

IUP RESEARCH INSTITUTE  
AUDITED FINANCIAL STATEMENTS  
AND REPORTS REQUIRED BY OMB CIRCULAR A-133  
YEAR ENDED JUNE 30, 2010

**Clay & Gascoine LLC**  
Certified Public Accountants

IUP RESEARCH INSTITUTE

TABLE OF CONTENTS

Independent auditors' report	1
Financial statements for the year ended June 30, 2010	
Statement of financial position	2
Statement of activities and changes in net assets	3
Statement of cash flows	4
Notes to financial statements	5-7
Reports required by OMB Circular A-133	
Independent auditors' report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i>	8-9
Independent auditors' report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133	10-11
Schedule of expenditures of federal awards	12-13
Notes to schedule of expenditures of federal awards	14
Schedule of findings and questioned costs	15
Summary schedule of prior audit findings	16

# CLAY & GASCOINE LLC

CERTIFIED PUBLIC ACCOUNTANTS

Thomas R. Clay, CPA ~ Jon M. Gascoine, CPA ~ G. Scott Yates, CPA

511 Airport Professional Center  
1380 Route 286 Hwy East  
Indiana, PA 15701

(724) 463-1450  
Fax (724) 463-1461  
cgcpa@claygascoine.com  
www.claygascoine.com

Board of Directors  
IUP Research Institute  
Indiana, Pennsylvania

## Independent auditors' report

We have audited the accompanying statement of financial position of IUP Research Institute (a not-for-profit corporation), a component unit of Indiana University of Pennsylvania, as of June 30, 2010, and the related statements of activities and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of IUP Research Institute's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of IUP Research Institute as of June 30, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2010 on our consideration of IUP Research Institute's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements of IUP Research Institute taken as a whole. The accompanying schedule of expenditures of federal awards (pages 12 and 13) is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Clay & Gascoine LLC*

September 27, 2010

**IUP RESEARCH INSTITUTE**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2010**

**ASSETS**

**Current assets**

Cash and cash equivalents	\$ 1,460,681
Accounts receivable	1,921,891
Prepaid expenses	<u>34,375</u>
Total current assets	3,416,947

**Other assets**

400

**Total assets**

\$ 3,417,347

**LIABILITIES AND NET ASSETS**

**Current liabilities**

Accounts payable	\$ 1,005,672
Accrued payroll and taxes	186,035
Other payables	285,043
Deferred revenue	<u>749,173</u>
Total current liabilities	2,225,923

**Net assets**

Unrestricted 1,191,424

**Total liabilities and net assets**

\$ 3,417,347

**IUP RESEARCH INSTITUTE**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Operations</u>	<u>Technical Division</u>	<u>IUP Projects</u>	<u>Total</u>
<b>Revenue and other support</b>				
Federal grants and contracts	\$ 308,672	\$ 1,664,529	\$ 2,169,438	\$ 4,142,639
Other grants and contracts	34,387	-	1,507,515	1,541,902
Other income	108	-	9,347	9,455
Fees received	396,954	-	37,789	434,743
Interest income	<u>7,171</u>	<u>-</u>	<u>760</u>	<u>7,931</u>
Total revenue and other support	<u>747,292</u>	<u>1,664,529</u>	<u>3,724,849</u>	<u>6,136,670</u>
<b>Expenses</b>				
Salaries and wages	452,918	596,513	203,460	1,252,891
Payroll taxes and benefits	244,803	322,509	55,225	622,537
Contracted salaries and benefits	11,788	54,140	1,476,712	1,542,640
Rent	55,620	80,566	8,134	144,320
Communication	11,648	10,165	4,797	26,610
Supplies and equipment	21,547	198,648	222,433	442,628
Travel	46,804	73,266	203,562	323,632
Printing and duplication	11,497	4,155	18,944	34,596
Professional and contracted services	51,476	22,588	619,356	693,420
Other expenses	87,175	27,194	528,332	642,701
IUP indirect costs	<u>-</u>	<u>-</u>	<u>383,894</u>	<u>383,894</u>
Total expenses	<u>995,276</u>	<u>1,389,744</u>	<u>3,724,849</u>	<u>6,109,869</u>
<b>Increase (decrease) in net assets</b>	(247,984)	274,785	-	26,801
Net assets at beginning of year	<u>1,123,555</u>	<u>41,068</u>	<u>-</u>	<u>1,164,623</u>
<b>Net assets at end of year</b>	<u>\$ 875,571</u>	<u>\$ 315,853</u>	<u>\$ -</u>	<u>\$ 1,191,424</u>

See notes to financial statements.

**IUP RESEARCH INSTITUTE**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

<b>Cash flows from operating activities</b>	
Cash received from grants and donations	\$ 6,234,944
Cash paid to suppliers and employees	(6,212,089)
Other income received	9,455
Interest income received	7,931
Interest expense paid	<u>-</u>
Net cash provided by operating activities	<u>40,241</u>
<b>Cash flows from investing activities</b>	<u>-</u>
<b>Cash flows from financing activities</b>	
Payments on long-term debt	<u>(53,998)</u>
Net cash used in financing activities	<u>(53,998)</u>
Net decrease in cash and cash equivalents	(13,757)
Beginning cash and cash equivalents	<u>1,474,438</u>
<b>Ending cash and cash equivalents</b>	<u><u>\$ 1,460,681</u></u>
<b>RECONCILIATION OF CHANGES IN NET ASSETS TO CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Increase in net assets	\$ 26,801
Adjustments to reconcile increase in net assets to net cash provided by operating activities	
(Increase) decrease in accounts receivable	(140,918)
(Increase) decrease in prepaid expenses	(3,672)
Increase (decrease) in accounts payable	(56,196)
Increase (decrease) in accrued expenses	11,688
Increase (decrease) in other payables	(54,040)
Increase (decrease) in deferred revenue	<u>256,578</u>
Net cash provided by operating activities	<u><u>\$ 40,241</u></u>
<b>Noncash financing and investing activities</b>	<u><u>\$ -</u></u>

See notes to financial statements.

**IUP RESEARCH INSTITUTE**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

1. **ORGANIZATION**

IUP Research Institute (the Institute) is a nonprofit corporation which was founded to promote the interests of, operate for the benefit of and support of Indiana University of Pennsylvania (IUP). As such, the Institute is to engage in, foster and support research related to fields of study at IUP and to provide development and administrative services for such research. The Institute is also to disseminate information related to research to the academic community and to the public and to offer programs and services related to the procurement of funding for the actual conduct of its research and development projects.

The Institute operates under an affiliation agreement with IUP and, as such, is considered a component unit of IUP.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of accounting**

The accompanying financial statements of the Institute have been prepared on the accrual basis of accounting which recognizes revenue when earned and expenses when incurred, in accordance with U.S. generally accepted accounting principles.

**Use of estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Cash and cash equivalents**

For the purposes of reporting cash flows, the Institute considers all short-term debt securities with an original maturity of twelve months or less to be cash equivalents. Cash and cash equivalents includes all checking, savings, money market accounts, and certificates of deposit.

**Allowance for doubtful accounts**

The Institute will provide for doubtful accounts by the allowance method, if and when management feels such an allowance is necessary. Currently, there are no bad debts or doubtful accounts included in accounts receivable.

**Property and equipment**

Property and equipment used in the Institute's operations will be recorded at cost of purchase or at fair value of donation. The Institute's policy is to capitalize all property and equipment with a cost of \$5,000 or more. Depreciation will be provided using the straight-line method over the estimated useful lives of the assets. Significant renewals and betterments will be capitalized. Maintenance and repairs are charged to expenses and losses.

Property and equipment used in the grant projects will be expensed as incurred. The Institute will maintain an inventory of this property and equipment unless IUP or other contracted entities are required to maintain this property and equipment inventory.

**Restricted net assets**

The Institute reports gifts and donations of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the assets. Permanently restricted net assets are those whose use by the Institute has been restricted by the donors to be maintained by the Institute in perpetuity. Temporarily restricted net assets have been limited by donors for a specific time period or purpose.

The Institute does not have any permanently or temporarily restricted net assets as of June 30, 2010.

**IUP RESEARCH INSTITUTE**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Income taxes**

The Institute is organized under the nonprofit corporation laws of Pennsylvania and under Internal Revenue Code Section 501(c)(3) which exempts the Institute from state and federal income taxes.

**Advertising expenses**

Advertising costs are expensed as incurred.

**Compensated absences**

Employees of the Institute are entitled to paid vacation days, which may be carried over to future periods if not used currently. The Institute's policy is to recognize the cost of these compensated absences in the year which they are earned by the employees. Accordingly, a liability for compensated absences in the amount of \$112,599 has been included with accrued payroll on the statement of financial position for the year ended June 30, 2010.

**Subsequent events**

Management has evaluated subsequent events through September 27, 2010, the date the financial statements were available to be issued.

3. CONCENTRATION OF CREDIT RISK

The Institute maintains cash accounts at four local banks. The amount of cash deposits at each financial institution insured by the Federal Deposit Insurance Corporation is \$250,000. In three of these banks the amount deposited is under the \$250,000 limit. However, in the normal course of business, the Institute may have deposits with one of these financial institutions in excess of federal insurance coverage. At June 30, 2010, cash deposits exceeded the federal insurance coverage by a total of \$766,798.

A significant portion of the Institute's contracted services is with IUP as disclosed in Note 6 and a loss of these services could have a materially adverse effect on the Institute's ability to continue its operations and research and development projects.

4. PENSION PLAN

The Institute has a 401(k) profit sharing plan effective April 13, 2009 for employees who are 21 years of age and who have a least 1,000 hours in a year of service. Eligible employees can contribute up to the maximum allowed by law. The Institute contributes 10% of each eligible employee's compensation into the pension plan. Pension expense for the year ended June 30, 2010 was \$108,655.

5. LEASES

The Institute leases two facilities for its offices and programs. For one of these facilities, the lease expired on April 30, 2010 and is currently leased on a month to month basis. The other facility has a lease expiring March 21, 2012, which includes three one year renewal options. Aggregate maturities of lease payments for the years ended June 30, 2011 and 2012 are \$71,126 and \$55,969, respectively.

Total rent expense for the year ended June 30, 2010 was \$144,320.



**IUP RESEARCH INSTITUTE**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

6. RELATED PARTY

The Institute contracts with IUP to provide services for various research grant projects. These contracted services are in the normal course of business for both the Institute and IUP. For the year ended June 30, 2010, the Institute paid IUP for contracted services in the amount of \$2,288,985 and owed IUP \$763,774 as of June 30, 2010, which is included in accounts payable. IUP pays a fee to the Institute for managing research grants on behalf of IUP. For the year ended June 30, 2010, the total fees paid to the Institute were \$381,646 and the Institute had a receivable from IUP in the amount of \$18,590, which is included in accounts receivable.

7. CONTINGENT LIABILITIES

The Institute receives funding for various federal, state and private research grants, which are subject to grant compliance requirements. The Institute is potentially liable for any expenses or transactions which may be disallowed pursuant to the grant compliance requirements. Management is not aware of any material items of noncompliance, which would result in the disallowance of any costs.

The Institute did not engage in any risk financing activities during the year ended June 30, 2010.

8. CASH HELD FOR OTHERS

The Institute holds cash for IUP faculty, deans, chairs and centers. This cash is reserved for the use of these individuals or centers. The amount of cash held for others by the Institute at June 30, 2010 was \$285,043 which was included in cash and cash equivalents. The Institute has also recorded an offsetting liability in the same amount included in other payables.

9. SUBSEQUENT EVENT

The Institute spun off the operations of its Technical Division into a new for-profit entity called IUP Research Institute Business and Technology Group, Inc. (BTG), effective August 16, 2010. The Institute owns 100% of the common stock of BTG in the amount of \$1,000. The Institute also loaned BTG \$199,000. The loan to BTG has annual interest only payments at 3% with principal due at maturity on August 16, 2012. The only assets and liabilities transferred to BTG from the Institute was the amount of paid time off liability for the employees of the Technical Division of \$63,710 and a corresponding amount of cash.

IUP RESEARCH INSTITUTE  
REPORTS REQUIRED BY OMB CIRCULAR A-133  
FOR THE YEAR ENDED JUNE 30, 2010

# CLAY & GASCOINE LLC

CERTIFIED PUBLIC ACCOUNTANTS

Thomas R. Clay, CPA ~ Jon M. Gascoine, CPA ~ G. Scott Yates, CPA

511 Airport Professional Center  
1380 Route 286 Hwy East  
Indiana, PA 15701

(724) 463-1450  
Fax (724) 463-1461  
cgcpa@claygascoine.com  
www.claygascoine.com

Board of Directors  
IUP Research Institute  
Indiana, Pennsylvania

**Independent auditors' report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards***

We have audited the financial statements of IUP Research Institute as of and for the year ended June 30, 2010, and have issued our report thereon dated September 27, 2010. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal control over financial reporting**

In planning and performing our audit, we considered IUP Research Institute's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of IUP Research Institute's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the IUP Research Institute's internal control over financial reporting.

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 significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected and corrected by the entity's internal control.

A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

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

**Compliance and other matters**

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

We noted certain other matters that we reported verbally to management of IUP Research Institute.

This report is intended for the information and use of the Board of Directors and management of IUP Research Institute, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

*Clay & Gascoine LLC*

September 27, 2010

# CLAY & GASCOINE LLC

CERTIFIED PUBLIC ACCOUNTANTS

Thomas R. Clay, CPA ~ Jon M. Gascoine, CPA ~ G. Scott Yates, CPA

511 Airport Professional Center  
1380 Route 286 Hwy East  
Indiana, PA 15701

(724) 463-1450  
Fax (724) 463-1461  
cgcpa@claygascoine.com  
www.claygascoine.com

Board of Directors  
IUP Research Institute  
Indiana, Pennsylvania

## **Independent auditors' report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133**

### **Compliance**

We have audited the compliance of IUP Research Institute with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2010. IUP Research Institute's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of IUP Research Institute's management. Our responsibility is to express an opinion on IUP Research Institute's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about IUP Research Institute's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of IUP Research Institute's compliance with those requirements.

In our opinion, IUP Research Institute complied, in all material respects, with the compliance requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

### **Internal control over compliance**

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

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected and corrected by the entity's internal control.

A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis.

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

This report is intended for the information and use of the Board of Directors and management of IUP Research Institute, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

*Clay & Gascoine LLC*

September 27, 2010

**IUP RESEARCH INSTITUTE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

Federal grantor/Pass-through grantor/project title	Contract/Award Number	Federal CFDA Number	Expenditures
U.S. Department of Agriculture ARRA-Forest Reclamation Passed through Virginia Polytechnic Institute FAEIS	10-DG-11244419-04  Prime 2008-38420-04799 Subaward 320692-19841	10.688  10.500	\$ 4,231 (1)  <u>8,728</u> (1) <u>12,959</u>
U.S. Department of Defense Passed through Department of the Army Microbes	W911NF-09-2-0066	12.431	<u>508,829</u> (1)
U.S. Fish and Wildlife Program Cooperative Cerulean Warbler Mgmt Golden-winged Warbler Passed through PA Game Commission White Nose Syndrom Habitat Woodrat Passed through Cornell University National Fish and Wildlife Foundation	 MBNA0017 MBNA0102  4100037811  57351-9058	   15.634  15.608	 14,117 (1) 6,664 (1)  122,452 (1) 4,245 (1)  <u>13,308</u> (1) <u>160,786</u>
U.S. Geological Survey MOU U.S. Geological Survey	08WRAG0018	15.808	<u>14,626</u> (1)
U.S. Department of Justice The Haven Project 0809 Correctional Education Clearinghouse	2009-WA-AX-0013 2009-DI-BX-0207	16.525 16.753	65,349 <u>62,652</u> (1) <u>128,001</u>
Appalachian Regional Commission Passed through East Tennessee State University Appalachian Teaching Project Appalachian Teaching Project	 2-20007-4 220007-04-2	 23.011 23.011	 733 <u>1,579</u> <u>2,312</u>
National Endowment Humanities NEH Preservation Asst. Grant		45.149	<u>3</u>
National Science Foundation Tropical Pacific Thermocline Student Construction of Mental Models Physical Property Management System Passed through University of Massachusetts Collaborative Adoptive Sensing	 OCE-0623204  DMR-0722984  EEC-0313767	 47.050 47.076 47.049  47.041	 13,702 (1) 95,202 (1) 39,396 (1)  <u>16,137</u> (1) <u>164,437</u>

See independent auditors' report.

**IUP RESEARCH INSTITUTE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

<u>Federal grantor/Pass-through grantor/project title</u>	<u>Contract/Award Number</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
U.S. Department of Education IMAP	P116Z090284	84.116	<u>28,335</u>
National Institute of Health Drug use Among Transnational Mexican Farm Workers	1R01DA019690-01AZ	93.279	<u>260,959</u> (1)
Office of the Assistant Secretary for Preparedness and Response Passed through PA Department of Public Welfare Emergency Service Personnel Dealing with Disabilities		93.869	<u>22,903</u>
Federal Bureau of Investigation FBI Masters Degree Completion	PO#A8A806151	-	36,205
FBI Masters Completion NPU	PO#A9A093403		114,608
FBI Certificate of Recognition Coho	PO#A9A903404	-	166,108
FBI Certificate of Recognition 20		-	<u>51,684</u>
			<u>368,605</u>
U.S. Department of Interior Passed through National Parks Service Arch Inv. Staple Bend Tunnel	H45600400009-5	-	<u>6,286</u> (1)
U.S. Department of Transportation Passed through PA Department of Transportation Penndot Dev. Of Predictive Model	104586	-	<u>99,737</u> (1)
American Bird Conservacy Forestland BMP's for Golden-winged Warbler	2010-0006	-	<u>21,732</u> (1)
<b>Total federal awards</b>			<b><u>\$ 1,800,510</u></b>

(1) Denotes a research grant included in the research and development cluster totalling \$1,313,003.



**IUP RESEARCH INSTITUTE**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

1. BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards has been prepared on the accrual basis of accounting which recognizes expenditures when incurred, in accordance with U.S. generally accepted accounting principles.

2. SUBRECIPIENTS

The Institute provided no funding to subrecipients from the federal awards included on the schedule of expenditures of federal awards.

**IUP RESEARCH INSTITUTE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

Summary of the auditors' results

1. The type of report the auditors issued on the financial statements was an unqualified opinion.
2. No reportable conditions in the internal control were disclosed by the audit of the basic financial statements.
3. No instances of noncompliance material to the financial statements were disclosed during the audit.
4. No reportable conditions in internal control over major federal programs were disclosed by the audit.
5. The auditors' report on compliance for major federal programs was an unqualified opinion.
6. The audit did not disclose any audit findings required to be reported in accordance with OMB Circular A-133.
7. The major federal programs as part of the Research and Development cluster were:
  - ARRA-Forest Reclamation, CFDA No. 10.688
  - FAEIS, CFDA No. 10.500
  - Microbes, CFDA No. 12.431
  - Cooperative Cerulean Warbler Mgmt
  - Golden-winged Warbler
  - White Nose Syndrom
  - Habitat Woodrat, CFDA No. 15.634
  - National Fish and Wildlife Foundation, CFDA No. 15.608
  - MOU U.S. Geological Survey, CFDA No. 15.808
  - Correctional Education Clearinghouse, CFDA No. 16.753
  - Tropical Pacific Thermocline, CFDA No. 47.050
  - Student Construction of Mental Models, CFDA No. 47.076
  - Physical Property Management System, CFDA No. 47.049
  - Collaborative Adoptive Sensing, CFDA No. 47.041
  - Drug use Among Transnational Mexican Farm Workers, CFDA No. 93.279
  - Arch Inv. Staple Bend Tunnel
  - PennDot Dev. Of Predictive Model
  - Forestland BMP's for Golden-winged Warbler
8. The dollar threshold used to distinguish between Type A and Type B programs is \$300,000.
9. IUP Research Institute was considered a low-risk auditee.

Findings Relating to the Financial Statements Required to be Reported in Accordance with Government Auditing Standards

Compliance Findings - None

Internal Control Findings - None

Findings and Questioned Costs for Federal Awards in Accordance with OMB Circular A-133

Compliance Findings and Questioned Costs - None

Internal Control Findings - None

**IUP RESEARCH INSTITUTE**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

Compliance Findings

There were no prior audit compliance findings.

Internal Control Findings

There were no prior audit internal control findings.