

Woods Hole Oceanographic Institution

Report on Federal Awards in Accordance with OMB

Circular A-133

December 31, 2014

EIN #042105850

Woods Hole Oceanographic Institution

Index

December 31, 2014

	Page(s)
Part I - Financial Statements and Supplementary Schedule of Expenditures of Federal Awards	
Independent Auditor's Report	1-2
Financial Statements and Notes to Financial Statements	3-31
Schedule of Expenditures of Federal Awards	32-38
Notes to Schedule of Expenditures of Federal Awards	39
Part II - Reports on Internal Control and Compliance and Other Matters	
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 <i>Government Auditing Standards</i>	41-42
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	43-44
Part III - Audit Findings and Management's Views and Corrective Action Plan	
Schedule of Findings and Questioned Costs	46-47
Summary Schedule of Prior Audit Findings	48-49



Independent Auditor's Report

To The Board of Trustees of
Woods Hole Oceanographic Institution

We have audited the accompanying financial statements of Woods Hole Oceanographic Institution (the "Institution"), which comprise the statement of financial position as of December 31, 2014 and the related statements of activities and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 Institution'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 Institution'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.



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Institution as of December 31, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

We have previously audited the Institution's 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 18, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.

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 for the year ended December 31, 2014 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 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 July 16, 2015 on our consideration of Institution's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Institution's internal control over financial reporting and compliance.

PricewaterhouseCoopers LLP

July 16, 2015

Woods Hole Oceanographic Institution
Statements of Financial Position
December 31, 2014
(with summarized financial information as of December 31, 2013)

	2014	2013			
Assets					
Cash and cash equivalents, unrestricted	\$ 11,010,279	\$ 4,001,627			
Cash and cash equivalents, restricted	18,523,887	15,999,175			
Reimbursable costs and fees					
Billed (net of allowance for doubtful accounts of \$82,991 for 2014 and \$87,572 for 2013)	5,321,049	3,971,504			
Unbilled	13,888,409	8,617,539			
Receivable for investments sold	27,966,317	27,209,044			
Other receivables	1,056,749	1,339,285			
Pledges receivable, net (Note 5)	2,938,692	1,681,530			
Inventory	2,733,210	2,463,237			
Deferred charges and prepaid expenses	458,285	1,190,527			
Investments, pooled (Note 3)	395,955,579	381,828,394			
Investments designated for retiree and active medical plans (Note 10)	14,554,766	13,765,163			
Deferred fixed rate variance (Note 7)	-	1,772,893			
Supplemental retirement	9,922,383	9,290,422			
Other assets	2,336,103	3,605,701			
Deferred financing costs	183,654	194,184			
	<u>506,849,362</u>	<u>476,930,225</u>			
Property, plant and equipment					
Land, buildings and improvements	164,821,690	162,000,071			
Vessels and dock facilities	9,222,053	8,388,154			
Laboratory and other equipment	36,896,147	34,354,645			
Construction in process	353,514	247,660			
	<u>211,293,404</u>	<u>204,990,530</u>			
Accumulated depreciation	<u>(126,297,946)</u>	<u>(117,654,708)</u>			
Net property, plant and equipment	<u>84,995,458</u>	<u>87,335,822</u>			
Contributions receivable from remainder trusts, net (Note 6)	<u>10,990,101</u>	<u>10,985,260</u>			
Total assets	<u>\$ 602,834,921</u>	<u>\$ 575,251,307</u>			
Liabilities					
Line of credit (Note 8)	\$ 25,000,000	\$ 25,000,000			
Accounts payable and other liabilities (Note 8)	20,271,905	14,555,392			
Accrued payroll and related liabilities	8,916,207	8,800,186			
Accrued supplemental retirement benefits (Note 9)	9,922,383	9,290,422			
Accrued pension liability (Note 9)	112,537,666	66,503,087			
Accrued postretirement liability (Note 10)	38,692,629	30,586,416			
Deferred fixed rate variances (Note 7)	980,996	-			
Deferred revenue and refundable advances	21,163,371	19,410,792			
Bonds payable (Note 8)	55,941,613	57,560,542			
Total liabilities	<u>\$ 293,426,770</u>	<u>\$ 231,706,837</u>			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2014</u>	<u>2013</u>
Net assets					
Undesignated and plant	\$ (7,559,076)	\$ -	\$ -	\$ (7,559,076)	\$ (11,623,660)
Pension	(136,675,529)	-	-	(136,675,529)	(83,324,340)
Designated	2,023,033	9,546,630	-	11,569,663	11,939,504
Pledges and other	-	4,135,739	10,980,581	15,116,320	13,854,754
Education	-	3,034,877	-	3,034,877	3,660,774
Endowment and similar funds	93,763,842	251,279,093	78,878,961	423,921,896	409,037,438
Total net assets	<u>\$ (48,447,730)</u>	<u>\$ 267,996,339</u>	<u>\$ 89,859,542</u>	<u>309,408,151</u>	<u>343,544,470</u>
Total liabilities and net assets	<u>\$ 602,834,921</u>	<u>\$ 575,251,307</u>			

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

Woods Hole Oceanographic Institution
Statements of Activities
Year Ended December 31, 2014
(with summarized financial information for the Year Ended December 31, 2013)

	Unrestricted		Temporarily Restricted	Permanently Restricted	2014	2013
	Operating	Sponsored Research				
Revenues						
Fees	\$ 1,306,522	\$ -	\$ -	\$ -	\$ 1,306,522	\$ 1,541,866
Sponsored research						
Government		96,194,654			96,194,654	97,234,446
Subcontract and nongovernment		78,951,475	5,903,054		84,854,529	68,901,392
Ships and subs operations		29,974,693			29,974,693	24,439,293
Sponsored research assets released to operations	211,245,783	(205,120,822)	(6,124,961)		-	-
Fixed price awards income	417,919				417,919	345,526
Education						
Joint program income	4,013,139				4,013,139	4,040,652
Endowment income			7,169,376		7,169,376	6,869,748
Education funds released from restriction	8,470,471		(8,470,471)		-	-
Investment return designated for current operations	4,136,570				4,136,570	4,008,899
Contributions and gifts	3,587,410		1,600,615	3,878,235	9,066,260	7,828,777
Releases from restrictions			(777,303)		(777,303)	(679,626)
Contributions in kind	289,474				289,474	326,138
Rental income	549,788				549,788	578,223
Communication and publications	165,554				165,554	203,821
Other	559,661				559,661	234,023
Gain on sale of property	807,808				807,808	527,673
Total revenues	<u>235,550,099</u>	<u>-</u>	<u>(699,690)</u>	<u>3,878,235</u>	<u>238,728,644</u>	<u>216,400,851</u>
Expenses						
Sponsored research						
Government	96,194,654				96,194,654	97,234,446
Subcontracts and nongovernment	85,076,436				85,076,436	68,333,028
Ships and subs operations	29,974,693				29,974,693	24,439,293
Education	10,989,228				10,989,228	9,822,088
Rental expenses	401,657				401,657	292,480
Communication, Publications and Development	3,172,734				3,172,734	4,105,580
Un-sponsored programs	10,250,639				10,250,639	11,096,728
Other expenses	1,535,651				1,535,651	1,092,482
Total expenses	<u>237,595,692</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>237,595,692</u>	<u>216,416,125</u>
Change in net assets from operating activities	(2,045,593)	-	(699,690)	3,878,235	1,132,952	(15,274)
Nonoperating revenue and expenses						
Investment return in excess of amounts designated for sponsored research, education and current operations	4,667,643		17,432,458		22,100,101	37,111,449
Return on investments for retiree and active medical plans	1,737,426				1,737,426	319,619
Active medical expenses					-	(3,000,000)
Net realized/unrealized (losses) gains on interest rate swap	(3,929,745)				(3,929,745)	2,714,059
Change in split interest agreements	52,219		(21,011)	(10,842)	20,366	1,219,024
Other nonoperating expenses	(108,804)				(108,804)	(135,244)
Net periodic benefit cost	71,927				71,927	(9,172,870)
Pension related changes other than net periodic pension costs (Note 9)	(55,160,542)				(55,160,542)	53,258,374
Change in net assets from nonoperating activities	<u>(52,669,876)</u>	<u>-</u>	<u>17,411,447</u>	<u>(10,842)</u>	<u>(35,269,271)</u>	<u>82,314,411</u>
Total change in net assets	(54,715,469)	-	16,711,757	3,867,393	(34,136,319)	82,299,137
Net assets at beginning of year	6,267,739	-	251,284,582	85,992,149	343,544,470	261,245,333
Net assets at end of year	<u>\$ (48,447,730)</u>	<u>\$ -</u>	<u>\$ 267,996,339</u>	<u>\$ 89,859,542</u>	<u>\$ 309,408,151</u>	<u>\$ 343,544,470</u>

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

Woods Hole Oceanographic Institution

Statements of Cash Flows

Years Ended December 31, 2014 and 2013

	2014	2013
Cash flows from operating activities		
Total change in net assets	\$ (34,136,319)	\$ 82,299,137
Adjustments to reconcile (decrease) in net assets to net cash used in operating activities		
Depreciation and amortization	9,806,692	9,238,065
Change in split interest agreements	(20,366)	(1,219,024)
Allowance for uncollectible pledges	99,300	(2,000)
Discount on pledges	58,355	(159,771)
Net realized and unrealized gain on investments	(40,368,386)	(54,540,356)
Unrealized loss (gain) loss on interest swap	2,221,689	(4,463,870)
Pension related changes other than net periodic pension costs	55,160,542	(53,258,374)
Contributions to be used for long-term investment	(2,757,354)	(2,142,811)
Gift of property	(500,000)	(1,360,000)
Gain on sale of property	(807,808)	(527,673)
Receipt of contributed securities	(195,372)	(256,547)
Liquidation of contributed securities	325,116	359,478
(Increase) decrease in assets		
Restricted cash	(2,524,712)	(3,805,867)
Reimbursable costs and fees		
Billed	(1,349,545)	1,662,359
Unbilled	(5,270,870)	1,234,144
Other receivables	282,536	122,874
Pledges receivable	(1,414,817)	343,741
Inventory	(269,973)	(269,046)
Deferred charges and prepaid expenses	732,242	(363,360)
Other assets	409,598	(10,009)
Remainder trusts	(4,841)	-
Deferred financing costs	10,530	10,529
Supplemental retirement	(631,961)	(1,467,869)
Deferred fixed rate variance	1,772,893	2,813,584
Increase (decrease) in liabilities		
Accrued pension and postretirement liability	(1,019,750)	8,185,686
Accrued pension liability restoration	-	2,745
Accounts payable and other liabilities	3,012,790	(92,647)
Accrued payroll and related liabilities	116,021	(139,830)
Deferred revenue and refundable advances	1,752,579	3,369,439
Deferred fixed rate variances	980,996	-
Accrued supplemental retirement benefits	631,961	1,467,869
Net cash used in operating activities	(13,898,234)	(12,969,404)
Cash flows from investing activities		
Capital expenditures		
Additions to property and equipment	(7,141,120)	(7,272,386)
Endowment and other		
Purchase of investments	(80,393,496)	(154,325,201)
Sale of investments	104,767,527	191,479,092
Receivable for investments sold	(757,273)	(17,680,706)
Proceeds from the sale of investments designated for retiree and active medical plans	947,823	-
Proceeds from sale of property	2,345,000	815,000
Net cash provided by investing activities	19,768,461	13,015,799
Cash flows from financing activities		
Repayments under debt agreement	(1,618,929)	(1,558,929)
Borrowing under line of credit	27,000,000	31,000,000
Repayments under line of credit	(27,000,000)	(31,000,000)
Contributions to be used for long-term investment	2,757,354	2,142,811
Net cash provided by financing activities	1,138,425	583,882
Net increase in cash and cash equivalents	7,008,652	630,277
Cash and cash equivalents		
Beginning of year	4,001,627	3,371,350
End of year	\$ 11,010,279	\$ 4,001,627
Supplemental disclosures		
Cash paid for interest	\$ 5,125,209	\$ 4,801,376
Noncash activity		
Construction in process additions remaining in accounts payable	874,681	372,281
Contributed securities	195,372	256,547
Contributed property	500,000	1,360,000

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

Woods Hole Oceanographic Institution

Notes to Financial Statements

December 31, 2014 and 2013

1. Background

Woods Hole Oceanographic Institution (the "Institution") is a private, independent not-for-profit research and educational institution located in Woods Hole, Massachusetts. Founded in 1930, the Institution is dedicated to working and learning at the frontier of ocean science and attaining maximum return on intellectual and material investments in oceanographic research.

The Institution is a qualified tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code as it is organized and operated for education and scientific purposes.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis and in accordance with accounting principles generally accepted in the United States of America.

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Institution's audited financial statements for the year ended December 31, 2013, from which the summarized information was derived.

Net assets, revenues, and realized and unrealized gains and losses are classified based on the existence or absence of donor-imposed restrictions and legal restrictions imposed under Massachusetts State law. Accordingly, net assets and changes therein are classified as follows:

Permanently Restricted Net Assets

Permanently restricted net assets are subject to donor-imposed stipulations that they be maintained permanently by the Institution. Generally the donors of these assets permit the Institution to use all or part of the income earned and capital appreciation, if any, on related investments for general or specific purposes.

Temporarily Restricted Net Assets

Temporarily restricted net assets are subject to donor-imposed stipulations that may or will be met by actions of the Institution and/or the passage of time. Unspent gains on permanent endowment are classified as temporarily restricted until the Institution appropriates and spends such sums in accordance with the terms of the underlying endowment funds and in accordance with Massachusetts law, at which time they will be released to unrestricted revenues.

Unrestricted Net Assets

Unrestricted net assets are not subject to donor-imposed stipulations. Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or law. Expirations of temporary restrictions on net assets, that is, the donor-imposed stipulated purpose has been accomplished and/or the stipulated time period has elapsed, are reported as reclassifications between the applicable classes of net assets. Amounts received for sponsored research (under exchange transactions) are reflected in unrestricted sponsored research revenue and released to

Woods Hole Oceanographic Institution

Notes to Financial Statements

December 31, 2014 and 2013

operations when spent for the appropriate purpose, or as deferred revenue if expenditures have yet to be incurred.

Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Contributions subject to donor-imposed stipulations that are met in the same reporting period are reported as unrestricted support. Promises to give that are scheduled to be received after the balance sheet date are shown as increases in temporarily restricted net assets and are reclassified to unrestricted net assets when the purpose or restriction is met. Promises to give, subject to donor-imposed stipulations that the corpus be maintained permanently, are recognized as increases in permanently restricted net assets. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions other than cash are generally recorded at market value on the date of the gift (or an estimate of fair value); although certain noncash gifts, for which a readily determinable market value cannot be established, are recorded at a nominal value until such time as the value becomes known. Contributed securities are sold immediately upon receipt. Contributions to be received after one year are discounted at the appropriate rate commensurate with risk. Amortization of such discount is recorded as additional contribution revenue in accordance with restrictions imposed by the donor on the original contribution, as applicable. Amounts receivable for contributions are reflected net of an applicable reserve for collectibility.

The Institution reports contributions in the form of land, buildings, or equipment as unrestricted operating support at fair market value when received.

Dividends, interest and net gains on investments of endowment and similar funds are reported as follows:

- As increases in permanently restricted net assets if the terms of the gift require that they be added to the principal of a permanent endowment fund;
- As increases in temporarily restricted net assets if the terms of the gift or relevant state law impose restrictions on the current use of the income or net realized and unrealized gains; and
- As increases in unrestricted net assets in all other cases.

Operations

The statement of activities reports the Institution's operating and nonoperating activities. Operating revenues and expenses consist of those activities attributable to the Institution's current annual research or educational programs, all gifts received and a component of endowment income appropriated for operations (Note 3). Unrestricted endowment investment income, gains and losses over the amount appropriated under the Institution's spending plan are reported as nonoperating revenue (expense) as investment return in excess of amounts designated for sponsored research, education and current operations.

Nonoperating revenues (expenses) also include the change in value of split interest agreements, realized/unrealized (losses) gains on interest rate swaps, and the net periodic pension income (cost) on the noncontributory defined benefit pension plan that is not reimbursed through negotiated fixed rate agreements with the federal government. Additionally, nonoperating activities include redesignation of donor gifts, depreciation on certain government-funded facilities and pension related changes other than net periodic pension costs.

Woods Hole Oceanographic Institution

Notes to Financial Statements

December 31, 2014 and 2013

As a result of an amendment to the postretirement health plan, in 2012 and forward, the Institution recognized the return on investments designated for retiree and active medical plan expenses, and actual active and retiree medical expenses as nonoperating activities when these expenses are funded by withdrawals from the postretirement plan (Note 10).

Cash and Cash Equivalents

Cash and cash equivalents consist of cash, money market accounts, certificates of deposit and overnight repurchase agreements with initial maturities of three months or less when purchased which are stated at cost, which approximates market value.

The Institution invests its cash and cash equivalents in money market funds at a financial institution which fully ensures the balances held.

Included in restricted cash at December 31, 2014 and 2013 is \$18,268,306 and \$15,744,993, respectively, representing advances received from the United States Navy, other U.S. Government and state agencies and others. Such amounts are restricted as to use for research programs. Interest earned on unspent funds from federal agencies is remitted to the federal government.

Also included in restricted cash at December 31, 2014 and 2013 is \$255,581 and \$254,182, respectively, representing cash restricted by the Massachusetts Radiation Control Program and Department of Environmental Protection. Interest earned on unspent funds is reinvested within the restricted cash account.

Investments

Investment securities are carried at market value and determined as follows: securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the year; securities traded in the over-the-counter market and listed securities for which no sales prices were reported on that day are valued at closing bid prices. The value of publicly traded securities or mutual funds are based upon quoted market prices and net asset values. Other investments, such as private equity funds, venture capital funds and hedge funds for which no such quotations or valuations are readily available, are carried at fair value as estimated by management using values provided by external investment managers. The Institution reviews and evaluates the valuations provided by investment managers and believes that these valuations are a reasonable estimate of fair value as of December 31, 2014 and 2013 but are subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for the investments existed and such differences could be material.

Purchases and sales of investment securities are recorded on a trade date basis. Realized gains and losses are computed on a specific identification method. Investment income, net of investment expenses, is distributed on the unit method.

The Institution makes investments in funds that make direct investments in public securities, over the counter securities, and other securities which may or may not have readily available market prices. The Institution follows authoritative guidance under generally accepted accounting principles for estimating the fair value of investments in those funds that have calculated net asset value per share in accordance with the specialized accounting guidance for investment companies. Accordingly, the Institution uses the net asset value, (NAV) without further adjustment as a practical expedient to determine the fair value of these funds which (a) do not have a readily determinable fair value and (b) either have the attributes of an investment company or prepare their financial statements consistent with the measurement principles of an investment company. These values are reviewed and approved by the Institution.

Woods Hole Oceanographic Institution

Notes to Financial Statements

December 31, 2014 and 2013

Investments which can be redeemed at NAV by the Institution on the measurement date or within 90 days are classified as Level 2. Investments which cannot be redeemed on the measurement date or within 90 days are classified as Level 3.

Investment Income Unitization

The Institution's investments are pooled in an endowment fund and the investments and allocation of income are tracked on a unitized basis. The Institution distributes to operations for each individual fund an amount of investment income earned by each of the fund's proportionate share of investments based on a total return policy.

The Board of Trustees has appropriated all of the income and a specified percentage of the net appreciation (depreciation) to operations as prudent considering the Institution's long- and short-term needs, present and anticipated financial requirements, expected total return on its investments, price level trends, and general economic conditions. Under the Institution's current endowment spending policy, which is within the guidelines specified under state law, the Institution's annual operating budget should not exceed 5.0% of the Fund's trailing 36 month rolling average market value. This amounted to \$17,209,000 and \$16,548,983 for the years ended December 31, 2014 and 2013, respectively, and is classified in operating revenues (research, education, and operations).

Other Assets

Other assets consist primarily of investments held by various split-interest agreements and donated property.

Inventories

Inventories are stated at the lower of cost or market. Cost is determined using the first-in, first-out method.

Contracts and Grants

Revenues earned on contracts and grants for research are recognized as related costs are incurred.

The Institution received approximately 84% of its sponsored research revenues from government agencies including 30% and 34% of its operating revenues directly from the National Science Foundation and 10% and 10% from the United States Navy in fiscal years 2014 and 2013, respectively. Although applications for research funding to federal agencies historically have been funded, authorizations are subject to annual Congressional appropriations and payment.

Deferred Financing Costs

Costs incurred in connection with the placement of the MassDevelopment, Revenue Bonds, Woods Hole Oceanographic Institution Issue, Series B (2008) (the "Series B Bonds"), have been deferred and are being amortized over the term of the obligation on a straight line basis, which approximates the effective interest method.

Interest Rate Swap

The Institution entered into an interest rate swap agreement on the MassDevelopment, Variable Rate Revenue Bonds, Woods Hole Oceanographic Institution Issue Series A Bonds in order to convert a portion of the variable rate debt to fixed rate, thereby economically hedging against changes in the cash flow requirements of the Institution's variable rate debt obligations. The Series A bonds were retired on January 2, 2009.

Woods Hole Oceanographic Institution

Notes to Financial Statements

December 31, 2014 and 2013

Net payments or receipts (difference between variable and fixed rate) under the swap agreement along with the change in fair value of the swap are recorded in nonoperating activities as net realized/unrealized (losses) gains on interest swap.

Property, Plant and Equipment

Property, plant and equipment are stated at cost. Depreciation is provided on a straight-line basis at annual rates of 12 to 39 years on buildings and improvements, 10 to 15 years on vessels and dock facilities and 5 to 10 years on laboratory and other equipment. Depreciation expense on property, plant, and equipment purchased by the Institution in the amounts of \$9,694,783 and \$9,102,821 in 2014 and 2013, respectively, has been charged to operating activities. Depreciation on certain government-funded facilities (the Laboratory for Marine Science and the dock facility) amounting to \$111,909 and \$135,244 in 2014 and 2013 has been charged to nonoperating expenses as these assets were gifted by the Government.

Use of Estimates

The preparation of the financial statements in accordance 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 the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Subsequent Events

Management evaluated all events or transactions that occurred after December 31, 2014 through July 16, 2015, the date these financial statements were issued and has concluded that there were no such events or transactions that require adjustment to the audited financial statements or disclosure in the notes to the audited financial statements.

Reclassification of Prior Year Presentation

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

3. Investments

The Institution has retained and outsourced services for manager selection, risk management and asset allocation of endowment assets to a third party. Consequently a systematic liquidation of existing investments held by legacy managers and transfers of proceeds to the new endowment manager followed. The assets transferred for investment under this arrangement, titled "Multi-strategy Investment Fund", represent holdings in the following classifications; Equity, Long/Short Equity, Real Assets, Commodities/Resources Credit/Special Situations, Absolute return, Fixed Income and Hedges/Opportunistic. These assets represent a concentrated investment in one investment manager. A consequence of this concentration is that the performance may be more favorably or unfavorably affected by the performance of the individual manager. The Institution invests in two separate sub-funds within the Multi-strategy investment fund. One sub-fund allows for annual withdrawals while the other allows for monthly withdrawals. Due to prevailing redemption restrictions not all of the legacy managers were liquidated during 2014.

Woods Hole Oceanographic Institution
Notes to Financial Statements
December 31, 2014 and 2013

The following table presents the classification and carrying value of investments at December 31:

	2014		2013	
	Cost	Market	Cost	Market
Assets				
Cash and cash equivalents	\$ 5,151,168	\$ 5,151,168	\$ 7,608,202	\$ 7,608,202
Private equity, venture capital and other limited partnerships	36,380,814	45,680,633	40,906,258	48,522,142
Multi-strategy investment funds	<u>262,371,956</u>	<u>345,123,778</u>	<u>275,337,956</u>	<u>325,698,050</u>
Total investments pooled	<u>303,903,938</u>	<u>395,955,579</u>	<u>323,852,416</u>	<u>381,828,394</u>
Investments designated for retiree and active medical plans				
Commingled funds	<u>12,661,858</u>	<u>14,554,766</u>	<u>13,427,504</u>	<u>13,765,163</u>
Total investments designated for retiree and active medical plans	<u>12,661,858</u>	<u>14,554,766</u>	<u>13,427,504</u>	<u>13,765,163</u>
Total assets at fair value	<u>\$ 316,565,796</u>	<u>\$ 410,510,345</u>	<u>\$ 337,279,920</u>	<u>\$ 395,593,557</u>

The following schedule summarizes the investment return and its classification in the statement of activities:

	Unrestricted	Temporarily Restricted	2014 Total	2013 Total
Dividend interest and other income	\$ 326,570	\$ 1,243,389	\$ 1,569,959	\$ 619,261
Investment management costs	(651,966)	(2,519,852)	(3,171,818)	(3,288,656)
Net realized gains	935,123	3,615,546	4,550,669	6,477,046
Change in unrealized appreciation	<u>8,194,486</u>	<u>28,165,805</u>	<u>36,360,291</u>	<u>49,852,781</u>
Total return on investments	<u>8,804,213</u>	<u>30,504,888</u>	<u>39,309,101</u>	<u>53,660,432</u>
Investment return designated for				
Sponsored research	-	(5,903,054)	(5,903,054)	(5,670,336)
Education	-	(7,169,376)	(7,169,376)	(6,869,748)
Current operations	<u>(4,136,570)</u>	<u>-</u>	<u>(4,136,570)</u>	<u>(4,008,899)</u>
Total distributed to operations	<u>(4,136,570)</u>	<u>(13,072,430)</u>	<u>(17,209,000)</u>	<u>(16,548,983)</u>
Investment return in excess of amounts designated for sponsored research, education and current operations	<u>\$ 4,667,643</u>	<u>\$ 17,432,458</u>	<u>\$ 22,100,101</u>	<u>\$ 37,111,449</u>

Realized and unrealized gains attributable to Investments designated for retiree and active medical plans were \$1,737,426 and \$319,619 for the years ended December 31, 2014 and 2013 respectively.

Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect the market values and the amounts reported in the statement of financial position.

Woods Hole Oceanographic Institution
Notes to Financial Statements
December 31, 2014 and 2013

Endowment income is allocated to each individual fund based on a per unit valuation. The value of an investment unit at December 31, 2014 and December 31, 2013 is as follows:

	2014	2013
Unit value, beginning of year	\$ 5.2818	\$ 4.9337
Unit value, end of year	<u>5.7084</u>	<u>5.2818</u>
Net change for the year	0.4266	0.3481
Investment distribution per unit for the year	<u>(0.0210)</u>	<u>(0.0346)</u>
Total return per unit	<u>\$ 0.4056</u>	<u>\$ 0.3135</u>

4. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (also referred to as “exit price”). Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. In determining fair value, the use of various valuation approaches, including market, income and cost approaches, is permitted.

Fair Value Hierarchy

A fair value hierarchy has been established based on whether the inputs to valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the reporting entity’s assumptions about the inputs market participants would use. The fair value hierarchy requires the reporting entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The hierarchy is described below:

- Level 1 Valuations using quoted prices in active markets for identical assets or liabilities. Valuations of these products do not require a significant degree of judgment. Level 1 assets and liabilities primarily include debt and equity securities that are traded in an active exchange market.
- Level 2 Valuations using observable inputs other than Level 1 prices such as quoted prices in active markets for similar assets or liabilities; quoted prices for identical or similar assets or liabilities in markets that are not active; broker or dealer quotations; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 Valuations using unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities. Level 3 includes assets and liabilities whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques.

Woods Hole Oceanographic Institution
Notes to Financial Statements
December 31, 2014 and 2013

Inputs broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. As described in Note 2, the Institution generally uses the net asset value per share of the investment (or its equivalent) reported by the investee fund manager as the primary input to its valuation; however adjustments to the reported amount may be made based on various factors.

The following tables summarize fair value measurements at December 31, 2014 and December 31, 2013 for financial assets measured at fair value:

	2014			
	Quoted Prices in Active Markets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Total Fair Value
Assets				
Cash and cash equivalents	\$ 5,151,168	\$ -	\$ -	\$ 5,151,168
Private equity, venture capital and other limited partnerships	-	-	45,680,633	45,680,633
Multi-strategy investment funds	-	11,225,625	333,898,153	345,123,778
Total pooled	5,151,168	11,225,625	379,578,786	395,955,579
Contributions receivable from remainder trust	-	-	10,990,101	10,990,101
Other assets	-	-	658,101	658,101
Investments designated for retiree and active medical plans				
Commingled funds	-	14,554,766	-	14,554,766
Total investments designated for retiree and active medical plans	-	14,554,766	-	14,554,766
Total assets at fair value	<u>\$ 5,151,168</u>	<u>\$ 25,780,391</u>	<u>\$ 391,226,988</u>	<u>\$ 422,158,547</u>
Interest rate swap	-	9,746,978	-	9,746,978
Total liabilities at fair value	<u>\$ -</u>	<u>\$ 9,746,978</u>	<u>\$ -</u>	<u>\$ 9,746,978</u>
	2013			
	Quoted Prices in Active Markets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Total Fair Value
Assets				
Cash and cash equivalents	\$ 7,608,202	\$ -	\$ -	\$ 7,608,202
Private equity, venture capital and other limited partnerships	-	-	48,522,142	48,522,142
Multi-strategy investment funds	-	8,222,955	317,475,095	325,698,050
Total pooled	7,608,202	8,222,955	365,997,237	381,828,394
Contributions receivable from remainder trust	-	-	10,985,260	10,985,260
Other assets	-	-	937,907	937,907
Investments designated for retiree and active medical plans				
Commingled funds	-	13,765,163	-	13,765,163
Total investments designated for retiree and active medical plans	-	13,765,163	-	13,765,163
Total assets at fair value	<u>\$ 7,608,202</u>	<u>\$ 21,988,118</u>	<u>\$ 377,920,404</u>	<u>\$ 407,516,724</u>
Interest rate swap	-	7,525,289	-	7,525,289
Total liabilities at fair value	<u>\$ -</u>	<u>\$ 7,525,289</u>	<u>\$ -</u>	<u>\$ 7,525,289</u>

The Institution has adopted a policy that defines near-term liquidity as those investments allowing liquidity within 90 days of the reporting period. Included in Level 2 are assets valued at NAV which are redeemable in the near term. Investments offering periodic transparency with opportunities for liquidity within 90 days of the reporting period consist of private equity and hedge funds and are reported in Level 2 at December 31, 2014.

Woods Hole Oceanographic Institution
Notes to Financial Statements
December 31, 2014 and 2013

The following table presents the assets and liability carried at fair value as of December 31, 2014 and December 31, 2013 that are classified within Level 3 of the fair value hierarchy defined above:

2014							
Fair Value Measurements Using Significant Unobservable Inputs (Level 3)							
Balance, December 31, 2013	Realized Gains/Losses	Unrealized Gains/Losses	Purchases	Sales	Return of Capital	Transfers in and/or Out of Level 3	Balance, December 31, 2014
Private equity, Venture capital and other limited partnerships	\$ 48,522,143	\$ 4,550,669	\$ 1,619,897	\$ 2,762,396	\$ (5,460,074)	\$ (6,314,398)	\$ 45,680,633
Multi-strategy investment funds	317,475,095	-	32,389,375	12,000,000	(27,966,317)	-	333,898,153
Contributions receivable from remainder trust	10,985,260	-	4,841	-	-	-	10,990,101
Other assets	937,907	-	(279,806)	-	-	-	658,101
	<u>\$ 377,920,405</u>	<u>\$ 4,550,669</u>	<u>\$ 33,734,307</u>	<u>\$ 14,762,396</u>	<u>\$ (33,426,391)</u>	<u>\$ (6,314,398)</u>	<u>\$ 391,226,988</u>

2013							
Fair Value Measurements Using Significant Unobservable Inputs (Level 3)							
Balance, December 31, 2012	Realized Gains/Losses	Unrealized Gains/Losses	Purchases	Sales	Transfers in and/or Out of Level 3	Balance, December 31, 2013	
Private equity, Venture capital and other limited partnerships	\$ 51,290,962	\$ 5,108,411	\$ 1,552,178	\$ 4,088,586	\$ (13,517,995)	\$ 48,522,142	
Multi-strategy investment funds	275,468,577	1,283,556	18,963,518	103,843,000	(82,083,556)	317,475,095	
Contributions receivable from remainder trust	9,828,272	-	1,156,988	-	-	10,985,260	
Other assets	927,898	-	10,009	-	-	937,907	
	<u>\$ 337,515,709</u>	<u>\$ 6,391,967</u>	<u>\$ 21,682,693</u>	<u>\$ 107,931,586</u>	<u>\$ (95,601,551)</u>	<u>\$ 377,920,404</u>	

Net cumulative unrealized gains related to the Level 3 investments totaled \$65,860,950 and \$57,931,464 as of December 31, 2014 and 2013, respectively.

Transfers in and out of Level 3 are driven by events and circumstances affecting terms, conditions, restrictions, and redemption policies of the underlying investments.

ASU 2015-07, Fair Value Measurement (Topic 820), Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent), was issued in May 2015. The amendments in this Update remove the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. The amendments in this Update are effective for the Institution for the fiscal year ending December 31, 2016. Early adoption is permitted; the Institution has not adopted this Update for the year ended December 31, 2014.

The fair market value of the investments described in the table below are based on net asset value per share of the investments as of December 31, 2014.

Assets	Fair Value	Redemption Terms	Redemption Restrictions
Private equity, venture capital and other limited partnerships	\$ 45,680,633	Remaining lives up to 10 years	\$45,680,633 designated as illiquid
Multi-strategy investment funds	<u>345,123,778</u>	Annual (year end), included is \$11,225,625 with monthly redemption terms	
Total investments	<u>\$ 390,804,411</u>		

Woods Hole Oceanographic Institution
Notes to Financial Statements
December 31, 2014 and 2013

The fair market value of the investments described in the table below are based on net asset value per share of the investments as of December 31, 2013.

Assets	Fair Value	Redemption Terms	Redemption Restrictions
Private equity, venture capital and other limited partnerships	\$ 48,522,142	Remaining lives up to 10 years	\$48,522,142 designated as illiquid
Multi-strategy investment funds	<u>325,698,050</u>	Annual (year end), included is \$8,222,955 with monthly redemption terms	
Total investments	<u>\$ 374,220,192</u>		

The Institution had unfunded commitments relating to endowment assets of approximately \$6,445,747 and \$7,690,951 relating to private equity, venture capital and other limited partnerships as of December 31, 2014 and 2013, respectively.

On January 1, 2015 the Institution's Multi-strategy investment fund shares were transferred at their existing fair value into a newly created limited partnership titled WHOI Investments Holdings LP. The limited partnership entity was created with a third party currently utilized by the Institution for manager selection, risk management and asset allocation for the endowment. During 2015 ownership of the remaining directly held private equity, venture capital and other limited partnerships owned by the Institution will be redeemed and transferred at existing fair value at the time of transfer to WHOI Investments Holdings LP.

5. Pledges Receivable, Net

Pledges that are expected to be collected within one year are recorded at their net realizable value. Pledges that are expected to be collected in future years are recorded at the present value of estimated future cash flows. Discount rates used to calculate the present value of pledges receivable were 2.57% to 2.72% and 2.71% to 2.76% at December 31, 2014 and 2013, respectively.

Pledges receivable consist of the following at December 31:

	2014	2013
Unconditional promises expected to be collected in		
Less than one year	\$ 840,065	\$ 615,248
One year to five years	2,622,000	1,432,000
Reserve for uncollectible pledges receivable	(242,300)	(143,000)
Unamortized discount	<u>(281,073)</u>	<u>(222,718)</u>
	<u>\$ 2,938,692</u>	<u>\$ 1,681,530</u>

Woods Hole Oceanographic Institution
Notes to Financial Statements
December 31, 2014 and 2013

6. Contribution Receivable from Remainder Trusts, Net

Contributions receivable from remainder trusts at December 31, 2014 and 2013 were \$10,990,101 and \$10,985,260, respectively. The receivable and related revenue is measured at the present value of estimated future cash flows to be received, net of expected payouts, and recorded in the appropriate net asset category based on donor stipulation. During the term of these agreements, changes in the value are recognized based on amortization of discounts and changes in actuarial assumptions. For the years ended December 31, 2014 and 2013, discount rates ranging from 4.72% to 6.00% were used in these calculations.

7. Deferred Fixed Rate Variance

The Institution receives funding or reimbursement from federal government agencies for sponsored research under government grants and contracts. Revenue is recognized as related costs are incurred. The Institution has negotiated fixed rates with the federal government for the recovery of certain fringe benefits and indirect costs on these grants and contracts. Such recoveries are subject to carryforward provisions that provide for adjustments to be included in the negotiation of future fixed rates. The deferred fixed rate variance accounts represent the cumulative amount owed to or due from the federal government. The Institution's rates are negotiated with the Office of Naval Research (ONR), the Institution's cognizant agency.

The composition of the deferred fixed rate variance is as follows:

Deferred fixed rate variance asset at December 31, 2012	\$ 4,586,477
2013 indirect costs	84,428,676
Amounts recovered	(87,215,001)
Submission adjustment 2012	(27,259)
2013 change	(2,813,584)
Deferred fixed rate variance asset at December 31, 2013	1,772,893
2014 indirect costs	85,871,654
Amounts recovered	(88,625,543)
Submission adjustment 2013	-
2014 change	(2,753,889)
Deferred fixed rate variance liability at December 31, 2014	\$ (980,996)

As of December 31, 2014, the Institution has expended a cumulative amount less than recovered amounts of \$980,996 which will be reflected as a deduction to future year recoveries. This amount has been reported as a liability of the Institution.

Woods Hole Oceanographic Institution
Notes to Financial Statements
December 31, 2014 and 2013

8. Line of Credit, Bonds Payable and Interest Rate Swap

Indebtedness at December 31, 2014 and 2013 includes bonds issued through MassDevelopment. Balances of outstanding bonds payable at December 31 consist of the following:

	2014	2013
MassDevelopment, Series B, Fixed Rate Revenue Bonds	\$ 56,645,000	\$ 58,300,000
Less: Series B unamortized bond discount	<u>(703,387)</u>	<u>(739,458)</u>
Bonds Payable	<u>\$ 55,941,613</u>	<u>\$ 57,560,542</u>

In fiscal 2004, proceeds were received from the offering of the \$54,850,000 MassDevelopment, Variable Rate Revenue Bonds, Woods Hole Oceanographic Institution Issue, Series A (2004), (the "Series A Bonds"), which were used to repay the MassDevelopment B Pool loans and for campus construction completed in December 2007. The bonds contain certain restrictive covenants including limitations on obtaining additional debt, filings of annual financial statements and limitations on the creation of liens. In addition, the Institution agrees that, subject to any governmental restrictions, its fiduciary obligations and limitations imposed by law, it will maintain unrestricted and temporarily restricted resources at a market value equal to at least 75% of all outstanding indebtedness.

On December 1, 2008, the Institution issued \$65,000,000 MassDevelopment, Fixed Rate Revenue Bonds, Woods Hole Oceanographic Institution Issue, Series B (2008), (the "Series B Bonds"). The proceeds were used for major maintenance and renovation projects throughout the Institution and were used to retire the Series A Bonds. The Series B Bonds mature in 2034 and bear fixed interest rates from 4.0% to 5.5% payable on June 1 and December 1 beginning in 2009. The Series B Bonds are collateralized by the Institution's unrestricted revenues. The Institution incurred costs of \$268,500 associated with the issue which have been capitalized and are being amortized over the life of the bonds. Debt covenants are consistent with the requirements under the Series A bond agreement as long as the interest rate swap agreement is in effect. The fair value of the Series B bond which is based on current traded values for the same or similar issues or on the current rates offered for debt of the same remaining maturities was \$63,240,605 at December 31, 2014 (Level 2).

The Institution maintains two uncollateralized lines of credit with two separate banks. The lines of credit in the aggregate allow for a maximum borrowing capacity of \$45,000,000. One agreement, with a maximum capacity of \$30,000,000, bears interest at 1% below the Wall Street Journal Prime Rate, contains no expiration date but is subject to annual reviews on or about June 30, 2015. The second line of credit, with a maximum capacity of \$15,000,000, bears interest at the prevailing LIBOR rate plus .75% per annum and expires September 29, 2015. The agreement requires the loan to be repaid in full for a minimum of thirty consecutive days annually. The Institution had outstanding borrowing on lines of credit \$25,000,000 at December 31, 2014 and 2013, respectively.

Woods Hole Oceanographic Institution
Notes to Financial Statements
December 31, 2014 and 2013

The aggregate maturities due on the Series B long-term debt at December 31, 2014 are as follows:

Fiscal Year	Principal Amount
2015	\$ 1,725,000
2016	1,790,000
2017	1,865,000
2018	1,960,000
2019	2,065,000
Thereafter	<u>47,240,000</u>
	<u>\$ 56,645,000</u>

In June 2004, the Institution entered into an interest rate swap agreement on the Series A Bonds (subsequently refinanced to Series B Bonds) in order to convert a portion of the variable rate debt to fixed rate, thereby economically hedging against changes in the cash flow requirements of the Institution's variable rate debt obligations. The term of the swap is through June 1, 2034 and effectively locked in a fixed rate of 3.79% per annum. The agreement has a notional amount of \$45,725,000. Interest expense in association with the swap agreement totaled \$1,708,056 and \$1,749,811 which is reflected as part of the net realized/unrealized losses on interest rate swap at December 31, 2014 and 2013, respectively.

The fair value of the interest rate swap at December 31, 2014 and 2013 is as follows:

	<u>Fair Value</u>	
	<u>2014</u>	<u>2013</u>
Statement of financial position location		
Accounts payable and other liabilities	\$ 9,746,978	\$ 7,525,289

The effect of the interest rate swap on the statement of activities for 2014 and 2013 is as follows:

	<u>Amount of Loss Recognized in Statement of Activities</u>	
	<u>2014</u>	<u>2013</u>
Location of loss recognized in statement of activities		
Nonoperating income and expenses		
Net realized/unrealized gain (loss) on interest rate swap	\$ (3,929,745)	\$ 2,714,059

Woods Hole Oceanographic Institution
Notes to Financial Statements
December 31, 2014 and 2013

9. Retirement Plans

The Institution maintains a noncontributory defined benefit pension plan covering certain employees of the Institution (Qualified Plan), a Restoration Plan for certain senior employees and a supplemental benefit plan for certain other employees. Pension benefits are earned based on years of service and compensation received. The Institution's policy is to fund at least the minimum required by the Employee Retirement Income Security Act of 1974.

The Institution sponsors a 403(b) Defined Contribution Plan (DC Plan). Contributions for the defined contribution plan totaled \$7,725,611 and \$7,649,454 for the years ended December 31, 2014 and 2013, respectively. Effective January 1, 2010, no new participants were allowed to enter the Qualified Plan and Restoration Plan but were eligible to participate in the DC Plan. The Qualified Plan and Restoration Plan were placed under a soft freeze for current participants with all future retirement benefits being earned through the new plan and prior benefits adjusted for future salary increases.

Woods Hole Oceanographic Institution
Notes to Financial Statements
December 31, 2014 and 2013

The Institution uses a December 31 measurement date for all of its plans.

	Restoration Plan Pension Benefits	
	2014	2013
Change in benefit obligation		
Benefit obligation at beginning of year	\$ -	\$ 13,953
Service cost		
Interest cost	-	297
Actuarial loss		
Benefits paid	-	(14,250)
Benefit obligation at end of year	<u>-</u>	<u>-</u>
Change in plan assets		
Fair value of plan assets at beginning of year	-	-
Employer contributions	-	14,250
Actual return on plan assets		
Benefits paid	-	(14,250)
Fair value of plan assets at end of year	<u>-</u>	<u>-</u>
Funded status	<u>\$ -</u>	<u>\$ -</u>
Amounts recognized in the statement of financial position consist of		
Accrued benefit liability	<u>\$ -</u>	<u>\$ -</u>
Net amount recognized	<u>\$ -</u>	<u>\$ -</u>
Amounts recognized in unrestricted net assets		
Net actuarial loss	<u>\$ -</u>	<u>\$ -</u>
Information for pension plans with accumulated benefit obligations in excess of plan assets		
Projected benefit obligation	\$ -	\$ -
Accumulated benefit obligation	<u>-</u>	<u>-</u>
Component of net periodic benefit cost		
Interest cost	\$ -	\$ 297
Service cost		
Recognized actuarial loss	-	1,053
Settlement cost	-	1,395
Net periodic benefit cost	<u>\$ -</u>	<u>\$ 2,745</u>
Other changes in benefit obligations recognized in unrestricted net assets		
Amortization of net gain (loss)	\$ -	\$ (1,053)
Settlement adjustment	-	(1,395)
Net actuarial gain	<u>-</u>	<u>-</u>
Total recognized in nonoperating expense	<u>\$ -</u>	<u>\$ (2,448)</u>
Weighted-average assumptions used to determine benefit obligations at December 31		
Discount rate	-	5.20 %
Rate of compensation increase	-	3.50 %
Weighted-average assumptions used to determine net periodic benefit cost for years ended December 31		
Discount rate	-	4.30 %
Rate of compensation increase	-	3.50 %

Woods Hole Oceanographic Institution
Notes to Financial Statements
December 31, 2014 and 2013

Remaining plan liabilities for benefits due participants under the Restoration Plan were distributed during 2013. No additional benefits due participants have accrued since that time. Accordingly, no further amounts are expected to be amortized from unrestricted net assets into net periodic pension cost for the next fiscal year. In addition, the Institution does not anticipate contributing to the plan or expect future benefit payments to be paid in 2015.

	Qualified Plan Pension Benefits	
	2014	2013
Change in benefit obligation		
Benefit obligation at beginning of year	\$ 248,961,415	\$ 304,394,845
Interest cost	12,438,652	12,638,450
Actuarial loss (gain)	54,199,012	(38,614,184)
Benefits paid	(7,145,024)	(6,895,912)
Settlements	(11,179,881)	(22,561,784)
Transfers from other plans	419,783	-
Benefit obligation at end of year	<u>297,693,957</u>	<u>248,961,415</u>
Change in plan assets		
Fair value of plan assets at beginning of year	182,458,328	198,765,577
Employer contributions	6,166,666	6,780,000
Actual return on plan assets	14,436,419	6,370,447
Benefits paid	(7,145,024)	(6,895,912)
Settlements	(11,179,881)	(22,561,784)
Transfers from other plans	419,783	-
Fair value of plan assets at end of year	<u>185,156,291</u>	<u>182,458,328</u>
Funded status	<u>\$ (112,537,666)</u>	<u>\$ (66,503,087)</u>
Amounts recognized in the statement of financial position consist of		
Accrued benefit liability	<u>\$ 112,537,666</u>	<u>\$ 66,503,087</u>
Net amount recognized	<u>\$ 112,537,666</u>	<u>\$ 66,503,087</u>
Amounts recognized in unrestricted net assets		
Net actuarial loss	<u>\$ 78,373,362</u>	<u>\$ 30,761,323</u>
Information for pension plans with accumulated benefit obligations in excess of plan assets		
Projected benefit obligation	\$ 297,693,957	\$ 248,961,415
Accumulated benefit obligation	<u>285,757,087</u>	<u>238,267,666</u>
Components of net periodic benefit cost		
Service cost	\$ -	\$ -
Interest cost	12,438,652	12,638,450
Expected return on plan assets	(10,963,395)	(10,986,485)
Recognized actuarial loss	3,113,949	11,643,578
Net periodic benefit cost	<u>\$ 4,589,206</u>	<u>\$ 13,295,543</u>
Other changes in plan assets and benefit obligations recognized in unrestricted net assets		
Amortization of actuarial loss	\$ (3,113,949)	\$ (11,643,578)
Net actuarial (gain) loss	<u>50,725,988</u>	<u>(33,998,146)</u>
Total recognized in nonoperating expense	<u>\$ 47,612,039</u>	<u>\$ (45,641,724)</u>

Woods Hole Oceanographic Institution
Notes to Financial Statements
December 31, 2014 and 2013

Included in amounts recognized in unrestricted net assets for 2014 was an actuarial loss of approximately \$15,900,000 relating to a change in the mortality tables.

The Institution has reflected \$6,166,666 and \$6,780,000 for the years ended December 31, 2014 and 2013, respectively, in the operating section of the statement of activities which represents employer contributions reimbursed through the employee benefit fixed rate as negotiated with the United States Government. Any difference between the employer contributions and the net periodic benefit cost is recorded in the nonoperating section of the statement of activities. This difference amounted to \$1,577,460 and (\$6,515,543) for the years ended December 31, 2014 and 2013, respectively.

	Qualified Plan Pension Benefits	
	2014	2013
Weighted-average assumptions used to determine benefit obligations at December 31		
Discount rate	4.30 %	5.20 %
Rate of compensation increase	3.50 %	3.50 %
Weighted-average assumptions used to determine net periodic benefit cost for years ended December 31		
Discount rate	5.20 %	5.20 %
Expected long-term rate of return on plan assets	7.00 %	6.70 %
Rate of compensation increase	3.50 %	3.50 %

To develop the expected long-term rate of return on assets assumption, the Institution considered the current level of expected returns on risk-free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio, net of expenses expected to be paid. This resulted in a 7.00% and 6.70% assumption as of December 31, 2014 and 2013, respectively.

Plan Assets

The long-term investment objectives of the Plan are to (1) achieve an average real total return assessed over rolling five year periods, that is consistent with the Plan's actuarial assumptions; (2) generate acceptable long-term returns, as determined by measurement against the Fund's benchmarks and (3) generate acceptable long-term returns without compromising the liquidity and stability required to support the Plan's annual payments to the Plan's beneficiaries.

The Institution has retained and outsourced services for manager selection, risk management and asset allocation of the Plan's assets to a third party to assist with implementing the Plan's investment policy. In addition, Target Allocations for asset classes have been revised to include two broad categories; (1) Growth and Excess Return Portfolio, (2) Fixed Income/Liability Hedging Portfolio. These categories have been assigned a 60% and 40% Target Allocation, respectively.

Expected amounts amortized from unrestricted net assets into net periodic pension cost for the next fiscal year

Amortization of net loss	\$ 8,460,044
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Woods Hole Oceanographic Institution
Notes to Financial Statements
December 31, 2014 and 2013

Fair Value Disclosures

The following fair value hierarchy tables present information about the Qualified Plan's financial assets measured at fair value on a recurring basis:

	2014			
	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	\$ 3,704,068	\$ -	\$ -	\$ 3,704,068
Private equity, venture capital and other limited partnerships	-	-	18,462,806	18,462,806
Commingled funds	-	43,430,183	9,234,702	52,664,885
Hedge funds	-	20,310,428	57,574,004	77,884,432
Mutual funds	17,126,654	-	-	17,126,654
Domestic fixed income	15,487,282	-	-	15,487,282
Total assets at fair value	<u>\$ 36,318,004</u>	<u>\$ 63,740,611</u>	<u>\$ 85,271,512</u>	<u>\$ 185,330,127</u>

	2013			
	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	\$ 5,634,823	\$ -	\$ -	\$ 5,634,823
Private equity, venture capital and other limited partnerships	-	-	19,596,440	19,596,440
Commingled funds	-	40,297,626	7,624,238	47,921,864
Hedge funds	-	13,154,047	56,205,359	69,359,406
Mutual funds	26,711,003	-	-	26,711,003
Domestic fixed income	12,866,421	-	-	12,866,421
Total assets at fair value	<u>\$ 45,212,247</u>	<u>\$ 53,451,673</u>	<u>\$ 83,426,037</u>	<u>\$ 182,089,957</u>

Included in plan assets at December 31, 2014 is a net investment related payable of \$173,836.

Included in plan assets at December 31, 2013 is a net investment related receivable of \$368,371.

ASU 2015-07, Fair Value Measurement (Topic 820), Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent), was issued in May 2015. The amendments in this Update remove the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. The amendments in this Update are effective for the Institution for the fiscal year ending December 31, 2016. Early adoption is permitted; the Institution has not adopted this Update for the year ended December 31, 2014.

Woods Hole Oceanographic Institution
Notes to Financial Statements
December 31, 2014 and 2013

The following table summarizes changes in the fair value of the Qualified Plan's Level 3 assets:

	Private Equity, Venture Capital and Other Limited Partnerships	Hedge Funds	Commingled Funds	Total
Balances at January 1, 2014	\$ 19,596,440	\$ 56,205,359	\$ 7,624,238	\$ 83,426,037
Realized gains/losses	378,736	1,188,287	-	1,567,023
Unrealized gains/losses	419,556	(1,509,926)	610,464	(479,906)
Purchases	982,370	22,235,505	1,000,000	24,217,875
Sales	(2,914,296)	(20,545,221)	-	(23,459,517)
Transfers into level 3	-	-	-	-
Balances at December 31, 2014	<u>\$ 18,462,806</u>	<u>\$ 57,574,004</u>	<u>\$ 9,234,702</u>	<u>\$ 85,271,512</u>

	Private Equity, Venture Capital and Other Limited Partnerships	Hedge Funds	Commingled Funds	Total
Balances at January 1, 2013	\$ 21,879,303	\$ 24,782,366	\$ -	\$ 46,661,669
Realized gains/losses	(1,012,056)	2,703,808	128,121	1,819,873
Unrealized gains/losses	1,544,333	2,092,089	1,148,183	4,784,605
Purchases	1,192,649	14,279,667	4,237,681	19,709,997
Sales	(4,007,789)	(15,703,808)	(4,037,681)	(23,749,278)
Transfers into Level 3	-	28,051,237	6,147,934	34,199,171
Balances at December 31, 2013	<u>\$ 19,596,440</u>	<u>\$ 56,205,359</u>	<u>\$ 7,624,238</u>	<u>\$ 83,426,037</u>

There were no transfers between Level 1 and Level 2 investments for the years ended December 31, 2014 and 2013. Transfers in and out of Level 3 are driven by events and circumstances affecting terms, conditions, restrictions, and redemption policies of the underlying investments.

Cumulative unrealized gains/(losses) related to the Level 3 investments totaled \$11,248,830 and \$11,728,736 for the years ended December 31, 2014 and 2013, respectively.

Expected Contributions

The Institution anticipates contributing \$5,340,000 to the Qualified Plan in 2015.

Woods Hole Oceanographic Institution
Notes to Financial Statements
December 31, 2014 and 2013

Estimated Future Benefit Payments

The following benefit payments, which reflect expected future service are expected to be paid as follows:

Years	Benefit Payments
2015	\$ 21,107,038
2016	20,920,501
2017	22,203,046
2018	20,530,464
2019	20,632,427
2020–2024	92,403,015

	Supplemental Plan Pension Benefits	
	2014	2013
Change in benefit obligation		
Benefit obligation at beginning of year	\$ 204,049	\$ 274,602
Service cost		
Interest cost	8,529	10,129
Actuarial (gain) loss	432	(463)
Benefits paid	(80,219)	(80,219)
Benefit obligation at end of year	<u>132,791</u>	<u>204,049</u>
Change in obligation for nonreturnable funding		
Obligation at beginning of year	9,086,373	7,547,951
Service cost		
Interest cost	(8,529)	(10,129)
Actuarial gain (loss)	(432)	463
Investment return	712,180	1,548,088
Other obligation at end of year	<u>9,789,592</u>	<u>9,086,373</u>
Total obligation at end of year	<u>\$ 9,922,383</u>	<u>\$ 9,290,422</u>

The accrued supplemental retirement obligation is matched by a "Rabbi" Trust which is recorded as an asset on the balance sheet. However, the Institution is obligated to use the funds only for the supplemental retirement of similar benefits.

	2014	2013
Change in nonreturnable funding "Rabbi" Trust		
Nonreturnable funding at beginning of year	\$ 9,290,422	\$ 7,822,553
Investment return	712,180	1,548,088
Benefits paid	(80,219)	(80,219)
Nonreturnable funding "Rabbi" Trust at end of year	<u>\$ 9,922,383</u>	<u>\$ 9,290,422</u>

Woods Hole Oceanographic Institution
Notes to Financial Statements
December 31, 2014 and 2013

	Supplemental Plan Pension Benefits	
	2014	2013
Actual return on earmarked reserves	\$ 712,180	\$ 1,548,088
Weighted-average assumptions used to determine benefit obligations at December 31		
Discount rate	4.30 %	5.20 %
Rate of compensation increase	3.50 %	3.50 %
Weighted-average assumptions used to determine net periodic benefit cost for years ended December 31		
Discount rate	5.2 %	4.30 %
Expected long-term rate of return on plan assets	7.0 %	6.70 %
Rate of compensation increase	3.50 %	3.50 %

Expected amounts amortized from unrestricted net assets into net periodic pension cost for the next fiscal year.

Amortization of net prior service cost	\$ -
Amortization of net loss (gain)	(522,363)

Expected Contributions

The Institution anticipates contributing \$79,296 to the Supplemental Plan in 2014.

Estimated Future Benefit Payments

Years	Benefit Payments
2015	\$ 79,296
2016	43,951
2017	-
2018	-
2019	-
2020–2024	-

10. Other Postretirement Benefits

In addition to providing retirement plan benefits, the Institution provides certain health care benefits for retired employees and their spouses. Substantially all of the Institution's employees may become eligible for the benefits if they reach normal retirement age (as defined) or elect early retirement after having met certain time in service criteria.

Effective January 1, 2012 the Trust agreement which had been funding the Plan was amended to include active employees. Accordingly, assets of the Plan were then decoupled and recorded on the Institution's Statement of Financial Position as "Investments designated for retiree and active medical plans" along with a corresponding increase to the accrued postretirement liability. Actual returns from investments designated for retiree and active medical plans totaled \$1,811,722 and \$405,982 for the years ended December 31, 2014 and 2013, respectively, and are presented in the nonoperating section of the Statement of Activities, net of administrative fees of \$74,296 and

Woods Hole Oceanographic Institution
Notes to Financial Statements
December 31, 2014 and 2013

\$86,363 for 2014 and 2013, respectively. In addition, health care benefits for active employees funded from these investments totaled \$0 and \$3,000,000 for the years ended December 31, 2014 and 2013, respectively, and are also presented under the nonoperating section of the Statement of Activities.

	Other	
	Postretirement Benefits	
	2014	2013
Change in benefit obligation		
Benefit obligation at beginning of year	\$ 30,586,416	\$ 36,516,225
Adjustment to reflect change from plan amendment		-
Service cost	440,447	739,773
Interest cost	1,392,174	1,436,212
Benefits paid, net of participant contributions	(947,823)	(984,439)
Actuarial (gain) loss	7,221,415	(7,121,355)
Benefit obligation at end of year	<u>38,692,629</u>	<u>30,586,416</u>
Change in plan assets		
Fair value of plan assets at beginning of year	-	-
Adjustment to reflect change from plan amendment	-	-
Employer contributions	947,823	984,439
Actual return on plan assets	-	-
Benefits paid, net of participant contributions	(947,823)	(984,439)
Fair value of plan assets at end of year	<u>-</u>	<u>-</u>
Funded status	<u>\$ (38,692,629)</u>	<u>\$ (30,586,416)</u>
Amounts recognized in the statement of financial position consist of		
Accrued benefit liability	<u>\$ 38,692,629</u>	<u>\$ 30,586,416</u>
Net amount recognized	<u>\$ 38,692,629</u>	<u>\$ 30,586,416</u>
Components of net periodic benefit cost		
Service cost	\$ 440,447	\$ 739,773
Interest cost	1,392,174	1,436,212
Expected return on plan assets	-	-
Amortization of prior service credit	(839,846)	(839,846)
Amortization of net loss	512,758	1,318,443
Net periodic benefit cost	<u>\$ 1,505,533</u>	<u>\$ 2,654,582</u>
Other changes in plan assets and benefit obligations recognized in unrestricted net assets		
Amortization of prior service credit	\$ 839,846	\$ 839,846
Amortization of actuarial loss	(512,758)	(1,318,443)
Net actuarial (gain) loss	7,221,415	(7,121,355)
Total recognized in nonoperating expense	<u>\$ 7,548,503</u>	<u>\$ (7,599,952)</u>

Woods Hole Oceanographic Institution
Notes to Financial Statements
December 31, 2014 and 2013

The Institution recognizes the net periodic benefit cost in the nonoperating section of the statement of activities. This amounted to (\$1,505,533) and (\$2,654,582) for the years ended December 31, 2014 and 2013, respectively.

	2014	2013
Weighted-average assumptions used to determine benefit obligations at December 31		
Discount rate	4.3 %	5.2 %
Weighted-average assumptions used to determine net periodic benefit cost for years ended December 31		
Discount rate	5.2 %	4.3 %
Expected long-term rate of return on plan assets	N/A	N/A

The plan does not provide prescription drug benefits for post-65 retirees; therefore, there is no anticipated Medicare employer subsidy.

	2014		2013	
	Pre-65	Post-65	Pre-65	Post-65
Assumed health care cost trend rates at December 31				
Health care cost trend rate assumed for next year	7.0 %	6.0 %	7.0 %	6.0 %
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	5.0 %	5.0 %	5.0 %	5.0 %
Year that the rate reaches the ultimate trend rate	2020	2018	2018	2015

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plan. A one-percentage-point change in assumed health care cost trend rates would have the following effects:

	2014		2013	
	One-Percentage-Point Increase in Trend	One-Percentage-Point Decrease in Trend	One-Percentage-Point Increase in Trend	One-Percentage-Point Decrease in Trend
Effect on total of service cost and interest cost components	\$ 339,568	\$ (267,464)	\$ 447,632	\$ (348,300)
Effect on year-end postretirement benefit obligation	7,507,999	(5,856,373)	4,851,858	(3,935,246)

Plan Assets

Due to the change in the Trust agreement, there were no plan assets at December 31, 2014 and 2013.

Expected amounts amortized from unrestricted net assets into net periodic pension cost for the next fiscal year

Amortization of net prior service cost	\$ (819,094)
Amortization of net loss	1,301,830

Woods Hole Oceanographic Institution
Notes to Financial Statements
December 31, 2014 and 2013

Expected Contributions

The Institution anticipates contributing \$0 to the Retiree Medical Plan in 2015.

Estimated Future Benefit Payments

The following benefit payments, which reflect expected future service are expected to be paid as follows:

Years	Benefit Payments
2015	\$ 1,416,202
2016	1,515,656
2017	1,566,678
2018	1,626,918
2019	1,658,039
2020–2024	9,117,050

11. Endowment

The Institution's endowment consists of 145 individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designed by the Board of Trustees to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

At December 31, the endowment net asset composition by type of fund consisted of the following:

		2014			
		Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowment funds	\$	-	\$ 251,279,093	\$ 78,878,961	\$ 330,158,054
Board designated funds		93,763,842	-	-	93,763,842
Total funds		<u>\$ 93,763,842</u>	<u>\$ 251,279,093</u>	<u>\$ 78,878,961</u>	<u>\$ 423,921,896</u>
		2013			
		Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowment funds	\$	-	\$ 233,860,217	\$ 76,132,449	\$ 309,992,666
Board designated funds		99,044,772	-	-	99,044,772
Total funds		<u>\$ 99,044,772</u>	<u>\$ 233,860,217</u>	<u>\$ 76,132,449</u>	<u>\$ 409,037,438</u>

Woods Hole Oceanographic Institution
Notes to Financial Statements
December 31, 2014 and 2013

Changes in endowment net assets for the year ended December 31, consisted of the following:

	2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets beginning of year	\$ 99,044,772	\$ 233,860,217	\$ 76,132,449	\$ 409,037,438
Investment return				
Investment income, net of fees	(325,396)	(1,276,463)	-	(1,601,859)
Net appreciation	9,129,609	31,781,351	-	40,910,960
Total investment return	<u>8,804,213</u>	<u>30,504,888</u>	<u>-</u>	<u>39,309,101</u>
New gifts	-	7,429	2,757,354	2,764,783
Appropriation of endowment assets for expenditure under spending policy	(4,136,570)	(13,072,430)	-	(17,209,000)
Additional appropriations	(10,000,792)	-	-	(10,000,792)
Change in split interest agreements	52,219	(21,011)	(10,842)	20,366
Net assets end of year	<u>\$ 93,763,842</u>	<u>\$ 251,279,093</u>	<u>\$ 78,878,961</u>	<u>\$ 423,921,896</u>

	2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets beginning of year	\$ 90,665,746	\$ 206,764,211	\$ 72,875,489	\$ 370,305,446
Investment return				
Investment income, net of fees	(9,538,582)	6,869,187	-	(2,669,395)
Net appreciation	23,645,112	32,684,715	-	56,329,827
Total investment return	<u>14,106,530</u>	<u>39,553,902</u>	<u>-</u>	<u>53,660,432</u>
New gifts	-	-	2,142,811	2,142,811
Appropriation of endowment assets for expenditure	(4,008,899)	(12,540,084)	-	(16,548,983)
Other	(1,741,292)	-	-	(1,741,292)
Change in split interest agreements	22,687	82,188	1,114,149	1,219,024
Net assets end of year	<u>\$ 99,044,772</u>	<u>\$ 233,860,217</u>	<u>\$ 76,132,449</u>	<u>\$ 409,037,438</u>

12. Commitments and Contingencies

The Defense Contract Audit Agency (DCAA) is responsible for auditing both direct and indirect charges to grants and contracts on behalf of the ONR. The Institution and the ONR have settled the years through 2011 with no findings or adjustments for unallowable costs. The current indirect cost recovery rates, which are fixed, include the impact of prior year settlements. The DCAA issued an audit report on the completed audit of direct and indirect costs for the year ended December 31, 2011 on April 2, 2015. The years 2012 and 2013 costs remain subject to audit. Any adjustments will be recorded in the years they become known.

The Institution is a defendant in legal proceedings incidental to the nature of its operations. The Institution believes that the outcome of these proceedings will not materially affect its financial position.

Woods Hole Oceanographic Institution
Notes to Financial Statements
December 31, 2014 and 2013

13. Related Party Transactions

The Institution's subcontracts to subgrantee organizations in which an individual associated with the subgrantee organization is also a member of the Institution's Board of Trustees or Corporation totaled \$442,874 and \$1,408,522 for the years ended December 31, 2014 and 2013, respectively. These subcontracts may include federal pass-through awards. The Institution also has other transactions such as legal services and other items with organizations where members of the Board of Trustees or Corporation are affiliated with the organizations. Total expenditures for these legal, publication, research and student transactions were approximately \$1,415,740 and \$1,179,873 for the years ended December 31, 2014 and 2013, respectively.

The Institution has loans due from various employees for education advances and computer purchases. The amounts outstanding are \$853,057 and \$1,040,681 at December 31, 2014 and 2013, respectively.

Woods Hole Oceanographic Institution

Schedule of Expenditures of Federal Awards

December 31, 2014

Federal Grantor/Pass-Through Grantor and Number/Program or Cluster Research and Development Cluster Research and Development Direct Awards	Federal Agency CFDA # and Extension/Contract Number	Federal Expenditure
Department of Commerce		
SEA GRANT SUPPORT	11 417	1,349,181
OCEAN EXPLORATION	11 011	222,250
CLIMATE AND ATMOSPHERIC RESEARCH	11 431	230,450
MARINE MAMMAL DATA PROGRAM	11 439	36,788
CENTER FOR SPONSORED COASTAL OCEAN RESEARCH COASTAL OCEAN PROGRAM	11 478	2,113,626
OFFICE OF OCEANIC AND ATMOSPHERIC RESEARCH OAR JOINT AND COOPERATIVE INSTITUTES	11 432	10,464,040
NOAA PROGRAMS FOR DISASTER RELIEF ACT	11 483	2,453,315
AB133F13SE1707	11 AB133F13SE1707	8,935
AB133F14SE2819	11 AB133F14SE2819	14,933
EA133C08SE2693	11 EA133C08SE2693	(2)
EE133F13SE1386	11 EE133F13SE1386	57,772
EN133F07SE3336	11 EN133F07SE3336	(353)
MC2954	11 MC2954	1,533
MC9664	11 MC9664	400
OE11261401WHOI	11 OE11261401WHOI	200
PO11091201WHOI	11 PO11091201WHOI	90
RA133F14SE3347	11 RA133F14SE3347	16,163
WC133R13SU0831	11 WC133R13SU0831	10,364
WE133F13SE1767	11 WE133F13SE1767	43,494
WE133F14SE3500	11 WE133F14SE3500	20,968
WE133R13SE0073	11 WE133R13SE0073	2,900
WE133R14SE2530	11 WE133R14SE2530	14,417
		17,061,464
Department of Defense		
EA133M14SE2867	12 EA133M14SE2867	10,632
EE133M14SE2645	12 EE133M14SE2645	2,365
WE133R14SE2653	12 WE133R14SE2653	4,363
N0001410C0149	12 N0001410C0149	(204)
N0001410C0212	12 N0001410C0212	2,153,755
N0001411C0536	12 N0001411C0536	585,760
N0001412C0283	12 N0001412C0283	273,628
N0001412C0306	12 N0001412C0306	701,808
N0001413C0247	12 N0001413C0247	380,850
N0001414C0162	12 N0001414C0162	210,362
N0001414C5016	12 N0001414C5016	2,111,402
N6230610D2004	12 N6230610D2004	1,018,385
N6660409D1030	12 N6660409D1030	182,345
N6660414D0344	12 N6660414D0344	377,139
BASIC AND APPLIED SCIENTIFIC RESEARCH	12 300	15,425,336
BASIC AND APPLIED SCIENTIFIC RESEARCH	12 300	91,387
BASIC AND APPLIED SCIENTIFIC RESEARCH	12 300	843,285
AIR FORCE DEFENSE RESEARCH SCIENCES PROGRAM	12 800	81,587
6660414P2617	12 6660414P2617	62,300
D13PC00194	12 D13PC00194	264,681
N0001412M0394	12 N0001412M0394	5,714
N000141391216	12 N000141391216	4,551
N0001414WX20215	12 N0001414WX20215	200
N000141595063	12 N000141595063	8,739
N6227112M1035	12 N6227112M1035	22,944
N6227113M1146	12 N6227113M1146	14,759
N6227113Q1259	12 N6227113Q1259	312
N6227114M1277	12 N6227114M1277	16,399

Woods Hole Oceanographic Institution

Schedule of Expenditures of Federal Awards

December 31, 2014

Federal Grantor/Pass-Through Grantor and Number/Program or Cluster Research and Development Cluster Research and Development Direct Awards	Federal Agency CFDA # and Extension/Contract Number	Federal Expenditure
Department of Defense Cont'd		
N6230643249B69	12 N6230643249B69	1,681
N6600113C4008	12 N6600113C4008	460,474
N660111C4118	12 N660111C4118	205
N6660414P2138	12 N6660414P2138	131,345
W912HQ09C0043	12 W912HQ09C0043	44,574
W912HQ13C0044	12 W912HQ13C0044	308,885
W912HQ13C0070	12 W912HQ13C0070	325,237
		<u>26,127,185</u>
Department of the Interior		
U.S. GEOLOGICAL SURVEY RESEARCH AND DATA COLLECTION	15 808	1,460,915
G09PC00004	15 G09PC00004	164,895
G14AC00178	15 G14AC00178	157,433
G14AP00058	15 G14AP00058	44,797
G14PC00011	15 G14PC00011	201,870
GX14ZP00ARUA000	15 GX14ZP00ARUA000	2,380
MC1874	15 MC1874	1,621
MC9272	15 MC9272	900
MC9272	15 MC9272	2,378
MC9419	15 MC9419	311
MC9419	15 MC9419	2,434
MC9419	15 MC9419	1,818
VISA9272	15 VISA9272	600
NATURAL RESOURCE STEWARDSHIP	15 944	11,991
E12PC00053	15 E12PC00053	178,576
E14PC00017	15 E14PC00017	63,427
H1274090002	15 H1274090002	69,835
J238015504	15 J238015504	6,148
		<u>2,372,329</u>
National Aeronautics and Space Administration		
SCIENCE	43 001	3,625,985
EDUCATION	43 008	50,022
		<u>3,676,007</u>
National Science Foundation		
ENGINEERING GRANTS	47 041	76,325
GEOSCIENCES	47 050	65,581,511
BIOLOGICAL SCIENCES	47 074	725,050
SOCIAL BEHAVIORAL AND ECONOMIC SCIENCES	47 075	9,592
POLAR PROGRAMS	47 078	2,207,673
INTERNATIONAL SCIENCE AND ENGINEERING OISE	47 079	171
OFFICE OF CYBERINFRASTRUCTURE	47 080	92,546
TRANS NSF RECOVERY ACT RESEARCH SUPPORT	47 082	2,403,157
ANT1342510	47 ANT1342510	272,101
		<u>71,368,126</u>
Environmental Protection Agency		
SCIENCE TO ACHIEVE RESULTS STAR FELLOWSHIP PROGRAM	66 514	29,061
REGIONAL APPLIED RESEARCH EFFORTS RARE	66 517	204
		<u>29,265</u>
Department of Energy		
OFFICE OF SCIENCE FINANCIAL ASSISTANCE PROGRAM	81 049	82,614
NUCLEAR ENERGY RESEARCH DEVELOPMENT AND DEMONSTRATION	81 121	59,238
		<u>141,852</u>
Department of Health and Human Services		
ENVIRONMENTAL HEALTH	93 113	701,279
CANCER CAUSE AND PREVENTION RESEARCH	93 393	6,113
EXTRAMURAL RESEARCH PROGRAMS IN THE NEUROSCIENCES AND NEUROLOGICAL DISORDERS	93 853	3,159
CHILD HEALTH AND HUMAN DEVELOPMENT EXTRAMURAL RESEARCH	93 865	251,070
F223201000060C	93 F223201000060C	18,892
		<u>980,513</u>
Total Direct Awards		<u>121,756,741</u>

Woods Hole Oceanographic Institution

Schedule of Expenditures of Federal Awards

December 31, 2014

Federal Grantor/Pass-Through Grantor and Number/Program or Cluster Research and Development Cluster Research and Development Passed Through from Other Organizations	Federal Agency CFDA # and Extension/Contract Number	Federal Expenditure
Department of Agriculture		
RESEARCH FOUNDATION OF SUNY R889210	10 683	3,320
STATE UNIVERSITY OF NEW YORK R909688	10 683	1,660
		<u>4,980</u>
Department of Commerce		
UNIVERSITY OF MAINE VISA4339	11 012	1,736
OREGON STATE UNIVERSITY VISA8747	11 012	408
RUTGERS UNIVERSITY S1870412	11 012	30,086
UNIVERSITY OF NEW HAMPSHIRE P14UZ003	11 012	4,987
SOUTHEAST COASTAL OCEAN OBSERVING REGIONAL ASSOCIATION VISA2016	11 012	2,562
NORTHEASTERN REGIONAL ASSOCIATION OF COASTAL OCEAN OBSERVING A002009	11 012	83,022
ALASKA OCEAN OBSERVING SYSTEM H230062	11 012	22,086
SOUTHEASTERN UNIVERSITIES RES ASSOCIATION 2013-004	11 012	44,110
UNIVERSITY OF MAINE 510067076	11 012	2,931
UNIVERSITY OF MAINE 510067077	11 012	7,760
UNIVERSITY OF NEW HAMPSHIRE P15UZ28	11 400	906,293
UNIVERSITY OF RHODE ISLAND 000454 061014	11 417	3,539
MASSACHUSETTS INSTITUTE OF TECHNOLOGY SEA GRANT 5710003152	11 417	9,258
MASSACHUSETTS INSTITUTE OF TECHNOLOGY SEA GRANT 5710003342	11 417	6,681
MASSACHUSETTS INSTITUTE OF TECHNOLOGY SEA GRANT 5710003585	11 417	8,892
MASSACHUSETTS INSTITUTE OF TECHNOLOGY SEA GRANT 5710002975	11 417	(4)
MASSACHUSETTS INSTITUTE OF TECHNOLOGY SEA GRANT 57100002974	11 417	(502)
MASSACHUSETTS INSTITUTE OF TECHNOLOGY SEA GRANT 5710003149	11 417	64,025
THE NATURE CONSERVANCY MA082814	11 427	17,276
GEORGIA INSTITUTE OF TECHNOLOGY RC366G1	11 431	11,856
UNIVERSITY OF PENNSYLVANIA 557723	11 431	6,433
FLORIDA ATLANTIC UNIVERSITY WRJ61	11 432	2,454
UNIVERSITY OF CALIFORNIA SAN DIEGO 90899596	11 433	15,289
FLORIDA STATE UNIVERSITY R01502	11 444	21,725
UNIVERSITY OF RHODE ISLAND VISA8542	11 455	1,260
UNIVERSITY OF MIAMI S140015	11 472	53,148
NORTH PACIFIC RESEARCH BOARD 1222	11 472	64,415
US GULF OF MAINE ASSOCIATION CONTRACT	11 473	18,603
US GULF OF MAINE ASSOCIATION CONTRACT	11 473	53,174
OREGON STATE UNIVERSITY VISA8747	11 012	256
		<u>1,463,759</u>
Department of Defense		
THE RESEARCH CORP OF THE UNIVERSITY OF HAWAII Z10082657	12 000	230,022
INTUITIVE RESEARCH AND TECHNOLOGY CORP AETWHOI001	12 W31P4Q09A0016	325,906
DUKE UNIVERSITY 11SERDP1081	12 W912HQ11C0079	10,118
HYDROID INC P000034775	12 N66600114C4025	28,955
UNIVERSITY OF WASHINGTON RH12128001	12 300	1,226
UNIVERSITY OF SOUTHERN CALIFORNIA 137761	12 300	75,971
UNIVERSITY OF WASHINGTON 710490	12 300	11,484
VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY P2511497	12 300	6
RUTGERS UNIVERSITY 4632	12 300	924
VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY P2694910	12 300	2,332
COLUMBIA UNIVERSITY 000035418	12 300	484
DUKE UNIVERSITY 4550165912	12 300	545
CASCADIA RESEARCH COLLECTIVE CRCWHOI1	12 300	42,786
MASSACHUSETTS INSTITUTE OF TECHNOLOGY 4501727309	12 300	3,646
DUKE UNIVERSITY 13HDR1076	12 CON0054394016TO014	(17)
DUKE UNIVERSITY 14HDR1117	12 CON0054394016TO016	2,562
DUKE UNIVERSITY 14HDR1119	12 CPN0054394016TO018	6,059
UNIVERSITY OF CALIFORNIA SAN DIEGO 90853748	12 N0001407G0324	1,639
MARITIME APPLIED PHYSICS CORPORATION 201224069	12 N000112C0337	46,004
UNIVERSITY OF CALIFORNIA SAN DIEGO 90800792	12 N0001407G0324	10,476
UNIVERSITY OF CALIFORNIA SAN DIEGO 90853749	12 N0001407G0324	264,870
OCEAN ACOUSTICAL SERVICES AND INSTRUMENT SYSTEMS INC OASIS13SC03	12 N0001408C0569	328,305
HYDROID INC 00030535	12 N0001409C0137	40,497
UNIVERSITY OF CALIFORNIA SAN DIEGO 1215979	12 N000141010369	14,013

Woods Hole Oceanographic Institution

Schedule of Expenditures of Federal Awards

December 31, 2014

Federal Grantor/Pass-Through Grantor and Number/Program or Cluster Research and Development Cluster Research and Development Passed Through from Other Organizations	Federal Agency CFDA # and Extension/Contract Number	Federal Expenditure
Department of Defense Cont'd		
MARINE ACOUSTICS INC JIP220616	12 N0001410C0405	4,253
UNIVERSITY OF MICHIGAN AGREEMENT	12 N0001411D0370	13,350
UNIVERSITY OF CALIFORNIA SAN DIEGO 90776792	12 N000141210955	38,297
CREARE INC 74474	12 N0001412C0336	92,009
HYDROID INC 00032314	12 N0001413C0222	54,191
HYDROID INC 00029836	12 N0001413C0222	173,984
APPLIED PHYSICAL SCIENCES CORP APS1318	12 N0001413C0257	116,843
OCEAN ACOUSTICAL SERVICES AND INSTRUMENT SYSTEMS INC OASIS14SC01	12 N0001413C0337	102,187
MATERIALS SYSTEMS INC 20502	12 N0001414P1063	17,200
UNIVERSITY OF TEXAS AT AUSTIN 2014C1069	12 N0002407D6200	5,515
POLATOMIC INC 344384	12 N0002410C4171	21,783
UNIVERSITY OF WASHINGTON 762539	12 N0002410D6318	8,915
LYNNTech INC AGREEMENT	12 N0002414C4083	25,003
UNIVERSITY OF CALIFORNIA SAN DIEGO VISA5051	12 N0016711D0011	1,272
UNIVERSITY OF CALIFORNIA SAN DIEGO 90953910	12 N0016711D0011	19,436
UNIVERSITY OF CALIFORNIA SAN DIEGO 90891021	12 N0016711D0011	2,232
UNIVERSITY OF CALIFORNIA SAN DIEGO 90735874	12 N0016711D0011	21,637
HYDROID INC 00031643	12 N0017413D0005	21,656
HYDROID INC 00032709	12 N0017413D0005	86,626
HYDROID INC 00033116	12 N0017413D0005	129,939
SCIENCE APPLICATIONS INTERNATIONAL CORP PO200023	12 N0017804D4119	5,858
SCIENCE APPLICATIONS INTERNATIONAL CORP 10151908	12 N0017804D4119	190,413
SCIENCE APPLICATIONS INTERNATIONAL CORP VISA5105	12 N0017804D4119	4,663
SCIENCE APPLICATIONS INTERNATIONAL CORP 45293	12 N0017804D4119	12,542
COMPUTER SCIENCES CORPORATION PAX305118	12 N0042113C0007	171
CASCADIA RESEARCH COLLECTIVE AGREEMENT	12 N3943013C1257	101,303
OCEAN ACOUSTICAL SERVICES AND INSTRUMENT SYSTEMS INC OASIS14SC02	12 N3943014C1437	59,692
HYDROID INC 00032684	12 N6230612D2000	4,190
DUKE UNIVERSITY 14HDR1041	12 N6247010D3011	19,075
CHARLES RIVER ANALYTICS INC 1401553	12 N6600113C3009	4,257
CHARLES RIVER ANALYTICS INC 1400143	12 N6600113C3009	4,253
DRAPER LABORATORY SC001862	12 N66601D02150016	34,708
HYDROID INC 00035844	12 SPM8EJ14D0005	53,220
MIT LINCOLN LABORATORY 7000281644	12 FA872105C0002	37,439
MIT LINCOLN LABORATORY 7000235315	12 FA872105C0002	1,339
MIT LINCOLN LABORATORY 7000257349	12 FA872105C0002	1,042
		<u>2,939,306</u>
Department of the Interior		
UNIVERSITY OF ALASKA FAIRBANKS 139008	15 421	190,873
UNIVERSITY OF TEXAS AT AUSTIN UTA11000874	15 423	2,162
MONTANA STATE UNIVERSITY VISA0206	15 945	1,300
MONTANA STATE UNIVERSITY VISA0206	15 945	4,000
UNIVERSITY OF SOUTHERN CALIFORNIA Y80785	15 G12AC20038	37,666
SCIENCE APPLICATIONS INTERNATIONAL CORP PO10061588	15 MP10PC0012	125,762
UNIVERSITY OF TEXAS AT AUSTIN MC3520	15 P11AC91270	1,175
AMERICAN SOUTHWEST ICHTHYOLOGICAL RESEARCHERS LLC VISA0148	15 R12D40037	8,300
TEXAS AM UNIVERSITY 10S131003	15 634	3,513
		<u>374,751</u>
Department of Transportation		
OIL SPILL RECOVERY INSTITUTE 121005	20 TPF	33,698
		<u>33,698</u>
National Aeronautics and Space Administration		
HARVARD UNIVERSITY VISA4610	43 NNA13AA90A	4,635
HARVARD UNIVERSITY MC4610	43 001	4,635
RICE UNIVERSITY MC1393	43 001	4,287
UNIVERSITY OF CALIFORNIA SANTA BARBARA KK1158	43 001	73,954
UNIVERSITY OF CALIFORNIA SANTA BARBARA KK1324	43 001	20,379
UNIVERSITY OF WASHINGTON 732963	43 001	4,851
RICE UNIVERSITY R53411	43 001	20,623
MASSACHUSETTS INSTITUTE OF TECHNOLOGY 5710003454	43 001	165,931
MASSACHUSETTS INSTITUTE OF TECHNOLOGY 4501683682 4501684034	43 001	5,692
JET PROPULSION LABORATORY 1455364	43 NMO710772	16,845
STANFORD UNIVERSITY 2551611046281A	43 NNX10AF42G	24,656
OREGON STATE UNIVERSITY NS220AA	43 NNX10AO93G	47,102

Woods Hole Oceanographic Institution

Schedule of Expenditures of Federal Awards

December 31, 2014

Federal Grantor/Pass-Through Grantor and Number/Program or Cluster Research and Development Cluster Research and Development Passed Through from Other Organizations	Federal Agency CFDA # and Extension/Contract Number	Federal Expenditure
National Aeronautics and Space Administration Cont'd		
UNIVERSITY OF SOUTHERN FLORIDA 2500144100A	43 NNX10AU78G	81,501
UNIVERSITY OF NEW HAMPSHIRE	43 NNX10O85G	4,991
HARVARD UNIVERSITY MC4610	43 NNXAD72G	3,090
		<u>483,172</u>
National Science Foundation		
PRINCETON UNIVERSITY VISA9492	47 049	372
CONSORTIUM FOR OCEAN LEADERSHIP SA1421	47 050	978
UNIVERSITY OF NEW HAMPSHIRE P14UDR25	47 050	12,648
UNIVERSITY OF HAWAII MA130032	47 050	18,999
BAYLOR UNIVERSITY 3211015001	47 050	(2)
CONSORTIUM FOR OCEAN LEADERSHIP T346A26	47 050	49
CONSORTIUM FOR OCEAN LEADERSHIP T349A26	47 050	274,228
RICE UNIVERSITY 1393	47 050	4,287
OLD DOMINION UNIVERSITY RF79858	47 050	5,660
UNIVERSITY OF CALIFORNIA SAN DIEGO 49020934	47 050	48,008
UNIVERSITY OF ALASKA FAIRBANKS 48110	47 050	1,050
MARINE BIOLOGICAL LABORATORY W000031212	47 050	5,667
POMONA COLLEGE 11267	47 050	24,012
CONSORTIUM FOR OCEAN LEADERSHIP SA1338	47 050	304,367
BOSTON UNIVERSITY 450000650	47 050	65,969
UNIVERSITY OF MIAMI AC41749	47 050	24,251
UNIVERSITY OF SOUTHERN CALIFORNIA 51571812	47 050	2,012
OLD DOMINION UNIVERSITY RESEARCH FOUNDATION RF81857	47 050	1,134
UNIVERSITY OF ALASKA FAIRBANKS 150019	47 050	7,358
LAMONT DOHERTY EARTH OBSERVATORY OF COLUMBIA UNIVERSITY COLUM0000041928	47 050	2,902
DUKE UNIVERSITY PO4550132187	47 050	1,193
NORTH CAROLINA STATE UNIVERSITY PO03672194	47 050	1,191
LAMONT DOHERTY EARTH OBSERVATORY OF COLUMBIA UNIVERSITY 524452	47 050	374,214
MICHIGAN STATE UNIVERSITY CHECK2000301330	47 050	7,800
MICHIGAN TECHNOLOGICAL UNIVERSITY 093225	47 050	5,700
COLUMBIA UNIVERSITY 0000023241	47 050	23,516
MASSACHUSETTS INSTITUTE OF TECHNOLOGY VISA3294	47 050	2,193
CONSORTIUM FOR OCEAN LEADERSHIP 7335B26	47 050	135
CONSORTIUM FOR OCEAN LEADERSHIP T335C26	47 050	770
UNIVERSITY OF SOUTH CAROLINA 53531L	47 050	252
UNIVERSITY OF SOUTHERN CALIFORNIA 49633633	47 050	32,160
UNIVERSITY OF ALASKA FAIRBANKS FP43702	47 050	56,285
POMONA COLLEGE 10768	47 050	14,063
DUKE UNIVERSITY 4550123772	47 050	4,321
UNIVERSITY OF RHODE ISLAND 121813003824	47 050	116,064
UNIVERSITY OF CALIFORNIA SANTA CRUZ 494101	47 050	475
HARVARD UNIVERSITY 70001237132	47 050	793
RUTGERS UNIVERSITY 1954255	47 050	3,800
BERMUDA INSTITUTE OF OCEAN SCIENCES 122285	47 050	14,714
CONSORTIUM FOR OCEAN LEADERSHIP T353A26	47 050	14,672
UNIVERSITY OF MINNESOTA 0000844573	47 050	3,920
COLUMBIA UNIVERSITY 4GG008855	47 050	5,253
FLORIDA STATE UNIVERSITY VISA4893	47 050	1,285
THE RESEARCH CORP OF THE UNIVERSITY OF HAWAII Z10075259	47 050	2,295
THE RESEARCH CORP OF THE UNIVERSITY OF HAWAII Z10055701	47 050	1,397
THE IRIS CONSORTIUM 58OMO	47 050	1,941,633

Woods Hole Oceanographic Institution

Schedule of Expenditures of Federal Awards

December 31, 2014

Federal Grantor/Pass-Through Grantor and Number/Program or Cluster Research and Development Cluster Research and Development Passed Through from Other Organizations	Federal Agency CFDA # and Extension/Contract Number	Federal Expenditure
National Science Foundation Cont'd		
SAN JOSE STATE UNIVERSITY FOUNDATION F015837	47 050	625
COLUMBIA UNIVERSITY COLUM0000035966	47 050	334
THE RESEARCH CORP OF THE UNIVERSITY OF HAWAII Z10086093	47 050	789
UNIVERSITY OF PITTSBURGH 0036115	47 050	55,532
UNIVERSITY OF CALIFORNIA SAN DIEGO VISA6221	47 050	1,287
UNIVERSITY OF ALASKA FAIRBANKS MC6649	47 050	475
LAMONT DOHERTY EARTH OBSERVATORY OF COLUMBIA UNIVERSITY GG006876	47 050	35,741
HARVARD UNIVERSITY 70000977383	47 050	7,370
SKIDMORE COLLEGE VISA8009	47 050	5,426
UNIVERSITY OF SOUTHERN CALIFORNIA 49538097	47 050	11,655
UNIVERSITY OF DELAWARE VISA3906	47 050	27
LAMONT DOHERTY EARTH OBSERVATORY OF COLUMBIA UNIVERSITY 3GG008523	47 050	82,378
TEMPLE UNIVERSITY 198561	47 050	321
UNIVERSITY OF MINNESOTA 0000838597	47 050	9,240
J AND F ENTERPRISE 1000268607	47 050	12,895
UNIVERSITY OF OREGON 208991A	47 050	43,206
LAMONT DOHERTY EARTH OBSERVATORY OF COLUMBIA UNIVERSITY GG008992	47 050	10,270
AMERICAN MUSEUM OF NATURAL HISTORY 89053	47 050	5,640
LIQUID ROBOTICS INC 9099	47 050	3,790
UNIVERSITY OF CALIFORNIA SAN DIEGO 90949341	47 050	11,700
UNIVERSITY OF SOUTH CAROLINA 49387L	47 050	163
UNIVERSITY OF COLORADO 1549723	47 050	30,046
UNIVERSITY OF CALIFORNIA SANTA CRUZ 519743	47 050	150
BIGELOW LABORATORY FOR OCEAN SCIENCES 29916	47 050	1,138
UNIVERSITY OF NEW HAMPSHIRE MC9943	47 050	796
HARVARD UNIVERSITY 70000998580	47 050	9,966
UNIVERSITY OF GEORGIA E170159	47 074	3,084
HARVARD UNIVERSITY 70001230347	47 074	2,684
UNIVERSITY OF HAWAII Z792384	47 074	427,497
WELLESLEY COLLEGE 4487	47 074	2,830
UNIVERSITY OF SOUTH FLORIDA 0000215612	47 074	504
FLORIDA STATE UNIVERSITY 0918232	47 074	6,735
MIAMI UNIVERSITY G0179201	47 074	6,769
WEST VIRGINIA UNIVERSITY RESEARCH CORPORATION 12285WHOI	47 075	26,602
CARNEGIE MELLON UNIVERSITY 1121538257720	47 075	38,704
NEW ENGLAND AQUARIUM 1760	47 076	90,721
UNIVERSITY OF NEW HAMPSHIRE P14UDD94	47 078	25,902
OREGON STATE UNIVERSITY S1328BA	47 078	31,376
FLORIDA INSTITUTE OF TECHNOLOGY 201618	47 078	91,393
LAMONT DOHERTY EARTH OBSERVATORY OF COLUMBIA UNIVERSITY 591894	47 078	(1,944)
CONSORTIUM FOR OCEAN LEADERSHIP DP152510	47 078	2,232
UNIVERSITY OF SOUTH FLORIDA 0000203632	47 078	2,738
LAMONT DOHERTY EARTH OBSERVATORY OF COLUMBIA UNIVERSITY COLUM0000037664	47 078	13,000
LAMONT DOHERTY EARTH OBSERVATORY OF COLUMBIA UNIVERSITY COLUM0000035812	47 079	6,180
RENSSELAER POLYTECHNIC INSTITUTE A12240	47 080	63,138
UNIVERSITY OF ALASKA FAIRBANKS 481872	47 082	101,166
UNIVERSITY OF HAWAII Z943138	47 082	20
OCEAN LEADERSHIP JOI DIVISION SA910	47 050	45,110,181
		<u>49,826,515</u>
Department of Energy		
HARVARD UNIVERSITY 1331835062119	81 049	90,560
OHIO STATE UNIVERSITY P0093761	81 087	4,965
PACIFIC NORTHWEST NATIONAL LABORATORY 228154	81 DEAC0576RL01830	48,386
GE GLOBAL RESEARCH CENTER 400198959	81 DEAC2607NT42677	32,931
		<u>176,842</u>

**Woods Hole Oceanographic Institution
 Schedule of Expenditures of Federal Awards
 December 31, 2014**

Federal Grantor/Pass-Through Grantor and Number/Program or Cluster Research and Development Cluster Research and Development Passed Through from Other Organizations	Federal Agency CFDA # and Extension/Contract Number	Federal Expenditure
Department of Health and Human Services		
BOSTON UNIVERSITY 5P42ES00738117	93 113	328,979
BOSTON UNIVERSITY MC349661DJW	93 143	156,537
EUROPEAN MOLECULAR BIOLOGY LABORATORY AGREEMENT	93 172	<u>70,475</u>
		<u>555,991</u>
Department of Homeland Security		
MARINE POLLUTION CONTROL CORPORATION MPC AGREEMENT	97 HSCG3213PEO4K10	<u>(55)</u>
		<u>(55)</u>
Total Pass Through Awards		<u>55,858,959</u>
Total Research and Development Cluster		<u>177,615,700</u>
Total Expenditures of Federal Awards		<u>\$ 177,615,700</u>

Woods Hole Oceanographic Institution
Notes to Schedule of Expenditures of Federal Awards
Year Ended December 31, 2014

1. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") has been prepared using the accrual basis of accounting and in accordance with *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. The purpose of the Schedule is to present a summary of those activities of the Institution for the year ended December 31, 2014 which have been financed by the U.S. Government (federal awards). For purposes of the Schedule, federal awards include all federal assistance entered into directly between the federal government and the Institution and federal funds awarded to the Institution by a prime recipient. Because the Schedule presents only a selected portion of the activities of the Institution, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Institution. Negative amounts represent adjustments to amounts reported in prior years in the normal course of business. Full CFDA and Pass-through entity identification numbers are presented when available.

2. Subrecipients

The Institution passed through federal awards to sub grantee organizations in the Research and Development Cluster. Expenditures incurred by the subgrantees and reimbursed by the Institution are presented in the Schedule of Expenditures of Federal Awards. Amounts for the year ended December 31, 2014 are as follows:

AGENCY	CFDA #	AMOUNT
Department of Commerce	11	
National Oceanic & Atmospheric Admin.		\$ 5,003,281
Department of Defense	12	
United States Navy		2,474,682
United States Army		53,319
DARPA		149,163
Department of the Interior	15	
USGS		130,771
NASA	43	391,212
NSF	47	8,904,777
Department of Health & Human Services	93	
NIH		48,060
		<u>\$ 17,155,266</u>

3. Fringe Benefits and Indirect Costs

The Institution recovers fringe benefits and indirect costs associated with federal award programs pursuant to fixed rates with carryforward provisions negotiated annually with the Office of Naval Research (ONR). The Defense Contract Audit Agency (DCAA) has completed an audit of the rates used by the Institution through the fiscal year ended December 31, 2011. The 2014 indirect cost recovery rates, which are fixed with carryforward provisions, include the impact of prior year settlements.

**Part II - Reports on Internal Control and Compliance
and Other Matters**



**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
Woods Hole Oceanographic Institution:

We have audited, in accordance with the 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 Woods Hole Oceanographic Institution (the "Institution"), which comprise the statement of financial position as of December 31, 2014, and the related statement of activities and statement of cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 16, 2015.

Internal Control Over Financial Reporting

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

July 16, 2015



**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
Woods Hole Oceanographic Institution

Report on Compliance for Each Major Federal Program

We have audited Woods Hole Oceanographic Institution's (the "Institution") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the Institution's major federal program for the year ended December 31, 2014. The Institution's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with 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 of the Institution's major federal program 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 Institution'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 the major federal program. However, our audit does not provide a legal determination of the Institution's compliance.

Opinion on the Major Federal Program

In our opinion, the Institution complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2014.



Report on Internal Control Over Compliance

Management of the Institution 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 Institution's internal control over compliance with the types of requirements that could have a direct and material effect on the 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 of the Institution'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

July 16, 2015

**Part III - Audit Findings and Management's Views
and Corrective Action Plan**

**Woods Hole Oceanographic Institution
Schedule of Findings and Questioned Costs
Year Ended December 31, 2014**

II. Financial Statement Findings

None

III. Federal Award Findings and Questioned Costs

None

Woods Hole Oceanographic Institution

Summary Schedule of Prior Audit Findings

Year Ended December 31, 2014

Finding 2013-001

Compliance Requirements: Procurement, Suspension & Debarment (I)

Condition

The Institution requires that vendors sign a Certificate of Non-Debarment on purchases greater than \$25,000. In a sample of 25 selections, the engagement team identified two instances, totaling \$251,987 where the signed Certificate of Non-Debarment was not available. Both of these purchases were with foreign vendors. PwC noted that these vendors were not debarred by the federal government through review of the EPLS website (Excluded Parties List System). Prior to September 2013, the Institution did not require this documentation for any foreign vendors. A total of 15 purchases above \$25,000 were made with foreign vendors during this period. During September 2013, the Institution implemented a policy to ensure that all foreign vendors are not suspended or debarred in the United States. A total of 18 purchases above \$25,000 were made with foreign vendors after September 2013. In a sample of 7 of these 18 purchases, all vendors had documentation of signed Certificates of Non-Debarment.

Current Year Status:

WHOI buyers continue to monitor debarment compliance for all (US and foreign) vendors. The Buyer Check-List includes the wordage to include review of foreign as well as US vendors.

Finding 2013-002

Compliance Requirements: Reporting (L)

Condition

The Institution has established policies and procedures to accurately and timely report financial information under federal regulations. In a sample of 25 financial reports, the engagement team identified 4 instances where a final report had not been submitted within 90 days of the completion of the grant period.

Current Year Status

Management has implemented monthly reporting from Grants and Contract Services (G&CS) to departments to ensure the proper close-out of grants. The reporting includes the listing of all ONR grants for which the period of performance has ended.

Finding 2013-003

Compliance Requirements: Subrecipient Monitoring (M)

Condition

The Institution has policies and procedures in place to obtain subrecipients' A-133 reports and obtain letters from subrecipients verifying that any exceptions identified in the A-133 reports are not directly related to the Institution's pass through funds. For 6 of the 25 subrecipients selected for testing by PwC, the most recent A-133 report highlighted deficiencies including material weaknesses, on subrecipient's which did not have direct financial impact to the Institution. Based on the review there was no observable evidence that the Institution's management followed up with the subrecipients on the indirect implications these control deficiencies had on the Institution. There was no evidence of any follow up discussions with the subrecipient to understand the cause of the issues, implications, and corrective action plan anticipated based on the understanding of the A-133 compliance supplement by the Institution.

Woods Hole Oceanographic Institution

Summary Schedule of Prior Audit Findings

Year Ended December 31, 2014

Current Year Status

Subrecipient monitoring and management policies were expanded in December 2014 to encompass newly required monitoring and risk assessment procedures as part of the Institution's enhancements related to the Uniformed Guidance requirements. Also during 2014, the Institution enhanced the overall data collection on sub-recipients specifically related to findings around control operations and compliance. The data collected was then shared with relevant finance personnel to determine if additional procedures and follow-up was warranted. To ensure that the proper staff were included in monitoring activities, meetings were held in the fall of 2014 with Finance & Accounting (F&A) and Grants & Contract Services (G&CS) to confirm individual responsibilities.

In 2015 additional fine tuning of all requirements (i.e. informing sub recipient of all applicable federal laws and regulations, reviewing sub recipients' audit results via Federal Audit Clearinghouse, reviewing any corrective actions cited by sub recipients in response to their audit findings, issuing management decision on sub recipient's audit findings within six months after receipt of audit results and ensuring sub recipient takes appropriate and timely corrective action) will be implemented .