs			1,269,642	6,889,716
Army Pass-Through Programs From:				
Rutgers University - New Brunswick	12.420	W81XWH-31-1-0242	-	46,597
University of Michigan	12.420	3003179877	-	101,486
The Trustees of Columbia University	12.431	W911NF-12-1-0594	-	28,135
University of IL at Urbana-Champaign	12.431	W911NF-15-1-0479	-	58,844
University of Southern California	12.431	W911NF-11-1-0268	-	77,463
Subtotal Army Pass-Through Programs			-	312,525
Total Army			1,269,642	7,202,241
Navy Direct Programs				
Basic and Applied Scientific Research	12.300		1,819,441	5,993,866
Subtotal Navy Direct Programs			1,819,441	5,993,866
Navy Pass-Through Programs From:				

The accompanying footnotes are an integral part of the Supplemental Schedule of Expenditures of Federal Awards

Princeton University

Supplemental Schedule of Expenditures of Federal Awards

For the year ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-through Entity Identifying Number	Passed to Subrecipients	Federal Expenditures
University of California at San Diego	12.300	N00014-14-1-0843	-	166,055
University of Virginia	12.300	N00014-14-1-0533	-	464,673
Subtotal Navy Pass-Through Programs			-	630,728
Total Navy			1,819,441	6,624,594
Air Force Direct Programs				
Air Force Defense Research Sciences Program	12.800		1,298,673	4,251,196
Subtotal Air Force Direct Programs			1,298,673	4,251,196
Air Force Pass-Through Programs From:				
Florida State University	12.800	FA9550-14-1-0289	-	123,268
Ohio State University	12.800	FA9550-09-1-0602	-	(185)
Ohio State University	12.800	FA9550-10-1-0533	-	148,482
Rice University	12.800	FA9550-14-1-0268	-	145,076
Stanford University	12.800	FA9550-14-1-0017	171,892	171,892
The Pennsylvania State University	12.800	FA9550-13-1-0004	-	532,245
University of California at San Diego	12.800	FA9550-10-1-0572	-	593,566
University of Toronto	12.800	FA9550-13-1-0005	-	335,129
Subtotal Air Force Pass-Through Programs			171,892	2,049,473
Total Air Force			1,470,565	6,300,669
Secretary of Defense Direct Programs				
Basic Scientific Research - Combating Weapons of Mass Destruction	12.351		52,120	534,409
Subtotal Secretary of Defense Direct Programs			52,120	534,409
Secretary of Defense Pass-Through Programs From:				
University of Kansas	12.630	W913E5-15-C-0011	-	163,281
University of Texas at El Paso	12.630	W911NF-13-1-0156	-	32,044
Subtotal Secretary of Defense Pass-Through Programs			-	195,325
Total Secretary of Defense			52,120	729,734
Advanced Research Projects Agency Direct Programs				
Research and Technology Development	12.910		481,251	1,987,671
Subtotal Advanced Research Projects Agency Direct Programs			481,251	1,987,671
Advanced Research Projects Agency Pass-Through Programs From:				
Air Force Research Laboratory (WPAFB)	12.910	FA8650-16-1-7673	-	130,042
Army Research Office	12.910	W911NF-14-1-0666	-	396,408
Duke University	12.910	D12AP200025	-	(8,191)
Massachusetts Institute of Technology	12.910	HR0011-13-2-0005	-	36,094
Massachusetts Institute of Technology	12.910	W31P4Q-16-1-001	-	176,082
SPAWARSCEN PACIFIC	12.910	N66001-11-1-4200	-	(95)
TT Government Solutions, Inc.	12.910	FA8750-11-C-0254	-	127,895
University of IL at Urbana-Champaign	12.910	N66001-11-2-4206	-	4,588
University of Michigan	12.910	HR0011-13-3-0002	-	672,029
University of Wisconsin	12.910	HR0011-12-2-0019	-	77,974
Subtotal Advanced Research Projects Agency Pass-Through Programs			-	1,612,826
Total Advanced Research Projects Agency			481,251	3,600,497
Office of Personnel Management Direct Programs				
Intergovernmental Personnel Act (IPA) Mobility Program	27.011		-	16,794
Subtotal Office of Personnel Management Direct Programs			-	16,794
Total Office of Personnel Management			-	16,794
Department of Commerce Direct Programs				
Climate and Atmospheric Research	11.431		-	1,344,843
National Oceanic and Atmospheric Administration	11.432		37,850	6,594,618
NOAA Programs for Disaster Relief Appropriations Act	11.483		52,787	545,920
Measurement and Engineering Research and Standards	11.609		-	16,831
Science, Technology, Business and/or Education Outreach	11.620		-	9,290
Subtotal Department of Commerce Direct Programs			90,637	8,511,502
Department of Commerce Pass-Through Programs From:				
University of New Hampshire	11.012	NOAA A002-004	-	20,861
New Jersey Sea Grant Extension Program	11.417	6312-0000	-	28,200
North Pacific Research Board	11.472	NA13NMF4720105	-	11,800
University of Miami	11.472	NA15NMF4720110	-	28,454
Subtotal Department of Commerce Pass-Through Programs			-	89,315
Total Department of Commerce			90,637	8,600,817

The accompanying footnotes are an integral part of the Supplemental Schedule of Expenditures of Federal Awards

Princeton University

Supplemental Schedule of Expenditures of Federal Awards

For the year ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-through Entity Identifying Number	Passed to Subrecipients	Federal Expenditures
National Endowment for the Humanities Direct Programs				
Promotion of the Humanities_Division of Preservation and Access	45.149		-	1
Promotion of the Humanities_Research	45.161		-	8,259
Museums for America	45.301		-	61,400
Subtotal National Endowment for the Humanities Direct Programs			-	69,660
Total National Endowment for the Humanities			-	69,660
Department of Education Direct Programs				
Overseas Programs - Doctoral Dissertation Research Abroad	84.022		-	21,451
Jacob K. Javits Fellowship Program	84.170		-	4,940
Subtotal Department of Education Direct Programs			-	26,391
Total Department of Education			-	26,391
Environmental Protection Agency Direct Programs				
Science To Achieve Results (STAR) Fellowship Program	66.514		-	10,667
P3 Award: National Student Design Competition for Sustainability	66.516		-	89,840
Subtotal Environmental Protection Agency Direct Programs			-	100,507
Total Environmental Protection Agency			-	100,507
Department of Transportation Direct Programs				
Aviation Research Grants	20.108		-	110,172
Highway Planning and Construction	20.205		247,872	246,578
Subtotal Department of Transportation Direct Programs			247,872	356,750
Department of Transportation Pass-Through Programs From:				
Rutgers University - New Brunswick	20.701	DTRT12-G-UTC16	-	29,448
Rutgers University - New Brunswick	20.701	DTRT13-G-UTC28	-	29,159
Subtotal Department of Transportation Pass-Through Programs			-	58,607
Total Department of Transportation			247,872	415,357
Department of the Interior Direct Programs				
Earthquake Hazards Reduction Program	15.807		-	93,668
Department of the Interior - Program Unknown	15.RD		-	838,611
Subtotal Department of the Interior Direct Programs			-	932,279
Department of the Interior Pass-Through Programs From:				
Point Defiance Zoo & Aquarium	15.650	Letter dated 10-13-2015	-	10,411
Subtotal Department of the Interior Pass-Through Programs			-	10,411
Total Department of the Interior			-	942,690
National Archives and Records Administration Direct Programs				
National Historical Publications and Records Grant	89.003		-	93,641
Subtotal National Archives and Records Administration Direct Programs			-	93,641
Total National Archives and Records Administration			-	93,641
Department of Homeland Security Direct Programs				
Department of Homeland Security - Program Unknown	97.RD		-	(401)
Subtotal Department of Homeland Security Direct Programs			-	(401)
Department of Homeland Security Pass-Through Programs From:				
The Johns Hopkins University	97.RD	HSHQDC-14-C-80051	-	100,000
Subtotal Department of Homeland Security Pass-Through Programs			-	100,000
Total Department of Homeland Security			-	99,599
Department of Agriculture Direct Programs				
Agriculture and Food Research Initiative (AFRI)	10.310		8,242	167,152
Forestry Research	10.652		-	73,151
Subtotal Department of Agriculture Direct Programs			8,242	240,303
Department of Agriculture Pass-Through Programs From:				
Chapman University	10.310	NIFA 2011-67004-30224	-	(5,625)
Subtotal Department of Agriculture Pass-Through Programs			-	(5,625)
Total Department of Agriculture			8,242	234,678
United States Institute of Peace Direct Programs				
Annual Grant Competition	91.001		-	(569)
Subtotal United States Institute of Peace Direct Programs			-	(569)

The accompanying footnotes are an integral part of the Supplemental Schedule of Expenditures of Federal Awards

Princeton University

Supplemental Schedule of Expenditures of Federal Awards

For the year ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-through Entity Identifying Number	Passed to Subrecipients	Federal Expenditures
United States Institute of Peace Pass-Through Programs				
U.S. Institute of Peace	91.RD	USP16PO0264	-	69,246
Subtotal United States Institute of Peace Pass-Through Programs			-	69,246
Total United States Institute of Peace			-	68,677
Department of Justice Direct Programs				
Department of Justice - Program Unknown	16.RD		-	701,909
Subtotal Department of Justice Direct Programs			-	701,909
Total Department of Justice			-	701,909
U.S. Department of State Direct Programs				
General Department of State Assistance	19.700		-	51,720
U.S. Department of State - Program Unknown	19.RD		-	35,034
Subtotal U.S. Department of State Direct Programs			-	86,754
Total U.S. Department of State			-	86,754
Agency for International Development Pass-Through Programs From:				
Yale University	98.001	AID-OAA-A-12-00096	-	22,005
Subtotal Agency for International Development Pass-Through Programs			-	22,005
Total Agency for International Development			-	22,005
Total Research and Development Cluster			23,989,586	167,244,945
Other Programs				
Department of Energy Pass-Through Programs From:				
Fermi National Accelerator Laboratory	81.RD	DE-AC02-07CH11359	-	45,664
Subtotal Department of Energy Pass-Through Programs			-	45,664
Total Department of Energy			-	45,664
Army Direct Programs				
Basic Scientific Research	12.431		-	979
Subtotal Army Direct Programs			-	979
Total Army			-	979
National Security Agency Direct Programs				
Mathematical Sciences Grants Program	12.901		-	14,644
Subtotal National Security Agency Direct Programs			-	14,644
Total National Security Agency			-	14,644
Department of Education Direct Programs				
National Resource Centers Program for Foreign Lang	84.015		-	175,408
Subtotal Department of Education Direct Programs			-	175,408
Total Department of Education			-	175,408
Total Other Programs			-	236,695
Student Financial Assistance Cluster				
Federal Supplemental Educational Opportunity Grants	84.007		-	1,234,391
Federal Work-Study Program	84.033		-	974,104
Federal Perkins Loan (FPL)	84.038		-	
Outstanding loans as of July 1, 2015				5,150,366
New loans issued during FY2016				425,573
Administrative cost allowance				18,321
Federal Pell Grant Program	84.063		-	3,554,199
Federal Direct Student Loans	84.268		-	2,009,869
Total Student Financial Assistance Programs			-	13,366,823
Total Federal Awards			23,989,586	180,848,463

The accompanying footnotes are an integral part of the Supplemental Schedule of Expenditures of Federal Awards

Princeton University
Supplemental Schedule of Expenditures of State of New Jersey Awards
Year Ended June 30, 2016

State Grantor / Program Title	Grant No./ Reference Number	Award Amount	Grant Period	Current Year Expenditures	Life to Date Expenditures
<u>Research & Development:</u>					
<u>New Jersey Department of Health and Senior Services</u>					
<u>New Jersey Commission on Brain Injury Research</u>					
NJ Commission on Brain Injury Research	CBIR12FE1031	225,936	6/1/2012-5/31/2016	12,755	225,936
NJ Commission on Brain Injury Research	CBIR14FEL007	69,936	5/30/2014-5/29/2017	65,840	132,993
NJ Commission on Brain Injury Research	CBIR15FELL004	33,500	6/1/2015-5/31/2018	30,600	32,600
Total New Jersey Commission on Brain Injury Research		329,372		109,195	391,529
<u>New Jersey Commission on Cancer Research (NJCCR):</u>					
NJ Commission on Cancer Research	DFHS13PPC044	50,000	4/1/2013-9/30/2015	(199)	24,200
NJ Commission on Cancer Research	DFHS13PPC046	100,000	4/1/2013-9/30/2015	-	100,000
NJ Commission on Cancer Research	DFHS13PPC052	100,000	4/1/2013-9/30/2015	149	93,427
NJ Commission on Cancer Research	DFHS14PPC047	100,000	7/1/2013-8/31/2015	(46)	87,643
NJ Commission on Cancer Research	DFHS15PPC006	100,000	1/1/2015-12/31/2016	53,589	74,256
NJ Commission on Cancer Research	DFHS15PPC021	100,000	1/1/2015-12/31/2016	47,231	69,598
NJ Commission on Cancer Research	DFHS15PPC023	50,000	1/1/2015-12/31/2016	159	10,426
NJ Commission on Cancer Research	DFHS15PPC026	100,000	1/1/2015-12/31/2016	35,587	35,587
NJ Commission on Cancer Research	DFHS15PPC027	100,000	1/1/2015-12/31/2016	33,235	33,235
NJ Commission on Cancer Research	DFHS15PPC044	100,000	1/1/2015-12/31/2016	49,696	49,696
NJ Commission on Cancer Research	DFHS16PPC007	100,000	1/1/2016-12/31/2017	23,502	23,502
NJ Commission on Cancer Research	DFHS16PPC064	100,000	1/1/2016-12/31/2017	26,960	26,960
NJ Commission on Cancer Research	DFHS16PPC056	50,000	1/1/2016-12/31/2017	8,807	8,807
NJ Commission on Cancer Research	DFHS16PPC073	50,000	1/1/2016-12/31/2017	14,965	14,965
Total New Jersey Commission on Cancer Research		1,200,000		293,635	652,301
<u>NJ Commission on Spinal Cord Research</u>					
NJ Commission on Spinal Cord Research	CSCR15ERG017	100,000	6/29/2015-6/30/2017	21,907	21,907
NJ Commission on Spinal Cord Research	CSCR15IRG002	166,861	6/29/2015-6/30/2018	36,827	36,827
Total New Jersey Commission on Brain Injury Research		266,861		58,734	58,734
Total Research and Development		1,796,233		461,565	1,102,564
<u>Other Programs:</u>					
<u>New Jersey Department of State</u>					
<u>New Jersey Council on the Arts</u>					
NJ State Council on the Arts	1605X020118	30,000	7/1/2015-6/30/2016	30,000	30,000
Total Other Programs		30,000		30,000	30,000
<u>Student Financial Aid:</u>					
<u>New Jersey Higher Education Student Assistance Authority</u>					
New Jersey Tuition Aid	NONE	630,268	INDEFINITE	630,268	630,268
New Jersey Garden State Distinguished Scholars	NONE	4,000	INDEFINITE	4,000	4,000
Total Student Financial Aid		634,268		634,268	634,268
Total New Jersey State Awards		2,460,501		1,125,833	1,766,832

The accompanying footnotes are an integral part of the Supplemental Schedule of Expenditures of State of New Jersey Awards

Princeton University

Notes to Schedules of Expenditures of Federal and State Awards

Year Ended June 30, 2016

1. Basis of Presentation

The accompanying Supplemental Schedule of Expenditures of Federal Awards and Supplemental Schedule of Expenditures of State of New Jersey Awards (the "Schedules") have been prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and the State of New Jersey Department of the Treasury Circular 15-08 OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, as applicable. The purpose of the Schedules is to present a summary of the activities of Princeton University (the "University") for the year ended June 30, 2016, which have been financed by the U.S. Government and the State of New Jersey, respectively. For purposes of the Schedules, federal and state awards include all federal and state financial assistance relationships entered into directly between the University and the federal government or the State of New Jersey and sub awards from nonfederal and nonstate organizations made under federally or state sponsored agreements. Negative amounts listed on the Schedule of Expenditures of Federal Awards represent adjustments, in the normal course of business, to amounts included on the prior year's Schedule of Expenditures of Federal Awards. The pass-through contract number on the Schedule of Expenditures of Federal Awards represents the identification number assigned by the prime to the applicable program. CFDA numbers and pass-through numbers are provided when applicable. Certain awards reference an internal management identifier when no sponsor identifier is available. Because the Schedules present only a selected portion of the activities of the University, they are not intended to and do not present either the financial position, changes in net assets or cash flows of the University.

Consistent with the provisions of OMB Uniform Guidance, the Schedule of Expenditures of Federal Awards does not include expenditures of the Princeton Plasma Physics Laboratory ("PPPL") that were funded by Department of Energy ("DOE") contract. The PPPL, a national laboratory operated and managed by the University under contract directly with DOE, represents a government-owned, contractor operated (GOCO) facility. GOCOs are excluded from the provisions of the OMB Uniform Guidance (section 200.38 – Federal award).

The accounting principles followed by the University in preparing the Schedules are as follows:

Sponsored Research (Research and Development) and Other Awards—Expenditures for direct costs are recognized as incurred using the accrual method of accounting and the cost accounting principles contained in the Uniform Guidance. Under those cost principles, expenditures also include a portion of costs associated with general University activities (indirect costs) which are allocated to federal and state awards under negotiated formulas commonly referred to as facilities and administrative cost rates. The University did not elect to use 10% de minimis rate.

Student Financial Assistance—Expenditures are recognized on the accrual basis for both awards made to students and allowable administrative expenses of running such programs.

Princeton University
Notes to Schedules of Expenditures of Federal and State Awards
Year Ended June 30, 2016

2. Facility and Administrative Costs

The University's Federal negotiated predetermined cost rates for the year ended June 30, 2016 were as follows:

Princeton University Sponsored Activity	<u>Rate</u>
On - Campus	62.0%
Off - Campus	26.0%

Indirect cost rates for New Jersey state awards are determined by New Jersey state agencies on a proposal basis.

3. Federal Perkins Loan Program

Amounts reported in the schedule of expenditures of federal awards for the Federal Perkins Loan Program (84.038) represent the Perkins Revolving Loan Fund outstanding at the beginning of the year, an administrative cost allowance and loans made during the year. The balance of Federal Perkins loans outstanding as of June 30, 2016 was \$4,690,296. The University did not receive a federal capital contribution nor make any matching contribution to the Federal Perkins Loan fund in 2016. An administrative cost allowance associated with expenditures related to Federal Work Study and Federal SEOG is included in the schedule of expenditures of federal awards where applicable.

4. Federal Direct Loan Program

The University participates in the Federal Direct Loan Program (84.268), which includes subsidized and unsubsidized Federal Stafford Loans ("Stafford") and Federal PLUS Loans ("PLUS"). Even though the University is not the recipient of the funds and loans under the Federal Direct Loan Program, which are made to students, such programs are considered a component of the student financial assistance program at the University. It is not practical to estimate the outstanding balance of loans under this program.



**Report of Independent Auditors 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***

To the Trustees of Princeton University:

We have audited, 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 consolidated financial statements of Princeton University (the "University") which comprise the consolidated statements of financial position as of June 30, 2016 and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated November 21, 2016.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

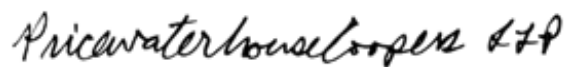
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "PricewaterhouseCoopers LLP".

New York, New York
November 21, 2016



Report of Independent Auditors on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Federal and State Program and on Internal Control Over Compliance in Accordance With OMB Uniform Guidance and New Jersey Department of Treasury Circular Letter 15-08-Office of Management and Budget

To the Trustees of Princeton University:

Report on Compliance for Each Major Federal and State Program

We have audited Princeton University's (the "University") compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and The New Jersey Department of the Treasury Circular Letter 15-08 Office of Management and Budget, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, that could have a direct and material effect on each of the University's major federal and state programs respectively, for the year ended June 30, 2016. The University's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards to its federal and state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the University's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and The New Jersey Department of the Treasury Circular Letter 15-08 Office of Management and Budget, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, the Uniform Guidance and The New Jersey Department of the Treasury Circular Letter 15-08 Office of Management and Budget, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our opinion, the University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2016.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2016-001 and 2016-002. Our opinion on each major federal program is not modified with respect to this matter.

The University's response to the noncompliance findings identified in our audit is described in the accompanying management's views and corrective action plan. The University's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the University's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Uniform Guidance and The New Jersey Department of the Treasury Circular Letter 15-08 Office of Management and Budget, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state 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 or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing is based on the requirements of OMB Uniform Guidance and The New Jersey Department of the Treasury Circular Letter 15-08 Office of Management and Budget. Accordingly, this report is not suitable for any other purpose.

PricewaterhouseCoopers LLP

New York, New York
March 24, 2017

Princeton University
Summary of Independent Auditors' Results
Year Ended June 30, 2016

Section I—Summary of Independent Auditors' Results

Financial Statements

Type of independent auditors' report issued: Unmodified

Internal control over financial reporting:
 Material weakness(es) identified? _____ Yes X No

Significant deficiencies(s) identified that are not
 considered to be material weaknesses? _____ Yes X None
reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal Control over major programs:
 Material weakness(es) identified? _____ Yes X No

Significant deficiencies(s) identified that are not considered
 to be material weaknesses _____ Yes X None
reported

Type of independent auditors' report issued on compliance
 for major programs: Unmodified

State of New Jersey Awards

Internal Control over major programs:
 Material weakness(es) identified? _____ Yes X No

Significant deficiencies(s) identified that are not considered
 to be material weaknesses _____ Yes X None
reported

Type of independent auditors' report issued on compliance
 for major programs: Unmodified

Any audit findings disclosed that are required to be
 reported in accordance with:

2 CFR section 200.516 (a)? X Yes _____ No

State of New Jersey OMB Circular 15-08? _____ Yes X No

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

Federal:

Various

Research and Development Cluster

State:

N/A

Research and Development Cluster

Princeton University
Schedule of Findings and Questioned Costs
Year Ended June 30, 2016

Section II — Financial Statement Findings

The audit disclosed no items required to be reported in this section.

Section III—Federal Award Findings and Questioned Costs

Finding 2016 - 001: Equipment and Real Property Management

Federal Agency: Various

Program: Research and Development Cluster

CFDA #: 12.431, 12.800, 43.001, 47.041, 47.049, 81.049, 93.397

Award #: Various

Award Year: Various

Condition

The University maintained a property and equipment listing with a cumulative population of 2,549 federally-funded equipment items. Of the 25 items selected for testing compliance with federal regulations regarding equipment and real property management, it was noted that 5 items were either not in locations noted on the property listing or the asset tags had not been properly affixed to the items, as detailed below:

Sample Number	Asset Tag Number	CFDA Number	Exception
RD-EQU-021	34153	47.041	Improper location
RD-EQU-006	36030	43.001	Improper location
RD-EQU-022	34126	47.041	No tag was affixed on the asset
RD-EQU-010	35618	43.001	A tag number and the serial number of the asset did not match
RD-EQU-003	35763	47.049	A tag was placed on the component other than listed

The University provided a property and equipment disposal listing with a population of 61 federally-funded disposed equipment items with a book value totaling \$65,465 for fiscal year ended June 30, 2016. Of the 6 items selected for testing compliance with federal regulations regarding disposed equipment and real property management, it was noted that the 6 items were written off and recorded as disposals as a result of the equipment inventory count during the year, however, the original disposal documentation and evidence of assessment/determination of fair value at the time of disposal was not retained. No sales proceeds on disposal were received nor recorded from below 6 items.

Sample Number	Asset Tag Number	CFDA Number	Disposal Net Book Value
RD-DIS-001	31675	93.397	\$10,695
RD-DIS-002	31677	93.397	\$10,314
RD-DIS-003	31712	93.397	\$2,609
RD-DIS-004	33505	12.431	\$6,136
RD-DIS-005	33945	81.049	\$4,756
RD-DIS-006	34030	12.800	\$18,556

Princeton University

Schedule of Findings and Questioned Costs

Year Ended June 30, 2016

Criteria

OMB Circular A 110, 34 (f)
OMB Circular A-21 J 14(g)
2 CFR section 200.313 (d) and (e)

Equipment Management Requirements:

Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the Federal award identification number), who holds title, the acquisition date, cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sales price of the property. A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft must be investigated, and adequate maintenance procedures must be developed to keep the property in good condition.

Disposition:

Disposition of the equipment will be made as follows: (1) Items of equipment with a current per unit fair market value of \$5,000 or less may be retained, sold or otherwise disposed of with no further obligation to the Federal awarding agency. (2) items of equipment with a current per-unit fair-market value in excess of \$5,000 may be retained by the non- Federal entity or sold. The Federal awarding agency is entitled to an amount calculated by multiplying the current market value or proceeds from sale by the Federal awarding agency's percentage of participation in the cost of the original purchase. If the equipment is sold, the Federal awarding agency may permit the non-Federal entity to deduct and retain from the Federal share \$500 or ten percent of the proceeds, whichever is less, for its selling and handling expenses.

Cause

The University's Office of Finance & Treasury performs a periodic physical inventory of its property and equipment every two years and the most recent inventory was performed for the year ended June 30, 2016. Periodically, this office updates their most recent inventory listing through knowledge of inventory movement and confirmations with the departments. Equipment that was moved or disposed of and not properly communicated to the Office of Finance & Treasury in a timely manner resulted in a lack of disposal notification and support.

Effect

Property and equipment listings that are not updated in a timely manner could result in incomplete and inaccurate information for the equipment and its physical location, which could result in loss and unallowable costs.

Questioned Costs

There were no questioned costs associated with this finding.

Recommendation

We recommend the Office of Finance & Treasury, that oversees equipment accounting, strengthen procedures and processes to 1) ensure periodic physical inventories identify and correct inaccuracies in the University's property and equipment listing, and 2) ensure that when equipment is moved or disposed, that the proper documentation and approvals are obtained and retained, and property and equipment listings are updated in a timely manner.

Management's Views and Corrective Action Plan

Refer to Management's Views and Corrective Action Plan at the end of the report.

Princeton University
Schedule of Findings and Questioned Costs
Year Ended June 30, 2016

Finding 2016 - 002: Procurement and Suspension and Debarment

Federal Agency: **Various**

Program: **Research and Development Cluster**

CFDA #: **12.910, 16.RD, 43.001, 47.041, 47.049, 93.242, 93.397, 93.853, 93.865**

Award #: **Various**

Award Year: **Various**

Condition

Research & Development Cluster

Of the sample of 40 vendors and subrecipients selected from the Research and Development Cluster, it was noted that for 25 vendors, documentation evidencing that a search for suspension and debarment occurred prior to doing business with the vendor was not retained, and in these cases the vendor contract did not include a suspension and debarment clause nor was a certification obtained as an alternative to the search. Based on our testing performed, none of our 40 samples were suspended nor debarred.

Criteria

2 CFR section 200.212

Non-federal entities and contractors are subject to the non-procurement debarment and suspension regulations implementing Executive Orders 12549 and 12689, 2 CFR part 180. These regulations restrict awards, subawards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities.

When a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded from participating in the transaction. This verification may be accomplished by (1) checking the Excluded Parties List System (EPLS) maintained by the General Services Administration (GSA) and available at <https://www.sam.gov/portal/public/SAM/> (2) obtaining a certification from the entity or (3) adding a clause or condition to the covered transaction with that entity (2 CFR section 180.300).

Cause

At the end of fiscal year 2015, the University implemented a new Total Supplier Management System (TSM) and began checking suppliers for debarment during the on-boarding process, however, evidence of the search was not retained. Management does not have a policy which states that the results of a search for suspension or debarment of vendors or other recipients of federal award money must be retained. For some vendor contracts and all subrecipients specifically related to performance on federal awards, a suspension and debarment clause is included in the contract executed with the vendor or contractor confirming that they are not currently, nor have they ever been debarred.

Effect

Suspended or debarred vendors could be used and not detected by management, which would result in unallowed costs.

Questioned Costs

There were no questioned costs associated with this finding.

Princeton University
Schedule of Findings and Questioned Costs
Year Ended June 30, 2016

Recommendation

We recommend that the University enhance its policies and procedures to require that the suspension and debarment search be documented, retained and updated periodically as necessary. The University should also consider whether in certain circumstances obtaining a certification from the vendor/contractor or expanding the inclusion of a debarment clause in all vendor/contractor contracts would be a viable alternative to conducting a search. Additionally, we recommend that the University continue training and communication on the University's policies and procedures.

Management's view and correction action

Refer to Management's Views and Corrective Action Plan at the end of the report.

Section IV—State of New Jersey Award Findings and Questioned Costs

The audit disclosed no items required to be reported in this section.

Princeton University
Status of Prior Year's Findings
Year Ended June 30, 2016

Status of Prior Year's Findings

Federal Programs- No findings in prior years which require an update in this report.

State Programs- No findings in prior years which require an update in this report.

**Princeton University
Management's Views and Corrective Action Plan
Year Ended June 30, 2016**

Finding 2016-001: Equipment and Real Property Management

Princeton understands the principles of equipment management as outlined in the Uniform Guidance and the compliance supplement, and understands the importance of properly maintaining property records and disposition of equipment. We have adopted a corrective action plan to address this finding, as follows.

We have revised the capital equipment policy and procedures to more clearly provide guidance for equipment property management and disposition of equipment. The policy communicates that property records, including physical location and disposal documentation, must be maintained in a timely and accurate manner. The Office of Finance & Treasury will also communicate this policy on a periodic basis to departments responsible for safeguarding capital equipment acquired with federal funds. In addition, the University is engaged in a project, initiated in April 2016, to reengineer the capital equipment tracking and accounting processes, including the implementation of a new asset management system. The project is expected to be completed in July 2018.

Finding 2016-002: Procurement and Suspension and Debarment

The University agrees with the recommendation and has implemented new procedures and trained appropriate Procurement Services staff to ensure that the results of debarment searches are documented, retained, and updated on an ongoing basis. In addition, in March 2017, all suppliers charging federal awards in fiscal year 2016 were rechecked using a third party screening service which retains evidence of each debarment search and provides ongoing monitoring of debarment status changes. None of the suppliers were found to be debarred. Furthermore, subrecipients, which represent 61% of total subrecipient/supplier costs on federal awards in fiscal year 2016, were properly documented, retained, and updated for debarment throughout the fiscal year without exception.

Responsible person contact name: Matt Kotsovolos, Manager of Sponsored Research Compliance and Systems, contact information: 609-258-9551, mkotsovo@princeton.edu.



Glynis Sherard
Director of Sponsored Research Accounting
Princeton University