California Institute of Technology
EIN: 95-1643307

Report on Audit of Financial Statements
and on Federal Awards Programs
in Accordance With OMB Circular A-133
(exclusive of the Jet Propulsion Laboratory)

For the Year Ended September 30, 2013

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Independent Auditor's Report

To the Board of Trustees of the
California Institute of Technology

Report on the Financial Statements

We have audited the accompanying financial statements of the California Institute of Technology (the "Institute"), which comprise the balance sheets as of September 30, 2013 and 2012, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Institute as of September 30, 2013 and 2012, 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 audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, exclusive of the Jet Propulsion Laboratory, for the year ended September 30, 2013, is presented for purposes of additional analysis as required by 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 prepared according to the cash basis of accounting. 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 auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the 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 January 29, 2014 on our consideration of the 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 for the year ended September 30, 2013. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Institute's internal control over financial reporting and compliance.

PricewaterhouseCoopers LLP

January 29, 2014

California Institute of Technology
Balance Sheets
At September 30, 2013 and 2012
(Dollars in Thousands)

	2013	2012
ASSETS		
Cash and cash equivalents (Notes B and D)	$ 10,209	$ 10,982
Advances and deposits	1,355	6,038
Accounts and notes receivable, net		
United States government	196,614	198,136
Other	19,676	22,940
Contributions receivable, net	77,898	83,602
Investments	2,392,563	2,245,694
Prepaid expenses and other assets	102,114	98,315
Deferred United States government billings	456,917	575,724
Property, plant, and equipment, net	874,288	873,768
Total assets	$ 4,131,634	$ 4,115,199
LIABILITIES and NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	$ 240,148	$ 291,426
Accrued compensation and benefits	168,765	161,026
Deferred revenue and refundable advances	34,605	30,328
Annuities, trust agreements, and agency funds	83,550	79,505
Bonds and notes payable	726,970	709,571
Accumulated postretirement benefit obligation	515,032	662,904
Total liabilities	1,769,070	1,934,760
Commitments and contingencies (Note L)		
Net assets:		
Unrestricted	665,085	589,949
Temporarily restricted	725,844	686,637
Permanently restricted	971,635	903,853
Total net assets	2,362,564	2,180,439
Total liabilities and net assets	$ 4,131,634	$ 4,115,199

The accompanying notes are an integral part of these financial statements.

California Institute of Technology
Statement of Activities
For the Year Ended September 30, 2013
(with summarized financial information for the year ended September 30, 2012)
(Dollars in Thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2013 Total	2012 Total
Operating revenues:					
Tuition and fees, net of student financial aid	$ 35,216	$ -	$ -	$ 35,216	$ 34,130
Endowment spending distributed	44,671	57,491		102,162	97,386
Gifts and pledges	27,167	19,007	-	46,174	54,393
Grants and contracts:					-
Jet Propulsion Laboratory - direct	1,399,531	-	-	1,399,531	1,541,968
United States government, Campus - direct	199,298	-	-	199,298	222,901
Other Campus - direct	23,741	-	-	23,741	17,168
Recovery of indirect costs and allowances	119,240	-	-	119,240	117,299
Auxiliary enterprises	31,631	-	-	31,631	31,143
Other	48,845	-	-	48,845	29,285
Net assets released from restrictions	85,160	(85,160)	-	-	-
Total operating revenues	2,014,500	(8,662)	-	2,005,838	2,145,673
Operating expenses:					
Compensation and benefits	349,643	-	-	349,643	338,697
Supplies and services	144,882	-	-	144,882	155,320
Subcontracts	32,798	-	-	32,798	39,056
Graduate fellowships	17,720	-	-	17,720	17,807
Depreciation, accretion, and amortization	67,406	-	-	67,406	64,106
Utilities	16,170	-	-	16,170	17,711
Interest	16,400	-	-	16,400	13,039
Jet Propulsion Laboratory	1,399,531	-	-	1,399,531	1,541,968
Total operating expenses	2,044,550	-	-	2,044,550	2,187,704
Results of operations	(30,050)	(8,662)	-	(38,712)	(42,031)
Non-operating changes:					
Investment return in excess of endowment spending	55,805	50,776	721	107,302	144,094
Endowment spending	2,322	3,119	625	6,066	10,359
Net assets released from restrictions	41	(41)	-	-	-
Gifts and pledges	-	406	49,348	49,754	63,956
Changes in fair value of interest rate swap	26,064	-	-	26,064	(3,121)
Non periodic changes in benefit obligations	41,284	-	-	41,284	(19,429)
Loss on retirement of indebtedness and other	(193)	-	15	(178)	(7,707)
Interest	(9,455)	-	-	(9,455)	(8,360)
Redesignations and reclassifications of net assets	(10,682)	(6,391)	17,073	-	-
Total non-operating activities	105,186	47,869	67,782	220,837	179,792
Increase in net assets	75,136	39,207	67,782	182,125	137,761
Net assets at beginning of year	589,949	686,637	903,853	2,180,439	2,042,678
Net assets at end of year	$ 665,085	$ 725,844	$ 971,635	$ 2,362,564	$ 2,180,439

The accompanying notes are an integral part of these financial statements.

California Institute of Technology
Statement of Activities
For the Year Ended September 30, 2012
(Dollars in Thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2012 Total
Operating revenues:				
Tuition and fees, net of student financial aid	$ 34,130	$ -	$ -	$ 34,130
Endowment spending distributed	49,198	48,188	-	97,386
Gifts and pledges	27,803	26,590	-	54,393
Grants and contracts:				
Jet Propulsion Laboratory - direct	1,541,968	-	-	1,541,968
United States government, Campus - direct	222,901	-	-	222,901
Other Campus - direct	17,168	-	-	17,168
Recovery of indirect costs and allowances	117,299	-	-	117,299
Auxiliary enterprises	31,143	-	-	31,143
Other	29,285	-	-	29,285
Net assets released from restrictions	89,581	(89,581)	-	-
Total operating revenues	2,160,476	(14,803)	-	2,145,673
Operating expenses:				
Compensation and benefits	338,697	-	-	338,697
Supplies and services	155,320	-	-	155,320
Subcontracts	39,056	-	-	39,056
Graduate fellowships	17,807	-	-	17,807
Depreciation, accretion, and amortization	64,106	-	-	64,106
Utilities	17,711	-	-	17,711
Interest	13,039	-	-	13,039
Jet Propulsion Laboratory	1,541,968	-	-	1,541,968
Total operating expenses	2,187,704	-	-	2,187,704
Results of operations	(27,228)	(14,803)	-	(42,031)
Non-operating changes:				
Investment return in excess of endowment spending	77,415	63,642	3,037	144,094
Endowment spending	6,117	3,422	820	10,359
Net assets released from restrictions	2,409	(2,409)	-	-
Gifts and pledges	-	7,368	56,588	63,956
Changes in fair value of interest rate swap	(3,121)	-	-	(3,121)
Non periodic changes in benefit obligations	(19,429)	-	-	(19,429)
Loss on retirement of indebtedness and Other	(7,725)	-	18	(7,707)
Interest	(8,360)	-	-	(8,360)
Redesignations and reclassifications of net assets	(23,460)	(5,457)	28,917	-
Total non-operating activities	23,846	66,566	89,380	179,792
(Decrease)/increase in net assets	(3,382)	51,763	89,380	137,761
Net assets at beginning of year	593,331	634,874	814,473	2,042,678
Net assets at end of year	$ 589,949	$ 686,637	$ 903,853	$ 2,180,439

The accompanying notes are an integral part of these financial statements.

California Institute of Technology
Statements of Cash Flows
For the Years Ended September 30, 2013 and 2012
(Dollars in Thousands)

	2013	2012
Cash flows from operating activities:		
Increase in net assets	$ 182,125	$ 137,761
Adjustments to reconcile increase in net assets to net cash used in operating activities:		
Depreciation, accretion, and amortization	67,406	64,106
Changes in postemployment benefit obligations	(41,284)	19,429
Loss on retirement of indebtedness	-	4,635
Contributions restricted for long-term investment and capital projects	(45,632)	(52,998)
Investment return restricted for long-term investment and capital projects	(1,671)	(1,005)
Realized and unrealized gains on investments and swap	(197,318)	(223,412)
In-kind receipt of securities, property, plant, and equipment	(693)	(393)
Changes in annuity and trust liabilities	(6,678)	(8,704)
Losses on disposals of property, plant, and equipment	1,721	4,352
Changes in assets and liabilities:		
Advances and deposits	4,683	3,255
Accounts and notes receivable, net	(2,233)	(18,114)
Contributions receivable, net	15,417	5,617
Prepaid expenses and other assets	(5,796)	(10,937)
Deferred United States government billings	118,807	(68,494)
Accounts payable and accrued expenses	(9,418)	43,844
Accrued compensation and benefits	8,228	(7,069)
Deferred revenue and refundable advances	4,277	3,523
Agency funds	935	(154)
Accumulated postretirement benefit obligation	(107,077)	75,963
Net cash used in operating activities	(14,201)	(28,795)
Cash flows from investing activities:		
Purchases of investments	(789,555)	(840,273)
Proceeds from sales and maturities of investments	813,680	666,398
Purchases of property, plant, and equipment	(65,394)	(95,551)
Proceeds from sale of property, plant, and equipment	37	55
Net cash used in investing activities	(41,232)	(269,371)
Cash flows from financing activities:		
Contributions restricted for long-term investment and capital projects	36,237	29,624
Investment return restricted for long-term investment and capital projects	1,671	1,005
Cash received under annuity and trust agreements	6,148	4,873
Cash payments made under annuity and trust agreements	(6,786)	(6,441)
Net borrowings of short-term debt	17,390	22,990
Cash paid for retirement of indebtedness	-	(103,865)
Cash paid for bond issuance costs	-	(3,861)
Proceeds from issuance of bonds	-	346,797
Net cash provided by financing activities	54,660	291,122
Net decrease in cash and cash equivalents	(773)	(7,044)
Cash and cash equivalents at beginning of year	10,982	18,026
Cash and cash equivalents at end of year	$ 10,209	$ 10,982

The accompanying notes are an integral part of these financial statements.

A. Description of California Institute of Technology

California Institute of Technology (the "Institute") is a private, not-for-profit institution of higher education based in Pasadena, California. Founded in 1891, the Institute provides education and training services, primarily for students at the undergraduate, graduate, and postdoctoral levels, and performs research, training, and other services under grants, contracts, and similar agreements with sponsoring organizations, primarily departments and agencies of the government of the United States of America.

B. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements include the accounts of the Institute's main campus and satellite facilities ("Campus"), as well as the Jet Propulsion Laboratory ("JPL"), a Federally Funded Research and Development Center managed by the Institute for the National Aeronautics and Space Administration ("NASA").

The Institute manages JPL under a cost-reimbursable contract with NASA. JPL's land, buildings, and equipment are owned by the United States government and are excluded from the Institute's financial statements. Receivables and liabilities arising from JPL's activities are reflected in the Institute's balance sheets. The direct costs of JPL's activities and the related reimbursement of those costs are segregated in the statements of activities. The management allowances earned under the NASA contract are included in recovery of indirect costs and allowances in the statements of activities.

The Institute is generally exempt from federal income taxes under the provisions of Internal Revenue Code ("IRC") Section 501(c)(3). The Institute is also generally exempt from payment of California state income, gift, estate, and inheritance taxes. The Institute has no reporting requirements for uncertain tax positions for the years ended September 30, 2013 and 2012.

The Institute's financial statements have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America.

Net Assets

Net assets are classified into three categories according to donor-imposed restrictions or provisions of law: permanently restricted, temporarily restricted, and unrestricted.

> Permanently restricted net assets include endowment gifts, charitable remainder trusts, pooled income funds, gift annuities, other split-interest agreements, and contributions receivable in which donors have stipulated that the original value of their contributions and, if applicable, any subsequent accumulations, be invested in perpetuity.
>
> Temporarily restricted net assets include endowment earnings related to permanent endowments that have not been appropriated for expenditures and gifts for which donor-imposed restrictions have not been met, including funds restricted for future capital projects, charitable remainder trusts, pooled income funds, gift annuities, other split-interest agreements, and related contributions receivable. These restrictions are expected to be

removed through the passage of time, the appropriation of endowment earnings by the Institute, and/or the Institute's incurrence of expenditures that meet donors' restrictions. Expirations of temporary restrictions on net assets are reported as releases from temporarily restricted to unrestricted net assets in the statements of activities. Donor-restricted gifts that are received and either spent or deemed spent within the same fiscal year are reported as unrestricted revenues.

Unrestricted net assets are those not subject to donor-imposed restrictions.

Use of Estimates

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

Redesignations, Reclassifications, and Revisions

Net assets related to certain contributions received in prior periods have been transferred among net asset categories due to changes in donor designations.

The Statement of Cash Flows for the year ended September 30, 2012 was revised to correct an immaterial error in the presentation of the effect of the change in receivables for pending sales and maturities of investments. The revision increased cash flows used in operating activities and decreased cash flows used in investing activities by $7,842, respectively. Accordingly, cash flows used in operating activities was revised from $20,953 to $28,795 and cash flows used in investing activities was revised from $277,213 to $269,371. This revision had no effect on the Institute's balance sheet, statement of activities, and total cash flows for the year ended September 30, 2012.

Cash and Cash Equivalents

Cash and cash equivalents include bank account balances, investments in money market funds, and direct short-term investments that have remaining maturities of three months or less when purchased. The Institute classifies all cash and cash equivalents held as part of the investment portfolios as short-term investments. At September 30, 2013 and 2012, short-term investments, as disclosed in Note D, consisted of $195,902 and $134,440, respectively, in cash and cash equivalents. Carrying amounts of cash and cash equivalents approximate fair value due to the relatively short maturities of these instruments.

Under the Institute's cash management system, checks issued by the Institute but not yet cashed by recipients may result in overdraft balances for accounting purposes and are included in accounts payable and accrued expenses in the balance sheets if an overdraft situation exists. There were no overdrafts at September 30, 2013 and 2012.

Advances and Deposits

Advances include certain cash balances, totaling $160 and $4,880 at September 30, 2013 and 2012, respectively, that are restricted for use in connection with United States government-sponsored research. Deposits include $1,195 and $1,158 at September 30, 2013 and 2012, respectively, in cash withheld from employees for health and dependent care spending accounts.

Accounts and Notes Receivable

Accounts receivable under contracts and grants are carried at cost, less an allowance for doubtful accounts, which approximates fair value. The allowance for doubtful accounts was $918 and $646 at September 30, 2013 and 2012, respectively. Activity in the allowance account was not significant during the years ended September 30, 2013 and 2012.

Accounts receivable from students and employees of $2,237 and $1,304 at September 30, 2013 and 2012, respectively, are carried at cost. Doubtful accounts are charged to expense when they are deemed to become uncollectible. During the years ended September 30, 2013 and 2012, only minor amounts were written off as uncollectible. The value of receivables, which are carried at cost, approximates fair value.

The Institute provides loans to students from both internal funds and from funds provided by the United States government under the Federal Perkins Loan Program. Loans that bear interest carry fixed rates. Most loans carry ten-year terms. Student loans receivable of $6,590 and $6,549 at September 30, 2013 and 2012, respectively, are carried at cost. Determination of the fair value of such notes is impracticable.

The Institute currently holds all loans to maturity. Loans to students are considered delinquent 10-90 days after a borrower misses a required payment. Delinquent interest-bearing loans continue to accrue interest. At September 30, 2013 and 2012, only immaterial amounts of loans were delinquent. No allowances have been recorded, and only minor amounts of loans are expected to become uncollectible. The principal credit quality indicator for such loans is collection experience. The Institute manages its credit risk by limiting amounts loaned per term, monitoring aggregate loan levels, and maintaining an active collections process with the assistance of third-party collection agencies as necessary. Student loans generally are not dischargeable in bankruptcy. Loans are not considered uncollectible until all reasonable collection efforts have been made.

Investments

Investments are carried at fair values based on a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value as discussed in Note K. Purchases and sales of securities are recorded on trade dates, and realized gains and losses are determined based on the average cost of securities sold. Accounts receivable included $1,528 and $8,547 related to outstanding sales and accounts payable included $2,080 and $21,707 related to outstanding purchases of investments at September 30, 2013 and 2012, respectively.

The Institute engages a number of outside parties to manage portions of its investment portfolios, which include an investment pool and other separately managed portfolios. The Institute's investment strategy incorporates certain financial instruments, which involve, to varying degrees, elements of market and credit risk.

Alternative investments primarily include holdings in limited partnerships, limited liability companies, and off-shore investment funds. The Institute may include publicly traded funds in the alternative investments category when such investments are made pursuant to the Institute’s alternative investment strategy. Alternative investments may not be readily marketable or redeemable, and may specify penalties for early liquidation from the related funds. The Institute reviews and considers the values provided by external investment managers in determining the fair value of investments that are not readily marketable. Those estimated fair values may differ from the values that could have been determined had a ready market for these securities existed.

Endowment

Endowment net assets are those held for long-term investment in support of the Institute. All investments of endowment assets are held in the investment pool unless special considerations or donor stipulations require that they be invested separately. Endowment net assets include donor-restricted endowments and board-designated endowments. Gift annuities, beneficial interests, contributions receivable, and unexpended endowment distributions that are subject to remaining purpose restrictions are not considered endowment net assets.

Pursuant to its interpretation of the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) as enacted in California, the Institute classifies the following as permanently restricted net assets: the original value of initial gifts to permanent endowments, the original value of subsequent gifts to permanent endowments, and the value of accumulations to permanent endowments made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portions of donor-restricted endowment funds that are not classified in permanently restricted net assets are classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Institute in a manner consistent with the standard of prudence prescribed by UPMIFA and Institute policies.

Under the Institute’s endowment spending policy, a Board of Trustees-approved endowment spending formula determines the annual amount available for distribution to the operating budget each year. In accordance with UPMIFA, the Institute considers the following factors among those used in determining annual spending from endowment funds:

- The purpose of each donor-restricted endowment fund
- The duration and preservation of each fund
- General economic conditions
- The possible effects of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Institute
- The investment policies of the Institute

Any excess of endowment spending over current-year investment income and gains is funded by prior years’ accumulated investment return. The Institute appropriates endowment funds for expenditure based on current spending rates and, if applicable, the incurrence of specific expenditures in accordance with donors’ purpose restrictions.

The Institute invests endowment assets targeted to earn an average annual total return that exceeds inflation by at least the amount required to support the endowment spending. Total return includes both capital appreciation (realized and unrealized gains) and investment income (including interest, dividends, and royalties). The Institute targets a diversified asset allocation, including investments in both public markets and in alternative investments, within prudent risk constraints.

The portion of endowment available for spending that is transferred to operating accounts each year is shown as endowment spending distributed in the statements of activities. Any endowment spending available for expenditure but not distributed remains invested in the Institute's endowment and is included in non-operating changes to net assets in the statements of activities.

As a result of market declines, the fair values of certain donor-restricted endowment funds are less than the historical values of such funds. The aggregate deficiencies for donor-restricted endowment funds were $27,467 and $39,073 at September 30, 2013 and 2012, respectively, and are recorded in unrestricted net assets. Such deficiencies reverse with market value appreciation. Reversals of these deficiencies increase unrestricted net assets.

Derivatives

The Institute uses an interest rate swap to manage the interest rate exposure of a portion of its variable rate debt. The swap is recorded at fair value, which is the estimated amount that the Institute would receive or pay to terminate the agreement, taking into account current interest rates and the current credit-worthiness of the swap counterparty. Costs of regular settlements with the counterparty of $5,632 and $5,576 during the years ended September 30, 2013 and 2012, respectively, are included in interest expense in the statements of activities. Changes in the swap's fair value during the years ended September 30, 2013 and 2012, resulted in an unrealized gain of $26,064 and an unrealized loss of $3,121, respectively, and are included in non-operating changes in net assets in the statements of activities. The fair value of the swap was a liability of $32,874 and $58,938 at September 30, 2013 and 2012, respectively, and is included in accounts payable and accrued expenses in the balance sheets.

The Institute's externally-managed investment funds may include derivatives. The fair value of any such derivatives is included in the calculation of the fair values of the Institute's investments in such funds.

Property, Plant, and Equipment

Property, plant, and equipment is recorded at the cost of construction, acquisition, or at the fair value of contributed assets at the date of the gift. Interest costs related to debt used for construction of assets are capitalized and included in the cost of construction. For the years ended September 30, 2013 and 2012, capitalized interest was $825 and $3,446, respectively. Depreciation on all assets subject to depreciation is calculated over the estimated useful lives as defined for each class of depreciable asset, which range from three to fifty years, and is computed using the straight-line method. Depreciation on buildings is calculated based on the useful lives of each major building component. The Institute provides for the renewal and replacement of assets from various sources set aside for this purpose.

The Institute routinely acquires or constructs equipment under federally and non-federally funded research grants. Costs of federally and non-federally funded assets acquired or constructed under both federal and nonfederal grants in which title does not ultimately transfer to the Institute are charged to expense.

The Institute records conditional asset retirement obligations primarily related to future asbestos removal and disposal. Asset retirement cost, net of accumulated depreciation, at September 30, 2013 and 2012 was $708 and $840, respectively, and is included in property, plant, and equipment in the balance sheets. Conditional asset retirement obligations at September 30, 2013 and 2012 were $12,214 and $11,750, respectively, and are included in accounts payable and accrued expenses in the balance sheets.

Annuity and Trust Agreements
The Institute's split-interest agreements with donors consist primarily of charitable gift annuities and charitable remainder trusts for which the Institute serves as trustee. For irrevocable agreements, assets contributed are included in Institute investments at fair value. Contribution revenue is recognized at the date each trust is established after recording liabilities for the actuarially-determined present value of the estimated future payments to be made to beneficiaries. The actuarial liability is discounted at an appropriate risk-adjusted rate at the inception of each agreement. Discount rates on split-interest agreements range from 1.2% to 11.2%. The liabilities are adjusted during the terms of the agreements for changes in the fair value of the assets, accretion of discounts, and other changes in the estimates of future benefits. The Annuity 2000 Mortality Table was used for the years ended September 30, 2013 and 2012. Split-interest agreement liabilities totaled $64,467 and $62,167 at September 30, 2013 and 2012, respectively, and are included in liabilities for annuities, trust agreements and agency funds in the balance sheets.

The Institute is also the trustee for certain revocable agreements. Assets contributed are included in Institute investments at fair value, and amounts equal to the value of assets are included in liabilities for annuities, trust agreements, and agency funds. Total assets and liabilities for revocable agreements were $7,077 and $6,640 at September 30, 2013 and 2012, respectively.

Beneficial Interests
The Institute is the beneficiary of both charitable remainder and perpetual trusts held and administered by others and interests in certain estates bequeathed by donors. The fair value of the Institute's interests in charitable and perpetual trusts is the Institute's percentage interest in the fair value of trust assets. The carrying value of the Institute's interest in such trusts is adjusted for changes in the fair values of the underlying assets. Interests in estates are recognized based on estimates of cash flows from estate settlements at the time such cash flows are probable and reasonably estimable. Remainder interests are recognized in contribution revenues at the date the trusts are established. Distributions from perpetual trusts are recorded as contributed by the trustee. These assets totaled $32,221 and $37,116 at September 30, 2013 and 2012, respectively, and are included in prepaid expenses and other assets in the balance sheets.

Retirement Plans
The Institute provides a defined contribution retirement program for eligible academic and administrative employees. Contributions to IRC Section 403(b) defined contribution plans for the years ended September 30, 2013 and 2012 were $23,210 and $22,592, respectively, for the Campus and $64,588 and $64,574, respectively, for JPL. The Institute has no assets or liabilities related to these plans.

At September 30, 2013 and 2012, respectively, prepaid expenses and other assets included $59,883 and $52,564 in assets held pursuant to IRC section 457 defined contribution retirement plans. These assets are invested with external investment managers and are recorded at fair value. The Institute's liabilities related to these funds were $59,149 and $51,466 at September 30, 2013 and 2012, respectively, and are included in accrued compensation and benefits in the balance sheets.

Funds Held for Others
The Institute held assets totaling $12,006 and $10,698 in agency funds at September 30, 2013 and 2012, respectively. The assets held are primarily included in investments in the balance sheets. The corresponding liability, which is equal to assets held, is included in annuities, trust agreements, and agency funds in the balance sheets.

Compensated Absences
Institute employees are entitled to paid vacation based upon length of service and other factors. Certain employees also accrue benefits related to sick leave. The Institute records a liability for these benefits that employees have earned but not yet taken. At September 30, 2013 and 2012, accrued compensated absences of $73,947 and $73,486, respectively, are included in accrued compensation and benefits in the balance sheets. Other compensated absences do not accumulate and are treated as current-period costs.

Workers' Compensation Insurance
The Institute provides workers' compensation insurance to its employees. Liabilities for the Institute's retained risk related to such coverage are determined by an actuary and are included in accrued compensation and benefits in the balance sheets. At September 30, 2013 and 2012, the estimated liabilities for workers' compensation amounted to $9,333 and $9,249, respectively.

Revenue Recognition
The Institute's revenue recognition policies are as follows:

- *Tuition and fees* - Student tuition and fees are recorded as revenues during the year the related academic services are rendered and displayed net of financial aid on the statements of activities. Tuition and fees totaled $86,045 and $81,826 for the years ended September 30, 2013 and 2012, respectively. Student financial aid totaled $50,829 and $47,696 for the years ended September 30, 2013 and 2012, respectively. Student tuition and fees received in advance of services to be rendered, net of applicable financial aid, are recorded as deferred revenue.

- *Investment return (loss)* - Investment transactions are recorded on the trade date. Investment income and realized and unrealized gains and losses, net of investment management fees, are reported as increases or decreases to the appropriate net asset category.

- *Gifts* - Unconditional promises to give are recorded as revenues in the year received. Non-cash gifts are recorded at fair value using quoted market prices, market prices for similar assets, independent appraisals, or as estimated by Institute management. Gift revenue from contributions to be collected in the form of securities or other investments is adjusted at each year end to reflect the year-end value of securities and/or investments to be contributed.

  Donor-restricted gifts, which are received and either spent, or deemed spent, within the same year are reported as unrestricted revenue. Gifts of long-lived assets with no donor-imposed time restrictions are reported as unrestricted revenue in the year received. Gifts restricted to the acquisition or construction of long-lived assets are reported as temporarily restricted revenue and released to unrestricted net assets when long-lived assets are placed in service. Gifts that are subject to time or other purpose restrictions are reported as temporarily restricted revenue and released to unrestricted net assets when donor restrictions are fulfilled. Gifts received for endowment investment are held in perpetuity and recorded as permanently restricted revenue. Conditional promises to give are not recorded until donor-imposed conditions have been substantially met. Conditional promises to give totaled $125,456 and $126,022 at September 30, 2013 and 2012, respectively. Payments received related to conditional promises for which conditions have not been met totaled $9,200 and $4,600 at September 30, 2013 and 2012, respectively, and are included in deferred revenue and refundable advances in the balance sheets.

(Dollars in Thousands)

- *Grants and contracts* - Revenues from grants and contracts are reported as increases in unrestricted net assets as allowable expenditures under such agreements are incurred. Substantially all United States government grants and contracts awarded to the Campus provide for the reimbursement of indirect facilities and administrative costs based on rates negotiated with the Office of Naval Research, the Campus' federal cognizant agency for the negotiation and approval of facilities and administrative and other indirect cost rates. Costs related to the performance of activities under the JPL contract are reimbursable by NASA. Amounts received in excess of expenditures are recorded as deferred revenue.

- *Auxiliary enterprises* - Revenues from supporting services, such as dining facilities, faculty and student housing, and bookstores are recorded at time of delivery of products or services. Amounts received in advance of deliveries of products or services are recorded as deferred revenue.

Expenses

Expenses are generally reported as decreases in unrestricted net assets. Campus expenses are reported in the statements of activities by natural classification. Campus expenses by functional classification were as follows for the years ended September 30, 2013 and 2012:

	2013	**2012**
Instruction and Academic Support	$ 268,719	$ 256,906
Organized Research	258,327	276,957
Institutional	84,637	80,029
Auxiliary Enterprises	33,336	31,844
Total Campus functional expenses	$ 645,019	$ 645,736

Building and improvements depreciation and plant operation expenses are allocated to functional classifications based on square footage occupancy of Institute facilities. Equipment depreciation is allocated to functional classifications based on average equipment purchases attributed to each classification. Interest expense on external debt, net of amounts capitalized, is allocated to the functional categories that have benefited from the proceeds of such debt.

The Institute reclassified $8,360 in interest expense related to bonds for which the proceeds were not yet used either for capital projects or to refund other bonds from operating expenses to non-operating expenses for the year ended September 30, 2012, in order to present interest expense according to an updated definition of the Institute's operating and non-operating activities.

Operating and Non-operating Activities
The statements of activities report the changes in net assets from the Institute's operating and nonoperating activities. Operating activities exclude investment returns/(losses) in excess/deficit of endowment spending, endowment spending available but not distributed to operations, revenues and releases from restrictions related to gifts for construction, endowments, and annuity and trust agreements, changes in postemployment benefit obligations that are not otherwise recognized in net periodic benefit cost, changes in fair value of interest rate swaps, interest expense related to any bonds issued for which the proceeds have not yet been used for capital projects or to refund other bonds, gains or losses on disposal of plant, property and equipment, net gains or losses on nonrecurring transactions, actuarial adjustments related to annuity and trust agreements, and donor redesignations or other reclassifications of net assets.

Related Party Transactions
Members of the Institute's Board of Trustees and senior management may, from time to time, be associated, either directly or indirectly, with entities doing business with the Institute. These transactions are conducted in accordance with the normal course of business at an arm's length, and in accordance with the Institute's policies and procedures governing potential conflicts of interest.

New Accounting Pronouncements
In May 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2011-04, which clarifies the application of existing fair value measurement requirements, changes certain principles related to measuring fair value, and requires additional disclosures about fair value measurements. The financial statements for the years ended September 30, 2013 and 2012 reflect the implementation of the ASU. Adoption of the ASU had no material impact on the financial statements.

In October 2012, the FASB issued ASU 2012-05 concerning the classification of cash receipts arising from the sale of donated financial assets in the statement of cash flows of not-for-profit entities. The Institute implemented ASU 2012-05 for the financial statements as of September 30, 2013 and retrospectively to the financial statements as of September 30, 2012. Adoption of ASU 2012-05 increased cash flows from operating activities by $1,050, decreased cash flows from investing activities by $1,875, and increased cash flows from financing activities by $825 for the year ended September 30, 2012.

In April 2013, the FASB issued ASU 2013-06 regarding the recognition of the value of services contributed by an affiliated entity. ASU 2013-06 is effective for the Institute's fiscal year ending September 30, 2015. The Institute currently is evaluating the impact that the ASU may have on its financial statements.

(Dollars in Thousands)

C. Contributions Receivable, net

Contributions receivable consist of unconditional promises to give to the Institute in the future. Contributions receivable are initially recorded at fair value, including a discount to the present value of the anticipated future cash flows at an appropriate risk-adjusted rate that remains fixed. Discount rates on contributions receivable at September 30, 2013 and 2012 range from 0.74% to 5.84%.

Contributions receivable consisted of the following at September 30, 2013 and 2012:

	2013	2012
Contributions receivable at beginning of year, net	$ 83,602	$ 72,321
Discount at beginning of year	3,446	5,997
Allowance for doubtful accounts at beginning of year	177	85
Contributions receivable at beginning of year, gross	87,225	78,403
New contributions received	31,601	38,211
Contribution payments received	(37,788)	(28,903)
Write-offs and other adjustments	(79)	(486)
Contributions receivable at end of year, gross	80,959	87,225
Discount at end of year	(2,822)	(3,446)
Allowance for doubtful accounts at end of year	(239)	(177)
Contributions receivable at end of year, net	$ 77,898	$ 83,602

Gross contributions receivable carried the following restrictions at September 30, 2013 and 2012:

	2013	2012
Endowment for programs, activities and scholarships	$ 43,240	$ 43,883
Building construction	96	96
Education, general and time restrictions	37,623	43,246
Total contributions receivable, gross	$ 80,959	$ 87,225

(Dollars in Thousands)

Gross contributions receivable are expected to be collected as follows at September 30, 2013 and 2012:

	2013	2012
Within one year	$ 20,188	$ 26,827
Between one year and five years	53,336	56,194
More than five years	7,435	4,204
Total contributions receivable, gross	$ 80,959	$ 87,225

At September 30, 2013 and 2012, contributions receivable of $60,101 and $68,147, respectively, were due from board members and/or charitable entities founded by board members.

D. Investments

Investments consisted of the following at September 30, 2013 and 2012:

	2013	2012
Short-term investments	$ 195,902	$ 134,440
Fixed-income securities	185,164	134,333
Equity securities	794,270	720,090
Alternative investments:		
Alternative securities	651,642	712,110
Private equity	196,644	194,384
Real assets	338,822	324,589
Real estate mortgages, notes, and other investments	30,119	25,748
Total investments	$ 2,392,563	$ 2,245,694

At September 30, 2013 and 2012, short-term investments consisted of $195,902 and $134,440, respectively, in cash and cash equivalents.

The Institute reclassified $30,175 in investments classified in Level 1 of the fair value hierarchy from Equity Securities to Alternative Investments – Real Assets for the year ended September 30, 2012, in order to present investments in a manner more consistent with its investment strategy.

(Dollars in Thousands)

Investments were categorized as follows at September 30, 2013 and 2012:

	2013	2012
Investment pool	$ 2,028,945	$ 1,869,830
Separately invested endowments	29,920	28,726
Trusts, annuities, and other	333,698	347,138
Total investments	$ 2,392,563	$ 2,245,694

At September 30, 2013 and 2012, endowment investments were $1,960,435 and $1,813,842, respectively. At September 30, 2013, and 2012, other investments included $43,706 and $47,296, respectively, held in separate invested accounts as required by donors and/or sponsors.

Investment return consisted of the following for the years ended September 30, 2013 and 2012:

	2013	2012
Interest and dividend income	$ 38,644	$ 19,730
Net realized gains	70,302	68,482
Net unrealized appreciation	106,584	163,627
Total investment return	$ 215,530	$ 251,839

E. Deferred United States Government Billings

The Institute's contract with NASA provides for the reimbursement of certain employee benefit costs incurred but not yet billed to the JPL contract. Therefore, the Institute has recorded deferred United States government billings related to the portion of its accumulated postretirement benefit obligation, accrued vacation, workers' compensation, and pension benefit liabilities attributable to JPL, as the Institute is able to recover these amounts through future charges to JPL contracts. Although these deferred billing amounts may not be currently funded, and therefore may need to be funded as part of future NASA budgets, the Institute has the contractual right to require that such funding be made available at the time these employee benefit costs become payable by the Institute.

As noted in Note I, during the year ended September 30, 2013 the Institute settled its pension benefit liabilities and recovered certain related costs from NASA. The settlement resulted in a reduction of $1,783 in Deferred United States government billings.

(Dollars in Thousands)

Deferred United States government billings related to deferred reimbursements of the following liabilities at September 30, 2013 and 2012:

	2013	2012
Accumulated postretirement benefit obligation	$ 393,965	$ 511,217
Accrued vacation benefits	58,216	58,133
Other benefit liabilities	4,736	6,374
Total deferred United States government billings	$ 456,917	$ 575,724

F. Property, Plant, and Equipment, net

Property, plant, and equipment consisted of the following at September 30, 2013 and 2012:

	2013	2012
Land and land improvements	$ 64,691	$ 60,356
Buildings and building improvements	963,382	928,732
Equipment	539,015	513,595
Construction in progress	60,406	67,573
Less: accumulated depreciation	(753,206)	(696,488)
Total property, plant, and equipment, net	$ 874,288	$ 873,768

Depreciation expense for the years ended September 30, 2013 and 2012 was $66,672 and $63,327, respectively.

(Dollars in Thousands)

G. Bonds and Notes Payable

Bonds and notes payable are uncollaterized, general obligations of the Institute and consisted of the following at September 30, 2013 and 2012:

Bonds payable:	**2013**	**2012**
Taxable bonds, Series 2011 due November 1, 2111, with interest at 4.70% (net of discount of $3,138 and $3,170, respectively)	$ 346,862	$ 346,830
California Educational Facilities Authority (CEFA) tax-exempt revenue bonds:		
2009 Series due November 1, 2039, with interest at 5.00% (gross of issue premium of $598 and $621, respectively)	80,598	80,621
2006 Series A due October 2036, with variable interest rates reset weekly (0.04% and 0.15%, respectively)	82,500	82,500
2006 Series B due October 2036, with variable interest rates reset weekly (0.05% and 0.14%, respectively)	82,500	82,500
Series 1994 due January 2024, with variable interest rates reset weekly (0.04% and 0.15%, respectively)	30,000	30,000
Total bonds payable	622,460	622,451
Notes payable:		
Bank of America revolving bank credit facility expiring August 2016, with variable interest rates (0.36% at September 30, 2012)	-	20,000
Bank of America revolving bank credit facility expiring March 2015, with variable interest rates (0.29% and 0.31%, respectively)	50,000	50,000
Bank of New York money market loan program with no expiration date, with variable interest rates (0.44% at September 30, 2013)	16,000	-
JPMorgan Chase money market loan program with no expiration date, with variable interest rates (0.49% at September 30, 2012)	-	17,120
JPMorgan Chase revolving bank credit facility with no expiration date, with variable interest rates (0.39% at September 30, 2013)	38,510	-
Northern Trust revolving bank credit facility expiring June 2015, with variable interest rates	-	-
Wells Fargo revolving bank credit facility expiring March 2015, with variable interest rates	-	-
Wells Fargo revolving bank credit facility expiring June 2015, with variable interest rates	-	-
Total notes payable	104,510	87,120
Total bonds and notes payable	$ 726,970	$ 709,571

(Dollars in Thousands)

As of September 30, 2013, the Institute had eight unsecured revolving lines of credit (the "Lines of Credit") available and maintained internally-mandated aggregate borrowing limits under the Lines of Credit as follows: $100,000 for borrowings to finance working capital, $50,000 for borrowings to finance acquisitions of real estate and temporary funding for capital projects, and $200,000 for borrowings secured to preserve liquidity. All Lines of Credit are uncollateralized.

The table below summarizes the material terms of the Lines of Credit, including permitted uses of any funds drawn and permitted maximum draws under each individual Line of Credit at September 30, 2013:

Financial Institution	Maximum Permitted	Outstanding Amounts	Facility Maturity
General Working Capital and Capital Projects:			
Bank of America	$ 100,000	$ -	2016
Bank of America	50,000	50,000	2015
Bank of New York	50,000	16,000	None
JPMorgan Chase	62,000	-	None
JPMorgan Chase	50,000	38,510	None
Wells Fargo	50,000	-	2015
Supplemental Liquidity for Variable Rate Debt:			
Northern Trust	50,000	-	2015
Wells Fargo	100,000	-	2015

Subsequent to September 30, 2013, the maturities of the Wells Fargo lines of credit, the Northern Trust line of credit, and the Bank of America line of credit with a permitted maximum of $50,000 all were extended to 2016.

The lines of credit from Bank of New York, JPMorgan Chase, and the Bank of America line of credit with a permitted maximum of $50,000 all are uncommitted. Maturity dates for individual advances made by these institutions are determined at the time advances are made.

The Institute is required to comply with financial covenants in certain Lines of Credit agreements, including maintaining minimum ratios of unrestricted cash and investments to total adjusted debt outstanding.

Under certain circumstances, the CEFA Series 1994, 2006 Series A, and 2006 Series B variable rate revenue bonds, which have contractual maturities commencing in 2024, could fail to be remarketed, requiring the Institute to repurchase the outstanding bonds totaling approximately $195,000. Therefore, those bonds have been classified as repayable in the year ending September 30, 2014 in the following table.

(Dollars in Thousands)

Future principal repayments on bonds and notes payable were as follows at September 30, 2013:

Year Ending September 30	Amount
2014	$ 299,510
2015	-
2016	-
2017	-
2018	-
Thereafter	427,460
Total	$ 726,970

The aggregate fair value of bonds payable is estimated based on quoted market prices for the bonds or similar financial instruments and was $596,350 and $673,439 at September 30, 2013 and 2012, respectively. The fair value of bonds payable is classified as a Level 2 measurement within the hierarchy for such measurements used by the Institute. Amounts outstanding under the revolving bank credit facilities and the money market loan programs totaling $104,510 and $87,120 at September 30, 2013 and 2012, respectively, are carried at cost, which approximates fair value.

In 2006, the Institute entered into an interest rate swap agreement in conjunction with issuance of the 2006 Series A and B variable rate revenue bonds. Under the terms of the agreement, which expires October 1, 2036, the Institute pays the counterparty a fixed interest rate of 3.549% and receives a variable rate, indexed at 67% of one-month LIBOR (0.12% at September 30, 2013), on a $165,000 underlying notional principal amount.

During the year ended September 30, 2012, the Institute issued $350,000 in Series 2011 taxable bonds. The Institute called and repaid all of its outstanding CEFA Series 1998 bonds at par value, which amounted to $103,865, using a portion of the proceeds from the taxable bond issue. The retirement resulted in a loss of $4,635, which is reflected in the statement of activities as a non-operating change in unrestricted net assets.

(Dollars in Thousands)

H. Net Assets

Temporarily restricted net assets were available for the following purposes at September 30, 2013 and 2012:

	2013	2012
Educational and research funds	$ 115,316	$ 111,138
Contributions receivable	36,859	45,408
Capital projects	2,686	2,611
Life income and annuity funds	42,222	43,867
Endowments	528,761	483,613
Total temporarily restricted net assets	$ 725,844	$ 686,637

Permanently restricted net assets were available for the following purposes at September 30, 2013 and 2012:

	2013	2012
Student loan funds	$ 16,880	$ 16,425
Contributions receivable	41,039	38,194
Life income and annuity funds	38,473	39,765
Endowments	875,243	809,469
Total permanently restricted net assets	$ 971,635	$ 903,853

Endowment net assets consisted of the following at September 30, 2013 and 2012:

September 30, 2013	**Unrestricted**	**Temporarily Restricted**	**Permanently Restricted**	**Total**
Donor-restricted endowment funds	$ (31,472)	$ 528,761	$ 875,243	$ 1,372,532
Board-designated endowment funds	588,779	-	-	588,779
Total endowment net assets	$ 557,307	$ 528,761	$ 875,243	$ 1,961,311
September 30, 2012				
Donor-restricted endowment funds	$ (46,737)	$ 483,613	$ 809,469	$ 1,246,345
Board-designated endowment funds	565,152	-	-	565,152
Total endowment net assets	$ 518,415	$ 483,613	$ 809,469	$ 1,811,497

(Dollars in Thousands)

Under Accounting Standards Codification 958, for accounting purposes the Institute must record the historical values of donor-restricted endowment funds as permanently restricted net assets even in cases where the fair values of those funds are less than historical values. Such deficits are recorded as reductions of unrestricted net assets.

Changes in endowment net assets for the years ended September 30, 2013 and 2012 were as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Balance as of October 1, 2011	$ 442,122	$ 433,587	$ 748,622	$ 1,624,331
Investment return:				
Investment income	13,084	5,863	197	19,144
Net appreciation in market value	121,925	102,704	3,448	228,077
Total investment return	135,009	108,567	3,645	247,221
Contributions and pledge payments	-	-	31,792	31,792
Additions to board-designated endowments	10,753	-	-	10,753
Available for expenditure	(55,316)	(51,609)	(1,551)	(108,476)
Redesignations, reclassifications and other	(14,153)	(6,932)	26,961	5,876
Balance as of September 30, 2012	518,415	483,613	809,469	1,811,497
Investment return:				
Investment income	16,849	20,706	214	37,769
Net appreciation in market value	70,001	86,029	891	156,921
Total investment return	86,850	106,735	1,105	194,690
Contributions and pledge payments	-	16	48,019	48,035
Additions to board-designated endowments	12,112	-	-	12,112
Available for expenditure	(46,993)	(60,610)	(625)	(108,228)
Redesignations, reclassifications and other	(13,077)	(993)	17,275	3,205
Balance as of September 30, 2013	$ 557,307	$ 528,761	$ 875,243	$ 1,961,311

The Institute revised the presentation of Investment return - Investment income and Investment return - Net appreciation in market value in the above disclosure of changes in endowment net assets for the year ended September 30, 2012. The revision increased Investment return - Investment income and decreased Investment return - Net appreciation in market value as follows: Unrestricted, $6,963; Temporarily Restricted, $5,866; Permanently Restricted, $197; Total net appreciation in market value, $13,026. These reclassifications had no effect on total investment return in any of the net asset categories, nor in the aggregate, for the year ended September 30, 2012.

I. Defined Benefit Plan

A small number of employees, former employees, and beneficiaries who participated in a defined benefit pension plan that was terminated in 1993 participated in a successor defined benefit pension plan until its complete settlement in June, 2013. As part of the settlement, participants elected either lump sum payouts or annuities. Lump sums were paid to participants from plan assets. The annuity obligations were irrevocably transferred to an insurance company in exchange for plan assets remaining at termination.

(Dollars in Thousands)

Certain financial information regarding the successor defined benefit plan was as follows for the years ended September 30, 2013 and 2012:

	2013	2012
Change in the benefit obligation:		
Benefit obligation at beginning of year	$ 6,346	$ 5,910
Service cost	-	11
Interest cost	172	251
Settlement loss	1,356	-
Settlement payments	(7,489)	-
Benefits paid	(107)	(138)
Actuarial gain/loss	(278)	312
Benefit obligation at end of year	$ -	$ 6,346

The accumulated benefit obligation for the defined benefit pension plan was $0 and $6,346 at September 30, 2013 and 2012, respectively.

	2013	2012
Changes in fair value of plan assets:		
Fair value of plan assets at beginning of year	$ 4,339	$ 3,945
Actual return on plan assets	26	239
Employer contributions	3,292	295
Benefits paid	(107)	(138)
Settlement payments	(7,489)	
Plan expenses	(61)	(2)
Fair value of plan assets	$ -	$ 4,339

The plan was unfunded by $0 and $2,007, at September 30, 2013 and 2012, respectively.

Employer contributions during the year ended September 30, 2013 included $2,479 to fund settlement payments for JPL-related participants. As a result of the termination, the Institute recovered $3,086 from NASA. The recovery was equal to the total of the contributions and the cumulative excess of prior years' required contributions over cumulative pension costs recovered from the JPL contract in accordance with applicable cost standards.

(Dollars in Thousands)

The net benefit obligation is recognized in accrued compensation and benefits in the balance sheets. Non-operating changes in the statements of activities include the effects of changes in the accumulated benefit obligation related to Campus that are not otherwise recognized in periodic pension cost. The net effect of those changes was as follows for the years ended September 30, 2013 and 2012:

	2013	2012
Amounts recognized in unrestricted net assets:		
Net actuarial loss at beginning of year	$ 489	$ 331
Amortizations to net periodic pension cost	(24)	(14)
Actuarial losses (prior to settlement)	125	172
Effect of settlement	(590)	-
Total recognized in unrestricted net assets	$ -	$ 489

The effect of changes in the accumulated benefit obligation related to JPL that are not otherwise recognized in periodic pension cost is reflected in both JPL direct expense and revenue and in deferred U.S. government billings, as any cost associated with this adjustment related to JPL was ultimately recovered from NASA. The overall impact of such changes was a reduction of expense, revenue and deferred billings of $921 for the year ended September 30, 2013, and an increase to JPL expense, revenue and deferred billings of $33 for the year ended September 30, 2012.

Net periodic cost related to the defined benefit plan for the years ended September 30, 2013 (prior to settlement) and 2012 includes the following components:

	2013	2012
Service cost	$ -	$ 11
Interest cost	172	251
Recognized actuarial loss	92	100
Expected return on plan assets	(164)	(216)
Net periodic cost	$ 100	$ 146

Of the amounts above, $30 and $29, respectively are related to campus and $70 and $117, respectively are related to JPL for the years ended September 30, 2013 and 2012.

The statement of activities for the year ended September 30, 2013 also includes settlement losses of $2,595. The Campus portion totaled $590 and is included in operating expenses. The JPL portion totaled $2,005 and is included in operating expenses and operating revenues related to JPL.

Prior to settlement, participant annuities under the plan were either fixed or variable and reflected the value of designated plan equity and fixed-income securities held in separate accounts by the funding agent. At September 30, 2012, 16% of total plan assets were invested in equity securities and 84% were invested in fixed-income securities.

(Dollars in Thousands)

The following weighted-average assumptions were used to determine the Institute's benefit obligations under the defined benefit plan at the June 10, 2013 settlement date and at September 30, 2012:

	2013	**2012**
Discount rate	3.90%	3.50%
Expected return on plan assets	N/A	5.25%
Long-term rate of compensation increase	N/A	4.00%

To develop the expected long-term rate of return on assets, the Institute considered the historical returns and future expectations for each asset class, as well as the asset allocation of the retirement plan's investment portfolio. Estimated future return was based on expected returns for various asset categories.

The following weighted-average assumptions were used to determine the Institute's net periodic benefit cost and settlement cost under the defined benefit plan for the years ended September 30, 2013 and 2012:

	2013	**2012**
Discount rate (to determine settlement cost)	3.90%	N/A
Discount rate (to determine net periodic pension cost)	3.50%	4.60%
Expected return on plan assets	4.50%	5.25%
Long-term rate of compensation increase	N/A	4.00%

The Institute presents the fair value of the defined benefit plan's assets according to a hierarchy specified in its accounting policies. All of the Plan's investments fall within Level 2 of that hierarchy.

The Institute's defined benefit plan assets were invested as follows at September 30, 2013 and 2012:

	2013	**2012**
Short-term investments	$ -	$ 12
Fixed income securities	-	3,648
International equity securities	-	381
Domestic equity securities	-	298
Total plan assets	$ -	$ 4,339

(Dollars in Thousands)

J. Postretirement and Postemployment Benefits Other Than Pensions

The Institute's employees may be eligible for certain health and life insurance benefits upon retirement. The Institute's obligation related to these benefits is actuarially determined and has been recorded in the accompanying balance sheets. Any actuarial deferrals resulting from changes in the accumulated postretirement benefit obligation are amortized over the average future working lifetime of Institute employees.

The Institute's postretirement benefits are funded on a pay-as-you-go basis; therefore, there are no plan assets. As a result, a formal investment policy has not been developed.

Certain financial information regarding the plan was as follows for the years ended September 30, 2013 and 2012, and is based on a September 30 measurement date:

	2013	2012
Change in the accumulated postretirement benefit obligation:		
Accumulated postretirement benefit obligation at beginning of year	$ 662,904	$ 567,670
Service cost	23,020	18,399
Interest cost	24,839	26,808
Participant contributions	5,951	7,070
Benefits paid	(21,843)	(22,018)
Actuarial (gain)/loss	(179,839)	64,975
Benefit obligation at end of year	$ 515,032	$ 662,904

	2013	2012
Components of net periodic postretirement benefit cost:		
Service cost	$ 23,020	$ 18,399
Interest cost	24,839	26,808
Amortization of prior year service credit	(3,337)	(3,337)
Amortization of loss	9,076	5,778
Net periodic benefit cost	$ 53,598	$ 47,648

	2013	2012
Change in the fair value of plan assets:		
Employer contributions	$ 15,892	$ 14,948
Participant contributions	5,951	7,070
Benefits paid	(21,843)	(22,018)
Fair value of plan assets at end of year	$ -	$ -

	2013	2012
Funded status at valuation date:		
Funded status	$ (515,032)	$ (662,904)
Net amount recognized at end of year	$ (515,032)	$ (662,904)

	2013	2012
Liabilities recognized in the balance sheets:		
Accumulated postretirement benefit obligation	$ (515,032)	$ (662,904)
Total amounts recognized in balance sheets	$ (515,032)	$ (662,904)

The statements of activities include the effects of changes in the postretirement benefit obligation that are not otherwise recognized in periodic postretirement benefit cost. The effect related to JPL for the years ended September 30, 2013 and 2012 was an increase of $144,783 and $43,263, respectively, in both JPL direct expense and revenue and in deferred U.S. government billings, as any cost associated with this adjustment related to JPL is contractually recoverable from NASA. The effect of those changes for the Campus was an increase in unrestricted net assets of $40,795 and a decrease of $19,271 for the years ended September 30, 2013 and 2012, respectively, and is recorded in non-operating changes in unrestricted net assets in the statements of activities.

At September 30, 2013 and 2012, cumulative differences between net periodic postretirement benefit cost and the accumulated postretirement benefit obligation recorded in unrestricted net assets were as follows:

	2013	2012
Amounts recognized in unrestricted net assets:		
Prior service credit	$ (1,894)	$ (2,592)
Net (gain)/loss	(5,622)	35,871
Total amounts recognized in unrestricted net assets	$ (7,516)	$ 33,279

An estimated prior service credit of $3,337 and no gain or loss will be amortized into net periodic benefit cost during the year ending September 30, 2014.

The following weighted-average assumptions were used to determine the Institute’s obligation under the plan at September 30, 2013 and 2012:

	2013	2012
Discount rate	5.10%	3.80%
Health care cost trend rate	8.25%	8.75%

(Dollars in Thousands)

The following weighted-average assumptions were used to determine the Institute's net periodic benefit cost under the plan for the years ended September 30, 2013 and 2012:

	2013	**2012**
Discount rate	3.80%	4.80%
Health care cost trend rate	8.75%	9.25%

At September 30, 2013, the assumed health care cost trend rates for subsequent years were as follows:

Year Ending September 30	**Health Care Cost Trend Rate**
2014	7.75%
2015	7.25%
2016	7.00%
2017	6.75%
2018	6.50%
2019	6.25%
2020	6.00%
2021	5.75%
2022	5.50%
2023	5.25%
2024	5.00%
2025	4.75%
2026	4.50%
2027 and thereafter	4.25%

A one-percentage-point change in assumed health care cost trend rates would have the following effects:

	1% Increase	**1% Decrease**
Effect on the total of service and interest cost components	$ 8,473	$ (6,667)
Effect on accumulated postretirement benefit obligation	$ 84,814	$ (68,194)

A substantial majority of the above effects would be related to JPL and therefore would result in corresponding changes in amounts expected to be recoverable from NASA.

The Institute and its retirees are expected to contribute approximately $17,874 and $3,816, respectively, during the year ending September 30, 2014. Approximately $14,100 of the Institute's expected contribution is related to JPL and therefore is expected to be recoverable from NASA.

(Dollars in Thousands)

At September 30, 2013, the estimated future benefit payments were as follows:

Year Ending September 30	Campus	JPL	Total
2014	$ 3,800	$ 14,100	$ 17,900
2015	4,200	15,300	19,500
2016	4,600	16,600	21,200
2017	5,000	17,900	22,900
2018	5,500	19,200	24,700
2019-2023	35,000	116,300	151,300

Payments related to JPL are expected to be recoverable from NASA as they are made.

K. Fair Value

Fair value is defined as the price that the Institute would receive upon selling an asset or would pay to settle a liability in an orderly transaction between market participants. The Institute evaluates the fair value of financial instruments using an established hierarchy that ranks the inputs to valuation techniques used to measure fair value. Inputs refer broadly to the assumptions that market participants would use in such fair value determinations, including assumptions regarding various risks. A financial instrument's level within the fair value hierarchy is based on the least-transparent level of any input that is significant to the fair value measurement. The three levels of the fair value hierarchy are as described below. The classification of financial instruments within the hierarchy is based upon the transparency of the inputs to valuation techniques used to measure fair value and does not necessarily correspond to the Institute's perceived risk of those instruments.

Level 1 fair value measurements are based upon unadjusted quoted prices for identical assets or liabilities in active, accessible markets. Market price data is generally obtained from exchange dealer markets.

Level 2 fair value measurements are generally based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the instruments. Inputs to Level 2 measurements include, but are not limited to, interest rates, credit risk adjustments, and prices for similar instruments, and are obtained from various sources, including market participants, dealers, and brokers.

Level 3 fair value measurements are those that use significant inputs that are unobservable. Assets and liabilities included in Level 3 primarily consist of the Institute's ownership in alternative investments. The Institute records the fair value of substantially all of the Institute's alternative investments at the unadjusted net asset values provided by investment fund managers as a practical expedient. The Institute regularly monitors the valuation methodologies and practices of these investment managers.

(Dollars in Thousands)

Other financial instruments classified in Level 3 are valued according to investment managers' estimates using industry-standard methodologies, independent appraisals, and Institute models. The Institute regularly monitors the adequacy of these fair value measurements. Fair value measurements derived using specific unobservable quantitative inputs developed by the Institute were immaterial for the years ended September 30, 2013 and 2012.

The following is a summary of the levels within the fair value hierarchy for the Institute's assets and liabilities as of September 30, 2013:

	Level 1	Level 2	Level 3	2013 Total
Assets:				
Cash and cash equivalents	$ 10,209	$ -	$ -	$ 10,209
Investments:				
Short-term investments	195,902	-	-	195,902
Fixed-income securities	84,021	101,143	-	185,164
Equity securities	492,612	188,201	113,457	794,270
Alternative investments:				
Alternative securities	-	-	651,642	651,642
Private equity	-	-	196,644	196,644
Real assets	27,101	-	311,721	338,822
Real estate and other	-	-	30,119	30,119
Total investments	799,636	289,344	1,303,583	2,392,563
Beneficial interests	-	-	32,221	32,221
Defined contribution plans	17,891	21,201	20,791	59,883
Total assets	$ 827,736	$ 310,545	$1,356,595	$2,494,876
Liabilities:				
Interest rate swap	$ -	$ 32,874	$ -	$ 32,874
Defined contribution plans	17,645	20,831	20,673	59,149
Total liabilities	$ 17,645	$ 53,705	$ 20,673	$ 92,023

(Dollars in Thousands)

The following is a summary of the levels within the fair value hierarchy for the Institute's assets and liabilities as of September 30, 2012:

	Level 1	Level 2	Level 3	2012 Total
Assets:				
Cash and cash equivalents	$ 11,020	$ -	$ -	$ 11,020
Investments:				
Short-term investments	134,440	-	-	134,440
Fixed-income securities	76,213	58,120	-	134,333
Equity securities	528,046	182,055	9,989	720,090
Alternative investments:				
Alternative securities	-	-	712,110	712,110
Private equity	-	-	194,384	194,384
Real assets	30,175	-	294,414	324,589
Real estate and other	-	-	25,748	25,748
Total investments	768,874	240,175	1,236,645	2,245,694
Beneficial interests	-	-	37,116	37,116
Defined contribution plans	13,132	19,222	20,210	52,564
Total assets	$ 793,026	$ 259,397	$1,293,971	$2,346,394
Liabilities:				
Interest rate swap	$ -	$ 58,938	$ -	$ 58,938
Defined contribution plans	12,586	18,793	20,087	51,466
Total liabilities	$ 12,586	$ 77,731	$ 20,087	$ 110,404

The Institute generally uses net asset value ("NAV") to determine the fair value of investments in funds that do not have readily determinable fair values and either have certain specific attributes of an investment company or prepare their financial statements consistent with the measurement principles of an investment company. Funds valued using NAV invest in both marketable securities and securities that do not have readily determinable fair values. The fair values of the securities that do not have readily determinable fair values are determined by each fund's general partner or investment manager and are based on appraisals or other estimates that include considerations such as the cost of the securities, prices of recent significant placements of securities of the same issuer, and subsequent developments concerning the companies to which the securities relate. At September 30, 2013 and 2012, the Institute's related investments valued using NAV by major investment category were as follows:

- *Fixed-income securities* - This category includes an investment in a bond fund that invests in sovereign debt instruments of global markets. As of September 30, 2013, this category also includes an investment in a bond fund that invests in bank loans. The funds had a fair value of $52,444 and $10,866 at September 30, 2013 and 2012, respectively, and allowed for monthly redemptions with notice of ten business days.

- *Equity securities* - At September 30, 2013 and 2012, this category includes investments of $207,070 and $181,879, respectively, in funds that invest in publicly traded equity securities of companies in domestic and international markets that allowed either daily or monthly redemptions with notice ranging from zero to 90 days. At September 30, 2013, this category also included investments of $89,484 in funds that allowed redemption from annually to triennially, with 90 day notice periods.

- *Alternative securities*- This category includes investments in hedge funds whose investment objectives include earning significant risk-adjusted returns by investing and trading in various securities and financial instruments, including publicly traded and privately issued common and preferred shares of domestic and foreign companies, corporate debt, bonds, swaps, options, futures contracts and commodities. At September 30, 2013 and 2012 investments with a total fair value of $450,895 and $519,546, respectively, allowed redemptions from quarterly to triennially, with notice periods ranging from 45 to 180 days. At September 30, 2013 and 2012 investments with a total fair value of $21,286 and $75,150, respectively, allowed monthly redemptions with up to a fifteen-day notice. In addition, at September 30, 2013 and 2012 investments with a total fair value of $179,460 and $117,414, respectively, and unfunded commitments of $83,027 and $84,105, respectively, did not allow redemptions and have estimated remaining lives of up to ten years.

- *Private equity* - This category consists of several investments in private equity funds. The funds' holdings primarily include privately-owned foreign and domestic companies (or in other funds with investments in privately-owned foreign and domestic companies) in a wide variety of industries. The total unfunded commitment for these investments was $108,205 and $82,141 at September 30, 2013 and 2012, respectively. The Institute does not have any redemption rights in these investments and the investments have estimated remaining lives of up to ten years.

- *Real assets* - This category includes investments in limited partnerships that invest in foreign and domestic real estate, domestic energy, or domestic timber industries. The fair value of these investments was $311,721 and $294,414 at September 2013 and 2012, respectively. The total unfunded commitments were $122,283 and $71,682 at September 30, 2013 and 2012, respectively. The Institute does not have any redemption rights in these investments, and the investments have estimated remaining lives of up to ten years.

The methods described above may produce fair value calculations that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Institute believes its valuation methods are appropriate and consistent with those of other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in different estimates of fair value.

(Dollars in Thousands)

The following table is a summary of changes in the fair value of the Institute's Level 3 instruments for the year ended September 30, 2013:

	Beginning Balance	Gifts and Purchases	Sales and Maturities	Realized Gain/Loss	Unrealized Gain/Loss	2013 Ending Balance
Assets:						
Investments:						
Equity securities	$ 9,989	$ 100,164	$ (1,415)	$ 935	$ 3,784	$ 113,457
Alternative investments:						
Alternative securities	712,110	157,552	(293,189)	12,146	63,023	651,642
Private equity	194,384	28,730	(45,642)	21,765	(2,593)	196,644
Real assets	294,414	47,199	(45,884)	10,244	5,748	311,721
Real estate and other	25,748	2,085	(753)	435	2,604	30,119
Total investments	1,236,645	335,730	(386,883)	45,525	72,566	1,303,583
Beneficial interests	37,116	3,291	(8,780)	-	594	32,221
Defined contribution plans	20,210	1,897	(1,501)	-	185	20,791
Total assets	$ 1,293,971	$ 340,918	$ (397,164)	$ 45,525	$ 73,345	$ 1,356,595
Liabilities:						
Defined contribution plans	$ 20,087	$ 1,862	$ (1,463)	$ -	$ 187	$ 20,673
Total liabilities	$ 20,087	$ 1,862	$ (1,463)	$ -	$ 187	$ 20,673

(Dollars in Thousands)

The following table is a summary of changes in the fair value of the Institute's Level 3 instruments for the year ended September 30, 2012:

	Beginning Balance	Gifts and Purchases	Sales and Maturities	Realized Gain/Loss	Unrealized Gain/Loss	2012 Ending Balance
Assets:						
Investments:						
Equity securities	$ 7,738	$ 1,605	$ (99)	$ -	$ 745	$ 9,989
Alternative investments:						
Alternative securities	529,537	208,276	(87,548)	24,937	36,908	712,110
Private equity	192,822	25,494	(37,769)	13,897	(60)	194,384
Real assets	227,611	54,726	(46,949)	5,993	53,033	294,414
Real estate and other	22,748	3,599	(1,199)	51	549	25,748
Total investments	980,456	293,700	(173,564)	44,878	91,175	1,236,645
Beneficial interests	25,872	12,881	(2,509)	-	872	37,116
Defined contribution plans	19,608	688	(778)	-	692	20,210
Total assets	$ 1,025,936	$ 307,269	$ (176,851)	$ 44,878	$ 92,739	$ 1,293,971
Liabilities:						
Defined contribution plans	$ 19,426	$ 688	$ (719)	$ -	$ 692	$ 20,087
Total liabilities	$ 19,426	$ 688	$ (719)	$ -	$ 692	$ 20,087

The Institute records transfers between levels in the current fiscal year when there is a change in circumstances that affects the liquidity of the assets and/or the ability to observe and measure the fair value. The Institute records such transfers based on the market value at the beginning of the reporting period.

There were no transfers among levels during the years ended September 30, 2013 and 2012.

During the years ended September 30, 2013 and 2012, unrealized gains related to Level 3 assets of $502 and $459, respectively, were recorded in non-operating gifts and pledges in the statements of activities. All other realized and unrealized gains related to Level 3 investments were recorded in non-operating investment return in excess of payout in the statement of activities.

The Institute uses an interest rate swap to manage the interest rate exposure of a portion of its variable rate debt. The interest rate swap has inputs that can generally be corroborated by market data and is therefore classified as Level 2. The interest rate swap is valued using observable inputs, such as quotations received from counterparties, dealers, or brokers, whenever available and considered reliable. In instances in which models are used, the value of the interest rate swap depends upon the contractual terms of, and specific risks inherent in, the instrument, as well as the availability and reliability of observable inputs. Such inputs include market prices for reference securities, credit curves, assumptions for nonperformance risk, and correlations of such inputs.

L. Commitments and Contingencies

Contingencies

The Institute receives funding or reimbursement from agencies of the United States government for various activities that are subject to audit, and is a defendant in various legal actions incident to the conduct of its activities. Except as specifically discussed below, management does not expect that liabilities, if any, related to these audits or legal actions will have a material impact on the Institute's financial position. However, the settlement of audits or legal actions is subject to inherent uncertainties and it is possible that such liabilities, if any, will differ materially from management's current expectations.

In 1997, the Institute was named as a potentially responsible party ("PRP") by NASA under the Comprehensive Environmental Response, Compensation, and Liability Act, as amended. As a PRP, the Institute may be jointly liable for contribution towards clean-up costs, estimated to be in excess of $100,000, of the NASA/JPL Superfund site.

Officials of the Institute presently are not able to predict the impact, if any, that final resolution of this matter will have on the Institute's financial position or changes in its net assets. However, the Institute believes that it will have recourse to the United States government for any liabilities it may incur in connection with being named a PRP for that site.

Commitments

The Institute was committed under certain construction and services contracts in the amount of approximately $39,258 and $48,740 at September 30, 2013 and 2012, respectively.

At September 30, 2013 and 2012, the Institute had outstanding commitments to invest $313,515 and $237,928, respectively, with alternative investment managers and/or limited partnerships over the next ten years.

The Institute's workers' compensation insurance carrier requires that the Institute maintain an unsecured letter of credit for claims that do not exceed certain deductible amounts. At September 30, 2013 and 2012, the amount of the letter of credit facility was $10,600 and $11,350, respectively. The letter of credit was not used during the years ended September 30, 2013 and 2012, and therefore no liability has been recorded in the balance sheets.

The Institute is currently providing funding for the operation of certain local water treatment facilities, subject to reimbursement from NASA. Annual costs are not expected to exceed $5,000.

The Institute leases equipment and buildings, primarily for JPL, under operating leases expiring at various dates through 2017. Rent expense incurred under operating lease obligations was $8,549 and $9,100 for the years ended September 30, 2013 and 2012, respectively.

(Dollars in Thousands)

At September 30, 2013, future minimum payments under operating leases of greater than one year in duration were as follows:

Year Ending September 30	Amount
2014	$ 2,481
2015	1,540
2016	159
2017	18
2018	-
Total	$ 4,198

Approximately $3,671 of the future minimum lease payments listed above is expected to be recoverable from JPL under the Institute's cost-reimbursable contract with NASA.

The Institute rents housing, equipment, and building space to students, faculty, and other organizations under operating leases expiring at various dates through 2018. Rental income under operating leases was $9,825 and $8,911 at September 30, 2013 and 2012, respectively.

At September 30, 2013, minimum future rentals from operating leases of greater than one year in duration were as follows:

Year Ending September 30	Amount
2014	$ 9,877
2015	8,628
2016	8,323
2017	8,008
2018	7,761
Total	$ 42,597

(Dollars in Thousands)

M. Supplemental Cash Flow Information

The following are additional supplemental disclosures related to the statements of cash flows:

	2013	2012
Cash paid during the year for interest, net of amounts capitalized	$ 25,850	$ 14,556
Non-cash investing and financing activities:		
Securities received to satisfy pledge payments	7,227	412
In-kind receipt of securities, property, plant, and equipment	4,806	5,423
Accrued purchases of property, plant, and equipment at year end	5,023	3,413
Amounts payable for pending investments transactions	(552)	(13,160)

N. Subsequent Events

Subsequent events were evaluated through January 29, 2014, which is the date the financial statements were issued.

California Institute of Technology
Schedule of Expenditures of Federal Awards
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Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant or Contract Number	Federal Expenditures
Research and Development Cluster			
Direct Funds			
Agency for International Development			
Agency for International Development	98.UNKNOWN	00012MO000602	$ 25,989
Department of Commerce			
National Institute of Standards and Technology	11.609		524,624
National Oceanic & Atmospheric Administration	11.431		157,184
Total Department of Commerce			681,808
Department of Defense			
Air Force	12.UNKNOWN	F2TSY-A1272M001	7,834
Air Force	12.UNKNOWN	F2TSTA1332M001	(592)
Air Force	12.300		322,931
Air Force	12.630		1,327,912
Air Force	12.800		5,223,529
Air Force	12.910		732,030
Army	12.300		4,544
Army	12.420		413,103
Army	12.431		3,059,075
Army	12.910		206,189
Defense Advanced Research Projects Agency	12.UNKNOWN	W30950	261,776
Defense Advanced Research Projects Agency	12.910		3,690,256
National Geospatial-Intelligence Agency	12.630		112,493
Navy	12.UNKNOWN	N66001-10-C-2009	160,474
Navy	12.300		3,574,092
Navy	12.910		1,564,703
Office of the Secretary of Defense	12.351		330,388
Total Department of Defense			20,990,737

The accompanying notes are an integral part of this Schedule.

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Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant or Contract Number	Federal Expenditures
Research and Development Cluster (Continued)			
Direct Funds (Continued)			
Department of Energy			
Department of Energy	81.UNKNOWN	IPA CHANNING AHN	$ 122,063
Department of Energy	81.049		22,760,892
Department of Energy	81.064		552,617
Department of Energy	81.087		282,948
Department of Energy	81.112		217,493
Department of Energy	81.117		120,000
Department of Energy	81.124		2,244,720
Department of Energy	81.133		(487)
Department of Energy	81.135		764,742
Total Department of Energy			27,064,988
Department of Homeland Security			
Homeland Security Advanced Research Projects Agency	97.UNKNOWN	HSHQDC-08-C-00038	343,218
Department of Health and Human Services			
National Institutes of Health	93.121		439,000
National Institutes of Health	93.172		3,435,765
National Institutes of Health	93.173		654,932
National Institutes of Health	93.242		4,164,579
National Institutes of Health	93.279		2,483,568
National Institutes of Health	93.282		28,052
National Institutes of Health	93.286		1,813,358
National Institutes of Health	93.310		6,598,191
National Institutes of Health	93.351		599,309
National Institutes of Health	93.389		1,342,618
National Institutes of Health	93.395		2,239,030
National Institutes of Health	93.396		435,999
National Institutes of Health	93.397		2,409,514
National Institutes of Health	93.398		218,677
National Institutes of Health	93.399		(47,741)

The accompanying notes are an integral part of this Schedule.

California Institute of Technology
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Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant or Contract Number	Federal Expenditures
Research and Development Cluster (Continued)			
Direct Funds (Continued)			
Department of Health and Human Services (Continued)			
ARRA - National Institutes of Health	93.701		$ (94,677)
National Institutes of Health	93.837		141,288
National Institutes of Health	93.838		218,085
National Institutes of Health	93.847		1,451,471
National Institutes of Health	93.853		3,236,922
National Institutes of Health	93.855		3,347,364
National Institutes of Health	93.859		14,087,090
National Institutes of Health	93.865		4,713,554
National Institutes of Health	93.866		288,537
National Institutes of Health	93.867		2,708,906
Total Department of Health and Human Services			56,913,391
Department of the Interior			
United States Geological Survey	15.UNKNOWN	4500047679	66,027
United States Geological Survey	15.807		1,828,728
United States Geological Survey	15.808		532,779
Total Department of the Interior			2,427,534
Environmental Protection Agency			
United States Environmental Protection Agency (EPA)	66.509		232,073
United States Environmental Protection Agency (EPA)	66.514		13,949
Total Environmental Protection Agency			246,022

The accompanying notes are an integral part of this Schedule.

California Institute of Technology
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(exclusive of the Jet Propulsion Laboratory)
For the Year Ended September 30, 2013

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant or Contract Number	Federal Expenditures
Research and Development Cluster (Continued)			
Direct Funds (Continued)			
General Services Administration			
General Services Administration	39.UNKNOWN	GP0478497	$ 239,672
National Aeronautics and Space Administration (NASA)			
NASA	43.UNKNOWN	JSCNNJ13ZA01P	155,446
NASA	43.UNKNOWN	JSCNNJ13ZA02P	170,932
NASA	43.UNKNOWN	NNH-061IA-10P	(616)
NASA	43.UNKNOWN	NAS5-98034	91,633
NASA	43.UNKNOWN	NNG08FD60C	5,415,661
NASA	43.UNKNOWN	NNH08IA03P	209,719
NASA	43.UNKNOWN	NNH11IA01P	29,200
NASA	43.UNKNOWN	NNH11IA02P	188,635
NASA	43.UNKNOWN	NNH-11-IA05P	(449)
NASA	43.UNKNOWN	W30912	(1,274)
NASA	43.001		7,202,786
NASA	43.008		71,543
NASA	43.009		277,276
Total NASA			13,810,492
National Endowment for the Humanities			
National Endowment for the Humanities	45.161		37,087
National Science of Foundation			
National Science Foundation	47.UNKNOWN	1158655	144,806
National Science Foundation	47.UNKNOWN	Nathan Albin	108
National Science Foundation	47.041		2,613,560
National Science Foundation	47.049		75,670,149
National Science Foundation	47.050		3,570,882
National Science Foundation	47.070		3,760,039
National Science Foundation	47.074		312,178
National Science Foundation	47.075		508,008
National Science Foundation	47.076		4,625,931
National Science Foundation	47.078		75,978

The accompanying notes are an integral part of this Schedule.

California Institute of Technology
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Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant or Contract Number	Federal Expenditures
Research and Development Cluster (Continued)			
Direct Funds (Continued)			
National Science of Foundation (Continued)			
National Science Foundation	47.080		$ 105,813
ARRA - National Science Foundation	47.082		1,583,537
Total National Science Foundation			92,970,989
Total Research and Development - Direct Funds			215,751,927
Pass-Through Funds		**Pass-Through Award Number**	
Department of Agriculture			
Citrus Research and Development Foundation, Inc.	10.309	13-009NU-788	340,971
Department of Defense			
Air Force			
Brown University	12.800	00000271	172,199
Brown University	12.800	00000553	182,500
Carnegie Mellon University	12.800	1150119-294707	147,274
Georgia Institute of Technology	12.800	RA740-G1	1,177
IBM Corporation	12.910	AH3.IBMH	524,240
Illinois Institute of Technology	12.800	SA374-0609-6071	57,371
Northwestern University	12.800	PROJ0003600	233,908
Ohio State University	12.800	RF01220513	178,674
Ohio State University	12.800	60035093/GRT00027335	105,290
Princeton University	12.800	00001720	129,191
Princeton University	12.800	00002050	186,949
Stanford University	12.800	29018150-51649-C	257,562
Texas Engineering Experiment Station	12.800	A5932	177,573
UES, Inc.	12.UNKNOWN	S-875-060-006	(57,352)
University of California Berkeley	12.800	00007817	144,655
University of California Los Angeles	12.910	0145 G PA422	44,699

The accompanying notes are an integral part of this Schedule.

California Institute of Technology
Schedule of Expenditures of Federal Awards
(exclusive of the Jet Propulsion Laboratory)
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Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Award Number	Federal Expenditures
Research and Development Cluster (Continued)			
Pass-Through Funds (Continued)			
Department of Defense (Continued)			
Air Force (Continued)			
University of California Los Angeles	12.800	0160 G QA874	$ 158,675
University of California San Diego	12.800	10312818	307,780
University of California Santa Barbara	12.800	KK1224	535,537
University of Missouri	12.800	C00039417-2	133,693
University of Notre Dame	12.800	201943	41,130
University of Southern California	12.800	34278403	81,828
University of Southern California	12.UNKNOWN	Y85620	94,592
Total Air Force Pass-Through			3,839,145
Army			
Cornell University	12.910	63222-9803	283,592
Gevo, Inc.	12.400	GEVO.JP8	25,650
Imaginative Technologies, LLC	12.400	IT-001	(4,976)
Johns Hopkins University	12.630	2001515018	871,356
Pennsylvania State University	12.431	3710-CIT-USA-0124	73,433
Tanner Research, Inc.	12.400	CALTECH-W911SR-12-C-0003	406,412
University of California Berkeley	12.431	00006095	335,989
University of California Davis	12.431	201301077-01	3,872
University of California San Diego	12.431	10296067	480,920
University of California Santa Barbara	12.UNKNOWN	KK9150	2,329,112
University of Illinois	12.420	2010-04699-03	36,010
University of Pennsylvania	12.910	561587	124,165
Total Army Pass-Through			4,965,535
Navy			
BAE Systems, Inc.	12.UNKNOWN	739533	153,768
Cascade Technologies Inc.	12.300	2010-7042	55,294
Columbia University	12.300	GG001604	99,494

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Research and Development Cluster (Continued)			
Pass-Through Funds (Continued)			
Department of Defense (Continued)			
Navy (Continued)			
John Hopkins University	12.300	2000868411	$ 105,154
Massachussetts Institute of Technology	12.300	5710003358	120,150
Oceanit	12.300	002	22,982
University of California Los Angeles	12.300	1015 G NA127	135,825
University of California Los Angeles	12.300	0980 G PK234	85,804
University of California San Diego	12.300	10275845	57,539
University of Illinois	12.431	2009-03197-01	296,070
University of Pennsylvania	12.300	550162	169,049
Total Navy Pass-Through			1,301,129
Defense Advanced Research Projects Agency			
Aurrion, Inc	12.910	AURRION.EPHI	102,775
Duke University	12.910	12-DARPA-1071	54,568
HRL Laboratories, LLC	12.910	10008-002329	76,724
Johns Hopkins University	12.910	975379	810,754
Johns Hopkins University	12.910	2001253081	226
University of California Berkeley	12.910	00008161/BB00143380	147,302
University of California Berkeley	12.910	SA00007003	8,471
University of California Los Angeles	12.UNKNOWN	0142SQA028	79,668
University of California Los Angeles	12.910	0160 S MB894	21,477
University of California Los Angeles	12.910	0160 S MB961	9,022
University of California Los Angeles	12.910	0160 S MB962	12,589
University of California Los Angeles	12.910	Sub 0157 G PA105	394,011
University of California Santa Barbara	12.910	KK1123	(23,970)
Total Defense Advanced Research Projects Agency Pass-Through			1,693,617

The accompanying notes are an integral part of this Schedule.

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Research and Development Cluster (Continued)			
Pass-Through Funds (Continued)			
Department of Defense (Continued)			
Defense Threat Reduction Agency			
Kettering University	12.UNKNOWN	330233-A	$ 10,706
Kettering University	12.351	P0030022	(69)
Total Defense Threat Reduction Agency Pass-Through			10,637
Total Department of Defense Pass-Through			11,810,063
Department of Energy			
Advanced Cooling Technologies, Inc.	81.049	14074	180,580
Amerigon, Inc.	81.086	AMERGN.DOE	67,457
Argonne National Laboratory	81.UNKNOWN	2F-32261	34,358
Argonne National Laboratory	81.UNKNOWN	3F-30421	24,185
Argonne National Laboratory	81.UNKNOWN	3F-32381	3,045
Carnegie Institute	81.049	4-10114-02	93,869
Carnegie Institute	81.112	4-10469-02	63,493
Carnegie Institute	81.UNKNOWN	4-3253-02	44,205
Fermilab National Accelerator Laboratory	81.UNKNOWN	547138	222,094
Fermilab National Accelerator Laboratory	81.UNKNOWN	554897	90,250
Fermilab National Accelerator Laboratory	81.UNKNOWN	570788	151,564
Fermilab National Accelerator Laboratory	81.UNKNOWN	608659	57,802
Fermilab National Accelerator Laboratory	81.UNKNOWN	608666	863,899
Fermilab National Accelerator Laboratory	81.UNKNOWN	610159	46,346
Harvard University	81.049	130734-1	83,950
Krell Institute	81.UNKNOWN	KRELL.GRADPT	8,793
Lawrence Berkeley National Laboratory	81.UNKNOWN	7038034	30,577
Lawrence Berkeley National Laboratory	81.UNKNOWN	B597705	229,182
Lawrence Livermore National Laboratory	81.UNKNOWN	B604177	35,922
Los Alamos National Laboratory	81.UNKNOWN	118779-1	152,240
Los Alamos National Laboratory	81.UNKNOWN	197339-1	130,564
Los Alamos National Laboratory	81.UNKNOWN	217155-1/74372-001-09	52,401

The accompanying notes are an integral part of this Schedule.

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Research and Development Cluster (Continued)			
Pass-Through Funds (Continued)			
Department of Energy (Continued)			
National Security Technologies. LLC	81.UNKNOWN	146428	$ 13,093
Northwestern University	81.087	SP0003300-PROJ0005791	11,305
Oak Ridge National Laboratory	81.UNKNOWN	4000103663	226,551
Oak Ridge National Laboratory	81.UNKNOWN	4000115818	117,311
Power Environmental & Energy Research	81.087	325601-001	(3,031)
Research Partnership to Secure Energy for America	81.UNKNOWN	08122-15	124,839
Sandia National Laboratories	81.UNKNOWN	1155749	40,794
Sandia National Laboratories	81.UNKNOWN	1263763	61,582
Sandia National Laboratories	81.UNKNOWN	1375108	32,062
Stanford University	81.UNKNOWN	DOE DE-AC02-76SF00515	84,527
Stanford University	81.087	60212342-51077-I	84,452
Telescent, Inc.	81.049	DE-SC0000915	45,884
Telescent, Inc.	81.049	DE-SC0000916	45,910
University of California Los Angeles	81.087	0980 G KK369	149,999
University of Delaware	81.049	21094	279,730
University of Illinois	81.049	2013-00236-02	8,821
University of Minnesota	81.135	A002601001	419,190
University of Virginia	81.049	GQ10044-134466	295,997
University of Washington	81.049	704095	45,492
Total Department of Energy Pass-Through			4,751,284
Department of Homeland Security			
City of Los Angeles	97.008	C-121968	3,921,180
University of Rhode Island	97.061	112208/0001865	45,593
Total Department of Homeland Security Pass-Through			3,966,773

The accompanying notes are an integral part of this Schedule.

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Research and Development Cluster (Continued)			
Pass-Through Funds (Continued)			
Department of Health and Human Services			
National Institutes of Health			
Benaroya Research Institute	93.859	FY12196701	$ 206,272
Benaroya Research Institute	93.859	FY13196701	99,058
Childrens Hospital Los Angeles	93.855	512	121,485
City of Hope	93.847	22614.914994.6692	(81,824)
City of Hope	93.701	22904.910176.6697	(1,691)
Fisher Bioservices	93.UNKNOWN	FBS-50035-14	42,573
Fors Marsh Group LLC	93.UNKNOWN	FORSM.FVAP	42,062
Harvard University	93.859	137384	50,188
Harvard University	93.310	138062-5061610	142,080
Hudsonalpha Institute for Biotechnology	93.172	2009-02	52,904
Hudsonalpha Institute for Biotechnology	93.172	2013-01	1,876,546
Jackson Laboratory	93.172	201132	102,785
Jackson Laboratory	93.172	671778	347,719
Massachusetts Institute of Technology	93.UNKNOWN	5700013163	(19,442)
Massachusetts Institute of Technology	93.279	5710002669	117,985
Northwestern University	93.397	60025344CIT	28,272
Pennsylvania State University	93.701	4071-CIT-DHHS-5573	(1,921)
Pennsylvania State University	93.859	4156-CIT-DHHS-5365	53,766
Pennsylvania State University	93.172	4564-CIT-DHHS-5573	(8,176)
Science Applications International Corporation	93.UNKNOWN	11XS287	1,273,114
The Scripps Research Institute	93.279	5-23851	96,477
The Scripps Research Institute	93.279	5-50129	50,570
University of California Los Angeles	93.286	0845 G KB564	278,182
University of California Los Angeles	93.853	0845 G MA557	8,609
University of California Riverside	93.859	S-000358	(71,666)
University of California San Diego	93.UNKNOWN	10291070	35,000
University of California San Diego	93.859	35698179/S9000124	185,332
University of Colorado Denver	93.242	FY10.083.002	208,657

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Research and Development Cluster (Continued)			
Pass-Through Funds (Continued)			
Department of Health and Human Services (Continued)			
National Institutes of Health (Continued)			
University of Colorado Denver	93.242	FY10.083.003	$ 151,310
University of Florida	93.859	UF09066	(3,110)
University of Georgia	93.855	RR182-364/4688608	80,997
University of Illinois	93.847	2012-01135-02	(4,306)
University of Kansas Center for Research, Inc	93.837	QL814611	(2,151)
University of Miami	93.395	660215/M178140	49,990
University of Miami	93.395	M162725	1,881
University of New Mexico	93.701	3R85Y	5,426
University of New Mexico	93.242	3RJ60	305,803
University of Southern California	93.859	159431	42,401
University of Southern California	93.837	162272	121,046
University of Southern California	93.395	50024836	25,969
University of Texas Sothwestern Medical Center	93.859	Cons. Agmt. dated 12/7/00	(1,389)
University of Utah	93.859	10003198-02	(19,751)
University of Utah	93.859	10027535-05	270,503
University of Utah	93.859	10027535-06	408,276
University of Wisconsin	93.273	198K505	21,831
University of Wisconsin	93.859	348K434	57,574
Total National Institutes of Health Pass-Through			6,747,216
Total Department of Health and Human Services Pass-Through			6,747,216
Department of Interior			
United States Geological Survey (USGS)			
Boston Fusion Corp.	15.UNKNOWN	BF-5008-SK001	46,812
Oceanit	15.UNKNOWN	001	148,081
University of Southern California	15.UNKNOWN	10014924	71,199
University of Southern California	15.808	Y80804	204,799
University of Southern California	15.808	Y86581	285,698
Total Department of the Interior			756,589

The accompanying notes are an integral part of this Schedule.

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Award Number	Federal Expenditures
Research and Development Cluster (Continued)			
Pass-Through Funds (Continued)			
Department of State Bureau of Intelligence and Research			
National Council for Eurasion and East European Research	19.300	826-06	$ 8,742
Department of Transportation			
Virginia Tech	20.UNKNOWN	451030-19717	89,160
National Aeronautics and Space Administration (NASA)			
Analytical Mechanics Associates, Inc.	43.001	1601-TEAMS2-CAL	612,154
Carnegie Institution of Washington	43.001	7-10349-01	41,174
Center for the Advancement of Science in Space	43.001	GA-2013-101	91,135
EIC Laboratories Incorporated	43.001	EIC.PHASEII	34,377
Harvard University	43.001	131299-5039010	8,193
Johns Hopkins University	43.001	108898	97,254
Massachusetts Institute of Technology	43.001	5710002999	55,470
Massachusetts Institute of Technology	43.001	5710003277	26,338
Massachusetts Institute of Technology	43.001	5710003373	40,839
Massachusetts Institute of Technology	43.001	Subaward No. 5710002515	84,877
Monterey Bay Aquarium Research Institute	43.001	0910171	196,313
Near Space Corporation	43.001	4202	107,994
New Mexico State University	43.001	P0051129	165,498
Pennsylvania State University	43.001	3903-CIT-NASA-A76A	6,890
Princeton University	43.001	00002046	350,400
Smithsonian Astrophysical Observatory	43.001	DD2-13059X	116
Smithsonian Astrophysical Observatory	43.001	DD2-13060X	2,931
Smithsonian Astrophysical Observatory	43.001	DD2-13062X	11,630
Smithsonian Astrophysical Observatory	43.001	GO1-12122X	16,438
Smithsonian Astrophysical Observatory	43.001	GO2-13008X	30,408
Smithsonian Astrophysical Observatory	43.001	GO3-14052X	15,865
Smithsonian Astrophysical Observatory	43.001	GO3-14087X	5,119
Smithsonian Astrophysical Observatory	43.001	PF1-120089	103,591

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Research and Development Cluster (Continued)			
Pass-Through Funds (Continued)			
National Aeronautics and Space Administration (NASA) (Continued)			
Smithsonian Astrophysical Observatory	43.001	PF2-130099	$ 103,907
Smithsonian Astrophysical Observatory	43.001	PF3-140114	10,709
Southwestern Research Institute	43.001	699047X	73,530
Southwestern Research Institute	43.001	699048X	110,645
Southwestern Research Institute	43.001	699049X	36,413
Southwestern Research Institute	43.001	D99029L	1,111,264
Space Telescope Science Institute	43.001	48178	50,000
Space Telescope Science Institute	43.001	HST-AR-11769.02-A	16,379
Space Telescope Science Institute	43.001	HST-AR-12154.08-A	30,210
Space Telescope Science Institute	43.001	HST-AR-12636.04-A	5,310
Space Telescope Science Institute	43.001	HST-AR-12655.01-A	12,086
Space Telescope Science Institute	43.001	HST-G0-11702.04-A	11,458
Space Telescope Science Institute	43.001	HST-G0-11708.07-A	16,436
Space Telescope Science Institute	43.001	HST-G0-12534.01-A	110,760
Space Telescope Science Institute	43.001	HST-G0-12568.08-A	248
Space Telescope Science Institute	43.001	HST-GO-11610.02-A	6,618
Space Telescope Science Institute	43.001	HST-GO-11616.07-A	2,645
Space Telescope Science Institute	43.001	HST-GO-11622.01-A	6,972
Space Telescope Science Institute	43.001	HST-GO-11636.13-A	50,532
Space Telescope Science Institute	43.001	HST-GO-11638.01-A	6,789
Space Telescope Science Institute	43.001	HST-GO-11644.01-A	3,416
Space Telescope Science Institute	43.001	HST-GO-11696.09-A	110
Space Telescope Science Institute	43.001	HST-GO-11971.02-A	1,155
Space Telescope Science Institute	43.001	HST-GO-12055.21-A	15,823
Space Telescope Science Institute	43.001	HST-GO-12060.49-A	(9,871)
Space Telescope Science Institute	43.001	HST-GO-12177.04-A	7,644
Space Telescope Science Institute	43.001	HST-GO-12181.13-A	19,240
Space Telescope Science Institute	43.001	HST-GO-12197.01-A	4,698
Space Telescope Science Institute	43.001	HST-GO-12223.03-A	10,385
Space Telescope Science Institute	43.001	HST-GO-12233.01-A	22,893

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Research and Development Cluster (Continued)			
Pass-Through Funds (Continued)			
National Aeronautics and Space Administration (NASA) (Continued)			
Space Telescope Science Institute	43.001	HST-GO-12234.02-A	$ 3,116
Space Telescope Science Institute	43.001	HST-GO-12265.02-A	1,855
Space Telescope Science Institute	43.001	HST-GO-12283.08-A	11,236
Space Telescope Science Institute	43.001	HST-GO-12298.01-A	7,085
Space Telescope Science Institute	43.001	HST-GO-12330.01-A	(4,745)
Space Telescope Science Institute	43.001	HST-GO-12473.11-A	1,084
Space Telescope Science Institute	43.001	HST-GO-12495.02-A	15,555
Space Telescope Science Institute	43.001	HST-GO-12498.01-A	125,547
Space Telescope Science Institute	43.001	HST-GO-12524.04-A	10,469
Space Telescope Science Institute	43.001	HST-GO-12542.11-A	4,998
Space Telescope Science Institute	43.001	HST-GO-12659.01-A	2,658
Space Telescope Science Institute	43.001	HST-GO-12927.02-A	58,359
Space Telescope Science Institute	43.001	HST-GO-12949.01-A	9,236
Space Telescope Science Institute	43.001	HST-GO-12960.01-A	37,776
Space Telescope Science Institute	43.001	HST-GO-13006.01-A	2,218
Space Telescope Science Institute	43.001	HST-GO-13007.01-A	29,034
Space Telescope Science Institute	43.001	HST-GO-13021.03-A	1,006
Space Telescope Science Institute	43.001	HST-GO-13025.01-A	7,019
Space Telescope Science Institute	43.001	HST-HF-51256.01-A	5,710
Space Telescope Science Institute	43.001	HST-HF-51296.01-A	95,793
Space Telescope Science Institute	43.001	HST-HF-51313.01-A	93,095
Space Telescope Science Institute	43.001	STI-506645 / T047844	112,386
TAO of Systems Engineering, Inc.	43.001	101D021312	29,201
United Negro College Fund	43.001	UNCF.KATHLEEN	32,000
Universities Space Research Association	43.001	02212-01	60,914
Universities Space Research Association	43.001	08521-017	169,204
Universities Space Research Association	43.001	SOF-0084	11,521
Universities Space Research Association	43.001	USRA.000123	9,915
Universities Space Research Association	43.001	USRA.000456	11,782
University of Arizona	43.001	30981	9,726
University of California Berkeley	43.001	SA2715-26309	134,033
University of California Los Angeles	43.001	0995-S-MA048	55,630

The accompanying notes are an integral part of this Schedule.

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Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Award Number	Federal Expenditures
Research and Development Cluster (Continued)			
Pass-Through Funds (Continued)			
National Aeronautics and Space Administration (NASA) (Continued)			
University of California San Diego	43.001	32377315	$ 39,824
University of California Irvine	43.001	2010-2483	70,866
University of Houston	43.001	R-13-0027	32,821
University of Southern California	43.001	38485892	5,516
University of Washington	43.001	596856	10,939
University of Wisconsin-Milwaukee	43.001	474K961	3,550
Washington University in St. Louis	43.001	WU-HT-10-14/2911192A	18,703
Total National Aeronautics and Space Administration Pass-Through			5,290,043
National Science Foundation			
Arizona State University	47.041	12-729	328,732
California Association For Research In Astronomy	47.UNKNOWN	PO 24565	11,038
Carnegie Mellon University	47.079	1121550-259731	281,328
College of William and Mary	47.049	713951-712687	70,337
Computing Research Association	47.070	CIF-C-202	(2,551)
Consortium for Ocean Leadership	47.050	T339A89	532
Cornell University	47.049	46514-8592	(427)
Cornell University	47.049	63433-10071	18,235
Emory University	47.049	T082424	113,707
Harvard University	47.078	131268	4,890
Harvard University	47.078	5064956-131340	325,334
Incorporated Research Institute for Seismology	47.050	38-GSN	21,884
Incorporated Research Institute for Seismology	47.050	46-DMS	15,223
Internet2	47.082	109-01	100,745
Large Synoptic Survey Telescope Corporation	47.049	C44040L	234,994
LC Vision, LLC	47.041	IIP-1058604	6,744
Louisiana State University	47.082	55893	2,485
Louisiana State University	47.080	62973	130,595

The accompanying notes are an integral part of this Schedule.

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Research and Development Cluster (Continued)			
Pass-Through Funds (Continued)			
National Science Foundation (Continued)			
National Bureau of Economic Research, Inc.	47.075	34-3519-02-0-79-981	$ 48,296
National Radio Astronomy Observatory	47.UNKNOWN	337416	8,039
National Radio Astronomy Observatory	47.UNKNOWN	337419	9,190
National Radio Astronomy Observatory	47.UNKNOWN	339014	41,014
National Radio Astronomy Observatory	47.UNKNOWN	339998	126
National Radio Astronomy Observatory	47.UNKNOWN	340516	31,127
National Radio Astronomy Observatory	47.UNKNOWN	341271	3,000
National Radio Astronomy Observatory	47.UNKNOWN	341472	14,747
New Jersey Institute	47.082	995614	104,922
New Jersey Institute	47.049	NJIT.EXPANOPS	47,765
Princeton University	47.049	00002009	753,370
Protabit LLC	47.041	CIT1215234	49,999
Protabit LLC	47.041	P-1332185	49,164
Stanford University	47.082	24472250-44193-B	42,165
Stanford University	47.082	25315690-46990-A	87,758
Stanford University	47.049	60078899-105579-C	140,891
University of Arizona	47.041	Y502628	34,758
University of California Berkeley	47.041	00007090	61,543
University of California Los Angeles	47.082	0995 G PB241	3,532
University of California, Davis	47.050	200911281-03	463
University of Connecticut	47.041	7150	15,921
University of Southern California	47.041	H31068	180,145
University of Southern California	47.050	Y86197	31,912
University of Wisconsin-Milwaukee	47.049	123405532	69,620
University of Wisconsin-Milwaukee	47.049	K083644	6,240
Virtual Astronomical Observatory, Inc.	47.049	2010-08(1)	230,544
W.M. Keck Observatory	47.049	10339	376,244
W.M. Keck Observatory	47.049	10742	(160,563)

The accompanying notes are an integral part of this Schedule.

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Research and Development Cluster (Continued)			
Pass-Through Funds (Continued)			
National Science Foundation (Continued)			
W.M. Keck Observatory	47.049	11523	$ 1,725,080
Washington University	47.041	120239 G003227	668
Total National Science Foundation - Pass-Through Funds			5,671,505
Total Research and Development - Pass-Through Funds			39,432,346
Total Research and Development Cluster			255,184,273
			255,184,273
Student Financial Aid Cluster			
Direct Funds			
Department of Education			
Federal Work Study Program	84.033		421,862
Federal Supplemental Educational Opportunity Grant	84.007		420,347
Federal Pell Grant Program	84.063		446,461
Total Student Financial Aid Cluster			1,288,670
Total Expenditures of Federal Awards			$ 256,472,943

The accompanying notes are an integral part of this Schedule.

1. Summary of Significant Accounting Policies

General

The California Institute of Technology (the "Institute") is a private, not-for-profit institution of higher education based in Pasadena, California. The Institute provides education and training services, primarily for students at the undergraduate, graduate, and postdoctoral levels, and performs research, training, and other services under grants, contracts, and similar agreements with sponsoring organizations, primarily departments and agencies of the United States government. The awards set forth in this Schedule do not include amounts related to the Jet Propulsion Laboratory ("JPL") which is a National Aeronautics and Space Administration ("NASA") Federally Funded Research and Development Center ("FFRDC") managed by the Institute. Please refer to the separate audited financial statements and related OMB Circular A-133 reports for JPL.

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") has been prepared on the cash basis of accounting and in accordance with the Office of Management and Budget ("OMB") Circular A-133, *Audits of States, Local Governments and Not-for-Profit Organizations*. The Schedule summarizes the expenditures of the Institute under programs of the federal government for the year ended September 30, 2013, except those related to JPL. Because the Schedule presents only a selected portion of the operations of the Institute, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Institute in accordance with accounting principles generally accepted in the United States of America.

Expenditures for direct costs are recognized as incurred using the cash basis of accounting and the cost accounting principles contained in OMB Circular A-21, *Cost Principles for Educational Institutions*. Under those cost principles, certain types of expenditures are not allowable or are limited as to reimbursements. Moreover, expenditures include a portion of costs associated with general institution activities (facilities and administrative costs) which are allocated to awards under negotiated formulas commonly referred to as indirect cost rates.

Negative balances reflected in the Schedule represent adjustments to expenditures under awards made in prior years.

The Institute receives funding or reimbursement from Federal Government agencies primarily for research under government grants and contracts. Grants and contracts provide for reimbursement of indirect costs based on rates negotiated with the Department of Defense's Office of Naval Research ("ONR"), the Institute's cognizant federal agency. The Institute's indirect cost reimbursements traditionally have been based on fixed rates with carry forward of under- or over-recoveries. However, the Institute's FY2008 indirect cost reimbursements were based on a predetermined rate. In addition, ONR has approved fixed with carry forward rates for FY2009 and FY2010, and predetermined rates for FY2011, FY2012, and FY2013. ONR engages the Defense Contract Audit Agency ("DCAA") to audit both direct and indirect charges to the Institute's grants and contracts. Actual incurred costs for the year ended September 30, 2007 have been audited by DCAA but not yet finalized and, in the opinion of management, the results of such audit will not have a material impact on the Schedule. Actual incurred costs for FY2009 and FY2010 have been submitted for audit by DCAA and, in the opinion of management, the results of such audits will not have a material impact on the Schedule. An incurred cost rate audit will not be required for FY 2008, FY2011, FY2012, or FY2013 because those rates are predetermined.

1. Summary of Significant Accounting Policies (Continued)

The Institute discloses its accounting policies for the purposes of direct costs and facilities and administrative costs in a Disclosure Statement in accordance with Cost Accounting Standards. Revision 11 to the Disclosure Statement has been submitted by the Institute and is currently being reviewed by DCAA. All amendments and updates through Revision 9 have been approved by ONR.

For purposes of the Schedule, federal awards include all grants, contracts and similar agreements entered into directly between the Institute and agencies and departments of the federal government and all subawards to the Institute by nonfederal organizations pursuant to federal grants, contracts and similar agreements.

2. Loan Advances

During the year ended September 30, 2013, the Institute advanced loans totaling $900,715 for the Federal Perkins Loan Program (CFDA Number 84.038). The outstanding balance at September 30, 2013 was $4,873,089. The Federal Perkins Loan Program is administered directly by the Institute. Balances and transactions related to this program are included in the Institute's financial statements. The Institute charged $91,969 of administrative cost allowance to the Federal Perkins Loan Program for the year ended September 30, 2013. The amount of Federal Perkins Loan principal cancelled (CFDA Number 84.037) during the year ended September 30, 2013 was $2,719.

3. Federal Direct Loan Program

During the year ended September 30, 2013, the Institute processed $921,087 of new loans under the Federal Direct Loan Program (CFDA Number 84.268), (which includes Subsidized Stafford Loans, Parent Loans for Undergraduate Students and Unsubsidized Stafford Loans). The amount disbursed to students (excluding origination fees) was $895,350. There are no outstanding balances under these loan programs.

4. Transfers

During the year ended September 30, 2013, the Institute transferred $128,966 from the Federal Work Study Program ("FWS") to the Federal Supplemental Educational Opportunity Grant Program ("FSEOG"). The transferred amounts are reflected as revenues/expenditures recognized in the program in which the funds were expended.

5. Federal Work Study Carry-forwards

During the year ended September 30, 2013, there were no FWS carry-forwards from the year ended September 30, 2012. The Institute carried back $33,481 from the year ended September 30, 2013 that was spent in the year ended September 30, 2012. The Institute carried back to the year ended September 30, 2013, $404 from year ending September 30, 2014. The carry forward/back amounts are reflected as revenues/expenditures recognized in the year in which the funds were expended. The Institute did not charge any administrative cost allowance to the Federal Work Study Program for the year ended September 30, 2013.

6. Subrecipient Pass-Throughs

Of the federal expenditures presented in the Schedule, the Institute provided federal awards to subrecipients from the Institute's research and development cluster as follows:

Program Title		Amount Provided to Subrecipients
Department of Defense		
Air Force Office of Scientific Research	$	1,425,405
Army Research Office		1,036,050
Defense Advanced Research Projects Agency		1,359,500
US Navy		451,215
		4,272,170
Department of Energy		
Department of Energy		1,584,949
Department of Health and Human Services		
National Institutes of Health		9,585,815
Environmental Protection Agency		
Environmental Protection Agency		166,499
National Aeronautics & Space Administration		
National Aeronautics & Space Administration		4,993,807
Space Telescope Science Institute		16,436
		5,010,243
National Science Foundation		
National Science Foundation		9,625,724
United States Geological Survey		
United States Geological Survey		4,050
Total Amount Provided to Subrecipients	$	30,249,450

7. Contingencies

The amounts expended by the Institute under federal programs are subject to audit by governmental agencies. The Institute believes that any liabilities arising from such audits will not have a material impact on the Institute's financial position.

Independent Auditor's 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*

To the Board of Trustees of the
California Institute of Technology

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 financial statements of the California Institute of Technology (the "Institute"), which comprise the balance sheets as of September 30, 2013 and 2012, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated January 29, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Institute'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 Institute's internal control. Accordingly, we do not express an opinion on the effectiveness of the Institute'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 Institute's 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

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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.

PricewaterhouseCoopers LLP

January 29, 2014

Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

To the Board of Trustees of the
California Institute of Technology

Compliance

We have audited the compliance of the California Institute of Technology (the "Institute") with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2013. The Institute's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The Institute's financial statements include the operations of the Jet Propulsion Laboratory (a Federally Funded Research and Development Center managed by the Institute), which incurred $1,397,131,000 in federal expenditures. These expenditures are not included in the Institute's schedule of expenditures of federal awards for the year ended September 30, 2013. Our audit of the Institute's federal awards did not include the operations of the Jet Propulsion Laboratory because it is audited and reported upon as a separate entity pursuant to Section 200(e) of OMB Circular A-133 and is, therefore, out of the scope of this audit.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Institute's major federal 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Institute'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 program. However, our audit does not provide a legal determination of the Institute's compliance.

Opinion on Each Major Federal Program

In our opinion, the Institute 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 programs for the year ended September 30, 2013.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2013-001. Our opinion on the major federal program is not modified with respect to this matter.

The Institute's response to the noncompliance finding identified in our audit is described in the accompanying Management's Views and Corrective Action Plan. The Institute'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 Institute 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 Institute's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal 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 program 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 the Institute's internal control over compliance.

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

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 based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

PricewaterhouseCoopers LLP

May 5, 2014

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified that are not considered to be material weakness(es)?	None Reported
Noncompliance material to the financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified that are not considered to be material weakness(es)?	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings that are required to be reported in accordance with OMB Circular A-133?	Yes

Identification of major programs:

Program Name	**CFDA Number**
Research and Development Cluster	Various

Dollar threshold used to distinguish between type A and type B programs:	$3,000,000
Auditee qualified as a low-risk auditee?	Yes

SECTION II – FINANCIAL REPORTING FINDINGS

None reported

Section III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2013-001: Federal Funding Accountability and Transparency Act (FFATA) Reporting Not Performed Timely

Sponsor Award Number: HR0011-12-C-0065, R01AI096226, P01AI100148A

Sponsoring Agency: Defense Advance Research Project Agency, National Institutes of Health

CFDA Number: 12.910, 93.855

Institute Award Number: DARPA.ATCG, NIH.FLUOROFM, NIH.P01AI100148

Condition
In testing the Institute's reporting of subrecipients subject to the FFATA, we sampled ten reports from a population of 55 reports. This represents reports for seven subrecipients involving subawards of $2,100,000 out of a total population of subawards of $38,800,000. We noted that FFATA reporting was performed for all awards tested. However, for three of the ten reports tested, we noted that FFATA reporting was not performed timely. One report was submitted 31 days past the deadline, and one report was submitted 22 days past the deadline and the final report was submitted one day past the deadline.

Citation
2 CFR part 170.200 and Appendix A.

Criteria
When utilizing subrecipients to perform certain tasks under receipt of federal awards, the Institute is responsible for reporting those subawards that are subject to FFATA requirements on a timely basis on USASpending.gov to ensure that information is made available to the public.

Questioned Costs
None identified.

Cause
Management implemented a process for reporting of subawards subject to FFATA that was not adequate to ensure all required subawards were being identified. Management's process did not enable timely communication between the office responsible for identifying award modifications and the office responsible for reporting modifications. Additionally, management did not have a mechanism to track all required subawards to ensure FFATA reporting was performed timely.

Effect
Failure to follow FFATA reporting for subawards does not allow for full transparency of how the Institute is using Federal funding.

Recommendation
We recommend that the Institute enhance the controls and processes for timely FFATA reporting. The Institute should create a report to identify all awards to be reported and the applicable deadlines.

Management's Views and Corrective Action Plan
Management's views and corrective action plan is included at the end of this report.

Condition

In testing the Institute's reporting of subrecipients subject to the Federal Funding Accountability and Transparency Act, PwC sampled seven files involving subawards of $2,900,000 out of a total population of subawards of $10,300,000. PwC noted that FFATA reporting was performed for all awards tested. However, for three of the seven subrecipients tested, PwC noted that FFATA reporting was performed 29 days after the deadline.

Current Status

Refer to Finding 2013-001 and Management's Views and Corrective Action Plan included at the end of this report.

CALIFORNIA INSTITUTE OF TECHNOLOGY

Pasadena, California 91125

Office of the Associate Vice President for Research Administration
Financial Services Administration Building, Mail Code 201-15
626-395-6073

May 5, 2014

PricewaterhouseCoopers LLP
350 South Grand Avenue
Los Angeles, California 90071-2889

Subject: California Institute of Technology Management's Views and Corrective Action Plan

Reference: OMB Circular A-133 Audit for Fiscal Year 2013

Enclosed is the California Institute of Technology's OMB Circular A-133 Management's Views and Corrective Action Plan for fiscal year ended September 30, 2013.

Please feel free to call me if any further information or clarification is required.

Sincerely,

Richard Seligman

Richard P. Seligman
Associate Vice President for Research Administration

Enclosure

CALIFORNIA INSTITUTE OF TECHNOLOGY

Pasadena, California 91125

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Fiscal Year 2013

Finding Number	**Condition**	**Management's Views and Corrective Action Plan**	**Responsible Individual**	**Planned Completion Date**
2013-001	In testing the Institute's reporting of subrecipients subject to the Federal Funding Accountability and Transparency Act, we sampled ten reports from a population of 55 reports. This represents reports for seven subrecipients involving subawards of $2,100,000 out of a total population of subawards of $38,800,000. We noted that FFATA reporting was performed for all awards tested. However, for three of the ten reports tested, we noted that FFATA reporting was not performed timely. One report was submitted 31 days past the deadline, and one report was submitted 22 days past the deadline and the final report was submitted 1 day past the deadline.	During FY2012-13, Caltech has continued to fine-tune the data extract that provides the information necessary for FFATA reporting. The FFATA Subaward Reporting System, the Federal database to which Caltech submits its FFATA reports, does not contain 100% accurate information regarding FFATA covered awards. In order to increase accuracy with FFATA compliance and to eliminate late reports, the Caltech Office of Sponsored Research now validates each month those federal awards subject to FFATA. This ensures that all subawards issued from covered awards are captured in the monthly reports submitted to the FFATA Subaward Reporting System. Also, given that all of the information reported under FFATA is managed by Caltech's Procurement Services, Caltech's Office of Sponsored Research will be transitioning this reporting requirement to Procurement Services by 9/30/2014.	Director, Office of Sponsored Research	10/01/2014