

Woods Hole Oceanographic Institution

**Report on Federal Awards in Accordance with
OMB Circular A-133
December 31, 2006
EIN #042105850**

**Woods Hole Oceanographic Institution
OMB Circular A-133 Supplementary Financial Report
Index
Year Ended December 31, 2006**

	Page(s)
Part I - Financial Statements and Supplementary Schedule of Expenditures of Federal Awards	
Report of Independent Auditors	1
Financial Statements.....	2-24
Schedule of Expenditures of Federal Awards.....	25-43
Notes to Schedule of Expenditures of Federal Awards	44
Part II - Reports on Internal Control and Compliance and Other Matters (PwC)	
Report of Independent Auditors on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	45-46
Report of Independent Auditors on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	47-48
Part III - Audit Findings and Questioned Costs Including Management's Views and Corrective Action Plan (PwC)	
Schedule of Findings and Questioned Costs.....	49-53
Management's Views and Corrective Action Plan and Update to Prior Audit Findings.....	54-56
Part IV - Audit Report No. 02171-2006N10110001 and Audit Findings and Questioned Costs Including Management's Views and Corrective Action Plan (DCAA).....	
	1-68

Woods Hole Oceanographic Institution
Summary of Reports
December 31, 2006

Report	Report Title	Source of Report
1	Report of Independent Auditors on the Financial Statements for the year ended December 31, 2006	PwC
2	Report of Independent Auditors on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	PwC
3	Report of Independent Auditors on Certain Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	PwC
4	Schedule of Findings and Questioned Costs	PwC
5	Management's Views and Corrective Action Plan and Update to Prior Audit Findings (PwC)	The Institution
6	Audit Report No. 02171-2006N10110001 - Report on Woods Hole Oceanographic Institution's Compliance with Certain Requirements Applicable to its Research and Development Program and on Internal Control over Compliance in Accordance with OMB Circular A-133, Fiscal Year 2006	DCAA
	Appendix 1 Schedule of Findings and Questioned Costs	DCAA
	Appendix 5 Management's Views and Corrective Action Plan (DCAA)	The Institution

**Part I - Financial Statements and
Supplementary Schedule of
Expenditures of Federal Awards**

Report of Independent Auditors

To the Board of Trustees of
Woods Hole Oceanographic Institution

In our opinion, the accompanying statement of financial position and the related statements of activities and cash flows present fairly, in all material respects, the financial position of Woods Hole Oceanographic Institution (the "Institution") as of December 31, 2006 and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Institution's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Institution's 2005 financial statements, and in our report dated April 24, 2006, we expressed an unqualified opinion on those financial statements. We conducted our audit of these statements in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2007, except for Note 12 for which the date is September 14, 2007, on our consideration of the 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 for the year ended December 31, 2006. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards for the year ended December 31, 2006 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.



June 25, 2007, except for
Note 12, for which the date is
September 14, 2007

**Part I - Financial Statements and
Supplementary Schedule of
Expenditures of Federal Awards**

Woods Hole Oceanographic Institution
Statement of Financial Position
December 31, 2006 (with summarized information as of December 31, 2005)

	2006	2005			
Assets					
Cash, unrestricted	\$ 16,923,603	\$ 21,360,187			
Cash, restricted	1,295,112	1,027,019			
Reimbursable costs and fees					
Billed (net of allowance for doubtful accounts of \$113,910 for 2006 and \$210,351 for 2005)	3,473,723	2,056,178			
Unbilled	5,766,906	6,865,329			
Receivable for investments sold	194,440	-			
Interest and dividends receivable	671,182	328,632			
Other receivables	750,846	771,182			
Pledges receivable, net	13,231,894	4,807,837			
Inventory	1,435,985	1,171,878			
Deferred charges and prepaid expenses	1,434,441	651,835			
Investments, pooled (Note 3)	343,217,764	307,996,468			
Investments, nonpooled (Note 3)	7,137,628	5,070,498			
Deposits with trustees for construction	1,063,695	3,038,552			
Deposits with trustees for debt service	118,986	1,898,102			
Prepaid postretirement benefit cost	788,826	788,826			
Supplemental retirement	7,173,633	6,585,207			
Intangible pension asset	-	13,674,720			
Other assets	9,196,523	9,155,667			
Deferred financing costs	1,182,978	1,225,865			
	<u>415,058,165</u>	<u>388,473,982</u>			
Property, plant and equipment					
Land, buildings and improvements	121,110,015	113,546,891			
Vessels and dock facilities	7,391,436	7,180,241			
Laboratory and other equipment	24,444,600	21,098,120			
Construction in process	973,754	3,253,157			
	<u>153,919,805</u>	<u>145,078,409</u>			
Accumulated depreciation	(65,285,849)	(58,641,890)			
Net property, plant and equipment	<u>88,633,956</u>	<u>86,436,519</u>			
Remainder trusts (Note 5)	11,311,983	10,390,619			
Total assets	<u>\$ 515,004,104</u>	<u>\$ 485,301,120</u>			
Liabilities					
Accounts payable and other liabilities	\$ 9,251,502	\$ 14,445,771			
Accrued payroll and related liabilities	5,241,173	5,166,992			
Payable for investments purchased	506,007	32,435			
Deferred fixed rate variance	1,685,926	3,121,743			
Accrued supplemental retirement benefits	7,173,633	6,585,207			
Accrued pension liability	21,374,109	28,795,900			
Deferred revenue and refundable advances	7,517,056	7,115,866			
Bonds and loans payable	54,850,000	54,850,000			
Total liabilities	<u>107,599,406</u>	<u>120,113,914</u>			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>		
Net Assets					
Undesignated and plant	\$ 41,775,293	\$ -	\$ -	41,775,293	43,158,823
Pension	(21,384,575)	-	-	(21,384,575)	(14,039,903)
Designated	5,229,974	8,042,379	-	13,272,353	11,834,399
Pledges and other	-	13,598,380	10,765,122	24,363,502	15,689,445
Education	-	2,420,555	-	2,420,555	2,846,933
Endowment and similar funds	80,788,042	204,450,605	61,718,923	346,957,570	305,697,509
Total net assets	<u>\$ 106,408,734</u>	<u>\$ 228,511,919</u>	<u>\$ 72,484,045</u>	<u>407,404,698</u>	<u>365,187,206</u>
Total liabilities and net assets				<u>\$ 515,004,104</u>	<u>\$ 485,301,120</u>

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

Woods Hole Oceanographic Institution
Statement of Activities
Year Ended December 31, 2006
(with summarized information for the year ended December 31, 2005)

	Unrestricted		Temporarily Restricted	Permanently Restricted	2006	2005
	Operating	Sponsored Research				
Operating revenues						
Fees	\$ 657,159				\$ 657,159	\$ 232,291
Sponsored research						
Government		\$ 69,878,315			69,878,315	70,174,037
Subcontract and nongovernment		17,647,222	\$ 5,247,872		22,895,094	21,162,173
Ships and subs operations		21,951,478			21,851,478	20,895,382
Sponsored research assets released to operations	114,477,724	(109,377,016)	(5,100,709)		-	-
Education						
Joint program income	3,924,277				3,924,277	3,773,444
Endowment income	4,060,618		1,858,882		5,919,500	5,628,845
Gifts					-	209,503
Education funds released from restriction	2,541,156		(2,541,156)		-	-
Investment return designated for current operations	3,738,766				3,738,766	3,464,870
Contributions and gifts, net of releases from restrictions of \$1,020,108 and \$737,803 in 2006 and 2005, respectively	9,561,435		9,766,621	\$ 1,204,680	20,532,736	12,812,343
Contributions in kind	186,854				186,854	622,183
Rental income	773,049				773,049	743,687
Communication and publications	175,980				175,980	252,830
Other	316,085				316,085	533,062
Total revenues	140,413,103	-	9,231,510	1,204,680	150,849,293	140,504,650
Expenses						
Sponsored research						
National Science Foundation	40,577,465				40,577,466	42,551,224
United States Navy	13,618,180				13,618,180	12,094,074
Subcontracts	10,587,315				10,587,315	10,174,343
National Oceanic & Atmospheric Administration	11,054,410				11,054,410	10,480,622
Department of Energy	729,007				729,007	521,065
United States Geological Survey	1,054,337				1,054,337	1,469,623
National Aeronautics & Space Administration	1,065,550				1,065,550	980,943
Ships Operations	16,505,047				16,505,047	15,307,124
Submersible and ROV operations	5,346,431				5,346,431	5,588,258
Privately funded grants	4,275,110				4,275,110	4,323,674
Other	9,664,871				9,664,871	8,916,466
Education						
Faculty expense	3,688,362				3,688,362	3,583,387
Student expense	4,466,502				4,466,502	4,175,946
Postdoctoral programs	342,510				342,510	413,616
Other	674,412				674,412	721,291
Rental expenses	579,731				579,731	538,897
Communication, publications and development	2,304,657				2,304,657	2,628,541
Fundraising expenses	2,145,717				2,145,717	2,620,896
Un-sponsored programs	8,466,654				8,466,654	6,182,535
Other expenses	2,288,862				2,288,862	1,284,272
Total expenses	139,425,131	-	-	-	139,425,131	134,558,799
Change in net assets from operating activities	987,972	-	9,231,510	1,204,680	11,424,162	5,945,851
Nonoperating income						
Investment return in excess of amounts designated for sponsored research, education and current operations	8,308,083		28,242,344		36,550,427	12,275,300
Net realized/unrealized gains (losses) on interest swap	888,848				888,848	(640,157)
Change in split interest agreements	(13,918)		31,829	881,843	899,754	378,137
Contributions and gifts	15,000		15,000		15,000	5,000
Net assets released from restriction	15,000		(15,000)		-	-
Nonoperating expenses						
Other nonoperating expenses	(89,876)				(89,876)	(99,876)
Net periodic pension costs	(7,300,134)				(7,300,134)	(4,389,871)
Redesignation of gifts	(280,000)		130,389	33,580	(116,051)	(1,493,266)
Change in net assets from nonoperating activities	1,517,903	-	28,404,542	915,423	30,837,868	6,035,066
Change in net assets from operating and nonoperating activities	2,505,875	-	37,636,052	2,120,103	42,262,030	11,980,917
Change in additional pension minimum liability (Note 8)	(44,538)	-	-	-	(44,538)	14,055,200
Total change in net assets	2,461,337	-	37,636,052	2,120,103	42,217,492	26,036,117
Net assets at beginning of year	103,947,397		160,875,867	70,363,942	365,187,206	339,151,080
Net assets at end of year	\$ 106,408,734	\$ -	\$ 228,511,919	\$ 72,484,045	\$ 407,404,598	\$ 365,187,197

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

Woods Hole Oceanographic Institution
Statement of Cash Flows
Year Ended December 31, 2006
(with summarized information for the year ended December 31, 2005)

	2006	2005
Cash flows from operating activities		
Total change in net assets	\$ 42,217,492	\$ 26,036,122
Adjustments to reconcile increase in net assets to net cash (used in) provided by operating activities		
Depreciation and amortization	7,476,043	5,882,972
Change in split interest agreements	(899,754)	(378,137)
Allowance for uncollectible pledges	676,945	75,098
Discount on pledges	569,641	(127,932)
Net realized and unrealized (gain) loss on investments	(41,707,373)	(24,591,314)
Unrealized (gain) loss on interest swap	(1,110,370)	227,302
Change in additional minimum pension liability	44,538	(14,055,206)
Contributions to be used for long-term investment	(3,289,386)	(2,395,237)
Gift in kind	(2,497,104)	-
(Increase) decrease in assets		
Restricted cash	(268,093)	(644,598)
Interest and dividends receivable	(342,550)	(52,502)
Reimbursable costs and fees		
Billed	(1,417,545)	1,279,187
Unbilled	1,098,423	(406,399)
Other receivables	20,336	2,189,348
Pledges receivable	(9,670,643)	2,124,187
Inventory	(264,107)	61,868
Deferred charges and prepaid expenses	(396,804)	750,522
Other assets	(40,856)	8,228,770
Prepaid pension cost	-	(149,529)
Supplemental retirement	(588,426)	(47,286)
Increase (decrease) in liabilities		
Accrued pension liability	6,208,391	4,478,979
Accounts payable and other liabilities	(1,865,132)	(5,637,128)
Accrued payroll and related liabilities	74,161	(124,222)
Deferred revenue and refundable advances	401,190	376,634
Accrued supplemental retirement benefits	588,426	47,286
Deferred fixed rate variance	(1,435,817)	2,992,243
Net cash (used in) provided by operating activities	<u>(6,418,354)</u>	<u>5,951,028</u>
Cash flows from investing activities		
Capital expenditures		
Additions to property and equipment	(9,759,668)	(26,175,431)
Short-term investments		
Purchase of investments	(2,000,000)	-
Endowment		
Receivable for investments sold	(194,440)	-
Payable for investments purchased	473,572	(14,816)
Proceeds from the sale of investments	110,531,930	95,045,755
Purchase of investments	(104,112,983)	(91,006,910)
Change in construction fund	1,974,857	21,239,529
Change in debt service funds	1,779,116	1,256,248
Net cash (used in) provided by investing activities	<u>(1,307,816)</u>	<u>344,375</u>
Cash flows from financing activities		
Contributions to be used for long-term investment	3,289,386	2,395,237
Net cash provided by financing activities	<u>3,289,386</u>	<u>2,395,237</u>
Net (decrease) increase in cash and cash equivalents	(4,436,584)	8,690,640
Cash and cash equivalents, beginning of year	21,360,187	12,669,547
Cash and cash equivalents, end of year	<u>\$ 16,923,603</u>	<u>\$ 21,360,187</u>
Supplemental disclosures		
Cash paid for interest	\$ 2,078,593	\$ 2,184,971
Noncash activity		
Construction in process additions remaining in accounts payable	-	2,240,377
Change in intangible pension asset	(13,674,720)	13,674,720
Gift in kind	2,497,104	-

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

Woods Hole Oceanographic Institution
Notes to Financial Statements
December 31, 2006

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 the reporting principles of not-for-profit accounting.

The financial statements include certain prior-year summarized comparative information, but do 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, 2005, 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 and released to operations when spent for the appropriate purpose, or as deferred revenue if expenditures have yet to be incurred.

Woods Hole Oceanographic Institution
Notes to Financial Statements
December 31, 2006

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 items' restrictions are met. Certain releases from temporarily restricted amounting to \$1,020,108 and \$737,803 for the years ended December 31, 2006 and 2005, respectively, are netted against contributions and are included in unrestricted sponsored research. 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. The Institution has received \$3,405,000 in conditional pledges as of December 31, 2006. 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. 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 report 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 except those received for property, plant and equipment purposes and a component of endowment income appropriated for operations (Note 3). Unrestricted endowment investment income and gains over the amount appropriated under the Institution's spending plan are reported as nonoperating revenue as investment return in excess of amounts designated for sponsored research, education and current operations. Nonoperating revenue also includes the change in value of split interest agreements, contributions restricted for property, plant and equipment purposes, gains or losses on disposals of fixed assets, net realized/unrealized gains (losses) on interest swaps and the net periodic pension cost on the noncontributory defined benefit pension plan that is not reimbursed by the employee benefit fixed rate. Additionally, nonoperating activities includes redesignation of donor gifts and depreciation on certain government-funded facilities.

Woods Hole Oceanographic Institution
Notes to Financial Statements
December 31, 2006

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 and approximates market value.

Included in restricted cash at December 31, 2006 and 2005 is \$1,041,361 and \$782,927, respectively, representing advances received from the United States Navy and other U.S. Government and state agencies. Such amounts are restricted as to use for research programs. Interest earned on unspent funds is remitted to the federal government.

Also included in restricted cash at December 31, 2006 and 2005 is \$253,751 and \$244,092, respectively, representing cash restricted by the Massachusetts Department of Public Health. Interest earned on unspent funds is reinvested within the restricted cash account.

In addition, cash and cash equivalents include uninvested amounts from each classification of net assets (e.g., endowment).

Investments

Investment securities are carried at market value 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 is based upon quoted market prices and net asset values. Other securities, 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, 2006 and 2005 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.

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, between 4% and 5.5% of a 36-month average market value of qualifying endowment investments is appropriated. This amounted to \$14,351,257 and \$13,562,503 for the years ending December 31, 2006 and 2005, respectively, and is classified in operating revenues (research, education, and operations).

Woods Hole Oceanographic Institution
Notes to Financial Statements
December 31, 2006

Deposits with Trustees

Deposits with trustees consists principally of investments in United States Government obligations and have been deposited with trustees as required under certain loan agreements. At December 31, 2006 and 2005, respectively, the amounts consist of \$118,986 and \$1,898,102 for debt service and \$1,063,695 and \$3,038,552 for construction purposes. Interest income on debt service amounted to \$55,590 in 2006 and \$61,265 in 2005 and is reflected in the statement of activities within other income. Interest income on construction funds amounted to \$49,855 and \$248,171 in 2006 and 2005, respectively, and is reflected in the statement of activities within other income.

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 89% and 90% of its sponsored research revenues from government agencies including 50% and 55% of its operating revenues from the National Science Foundation and 14% and 11% from the United States Navy in fiscal years 2006 and 2005, 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 Massachusetts Health and Educational Facilities Authority, Variable Rate Revenue Bonds, Woods Hole Oceanographic Institution Issue, Series 2004, have been deferred and are being amortized over the term of the obligation on a straight line basis.

Interest Rate Swap

The Institution has entered into an interest rate swap agreement on the Massachusetts Health and Educational Facilities Authority, Variable Rate Revenue Bonds, Woods Hole Oceanographic Institution Issue, Series 2004 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.

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 gains (losses) 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 \$7,333,180 and \$5,740,108 in 2006 and 2005, respectively, has been charged to operating activities. Depreciation on certain government-funded facilities (the Laboratory for Marine Science and the dock facility) amounting to \$99,976 in 2006 and in 2005 has been charged to nonoperating expenses as these assets were gifted by the Government.

Woods Hole Oceanographic Institution
Notes to Financial Statements
December 31, 2006

Construction commitments totaled \$177,464 and \$2,264,844 at December 31, 2006 and 2005, respectively.

During fiscal 2005, the Institution capitalized interest of \$716,427. The Institution did not capitalize any interest in fiscal 2006.

Conditional Asset Retirement Obligations

The Institution implemented Financial Accounting Standards Board Interpretation No. 47, *Accounting for Conditional Asset Retirement Obligations* during 2005. The effects of implementing this interpretation in 2005 were immaterial.

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.

Reclassifications

Certain amounts have been reclassified in the prior year financial statements to conform with current year classification.

3. Investments

The cost and market value of pooled investments held at December 31 are as follows:

	2006		2005	
	Cost	Market	Cost	Market
US treasury bonds	\$ 25,200,000	\$ 26,572,667	\$ 27,200,000	\$ 27,650,867
Corporate bonds	14,267,726	14,087,327	17,330,371	17,194,079
International bond funds	9,706,165	9,298,994	9,619,483	9,070,163
Private equity funds	23,548,495	43,422,205	35,438,353	52,271,102
Hedge funds	51,920,000	63,357,787	39,545,000	43,752,216
Domestic equities	80,951,427	73,147,399	53,578,718	63,344,351
International equities	61,438,755	79,847,542	54,023,352	67,964,025
Venture capital	29,621,866	33,437,150	28,375,188	26,702,972
Other	46,693	46,693	46,693	46,693
Total investments	\$ 276,701,127	\$ 343,217,764	\$ 265,157,158	\$ 307,996,468

Included in bonds and equities are alternative investment vehicles including commingled funds with a market value of \$61,591,215 and \$49,274,056 at December 31, 2006 and 2005, respectively, whose holdings are bonds and equities. Total alternative investments (as described in the American Institute of Certified Public Accountants document, "A Practice Aid for Auditors: *Alternative Investments - Audit Considerations*) included in the above categories at December 31, 2006 and 2005, respectively, were \$201,808,357 and \$172,000,346.

The nonpooled investments with a cost of \$7,200,020 and \$5,200,020 and a market value of \$7,137,628 and \$5,070,498 at December 31, 2006 and 2005, respectively, are invested in a common/collective trust fund investing in bonds.

Woods Hole Oceanographic Institution
Notes to Financial Statements
December 31, 2006

The following schedule summarizes the investment return on pooled and nonpooled investments and its classification in the statement of activities:

	Unrestricted	Temporarily restricted	2006 Total	2005 Total
Dividend and Interest income	\$ 9,745,924	\$ 1,858,882	\$ 11,604,806	\$ 3,758,281
Investment management costs	(1,855,614)	-	(1,855,614)	(2,069,753)
Net realized gains	4,176,667	13,794,620	17,971,287	16,890,020
Change in unrealized appreciation	4,040,490	19,695,596	23,736,086	7,701,294
Total return on investments	16,107,467	35,349,098	51,456,565	26,279,842
Investment return designated for				
Sponsored research	-	(5,247,872)	(5,247,872)	(4,910,827)
Education	(4,060,618)	(1,858,882)	(5,919,500)	(5,628,845)
Current operations	(3,738,766)	-	(3,738,766)	(3,464,870)
Total distributions to operations	(7,799,384)	(7,106,754)	(14,906,138)	(14,004,542)
Investment return in excess of amounts designated for sponsored research, education and current operations	\$ 8,308,083	\$ 28,242,344	\$ 36,550,427	\$ 12,275,300

Investment return distributed to operations includes \$554,881 and \$442,039 earned on non-endowment investments for the years ended December 31, 2006 and 2005, 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.

Endowment income for pooled investments is allocated to each individual fund based on a per unit valuation. The value of an investment unit at December 31 is as follows:

	2006	2005
Unit value, beginning of year	\$ 4.3755	\$ 4.1517
Unit value, end of year	4.7179	4.3755
Net change for the year	.3424	.2238
Investment income per unit for the year	.1256	.0173
Total return per unit	\$.4680	\$.2411

4. Pledges Receivable

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. The present value of estimated future cash flows has been measured utilizing a discount rate equivalent to U.S. Treasury yields of similar maturity (ranging from 2.36% – 4.74%, depending upon the anticipated pledge fulfillment date).

Woods Hole Oceanographic Institution
Notes to Financial Statements
December 31, 2006

Pledges receivable consist of the following at December 31:

	2006	2005
Unconditional promises expected to be collected in:		
Less than one year	\$ 2,341,468	\$ 2,127,027
One year to five years	12,664,674	3,208,472
Reserve for uncollectible pledges receivable	(1,050,430)	(373,485)
Unamortized discount	<u>(723,818)</u>	<u>(154,177)</u>
	<u>\$ 13,231,894</u>	<u>\$ 4,807,837</u>

5. Contribution Receivable from Remainder Trusts

Contributions receivable from remainder trusts balance at December 31, 2006 and 2005 was \$11,311,983 and \$10,390,619, respectively. The receivable and related revenue is measured at the present value of estimated future cash flows to be received 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.

6. 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 liability, December 31, 2004	<u>\$ (129,500)</u>
2005 indirect costs	53,394,255
2004 adjustment	(5,572)
Amounts recovered	<u>(56,380,926)</u>
2005 change	<u>(2,992,243)</u>
Deferred Fixed Rate Variance liability, December 31, 2005	<u>(3,121,743)</u>
2006 indirect costs	60,969,335
2005 adjustment	(135,153)
Amounts recovered	<u>(59,398,365)</u>
2006 change	<u>1,435,817</u>
Deferred Fixed Rate Variance liability, December 31, 2006	<u>\$ (1,685,926)</u>

As of December 31, 2006 the Institution has received a cumulative recovery in excess of expended amounts of \$1,685,926 which will be reflected as a deduction to future year recoveries. This amount has been reported as liability of the Institution.

Woods Hole Oceanographic Institution
Notes to Financial Statements
December 31, 2006

7. Bonds Payable

In fiscal 2004, proceeds were received from the offering of the \$54,850,000 Massachusetts Health and Educational Facilities Authority (MHEFA) Variable Rate Revenue Bonds, Woods Hole Oceanographic Institution Issue, Series 2004, which were used to repay the MHEFA B Pool loans and are currently being used for campus construction. 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 resources at a market value equal to at least 75% of all outstanding indebtedness. The bonds also require a debt service fund to be established. Included in deposits with trustees on the statement of financial position is the market value of the debt service fund of \$118,986 and \$1,898,102 at December 31, 2006 and 2005, respectively. The Series 2004 Bonds are collateralized by the Institution's unrestricted revenues. The interest rate for the Series 2004 Bonds is variable and set weekly, and at December 31, 2006, the rate was 3.84%. Interest expense for the years ended December 31, 2006 and 2005 was \$2,078,593 and \$2,184,971, respectively.

The aggregate maturities due on long-term debt at December 31, 2006 are as follows:

Fiscal Year	Principal Amount
2008	\$ 1,150,000
2009	1,200,000
2010	1,250,000
2011	1,300,000
2012	1,350,000
Thereafter	48,600,000
	<u>\$ 54,850,000</u>

In June 2004, the Institution entered into an interest rate swap agreement, with a term through June 1, 2034. This swap effectively locks in a fixed rate of 3.79% per annum. The agreement has a notional amount of \$54,850,000. At December 31, 2006 and 2005, respectively, the market value of the swap agreement amounted to a liability of \$1,960,456 and \$3,070,826 which is included in accounts payable and other liabilities. The value of the interest rate swap is reflected within accounts payable and other liabilities and nonoperating income/expense in the financial statements. Additionally, the Institution paid interest expense in association with the swap agreement of \$221,522 and \$867,459 which is reflected as part of the net realized/unrealized gains (losses) on interest swap at December 31, 2006 and 2005, respectively. For internal financial reporting purposes, the realized/unrealized loss on the interest rate swap is reflected in operating expenses, and interest income and interest expense related to the debt is reflected in operating income and operating expenses, respectively.

Woods Hole Oceanographic Institution
Notes to Financial Statements
December 31, 2006

8. Retirement Plans

The Institution maintains a noncontributory defined benefit pension plan covering substantially all employees of the Institution, 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 uses a December 31 measurement date for all of its plans.

	Restoration Plan Pension Benefits	
	2006	2005
Change in benefit obligation		
Benefit obligation at beginning of year	\$ 1,640,939	\$ 1,319,056
Service cost	-	20,615
Interest cost	70,523	66,098
Plan amendments	-	510,796
Actuarial (gain) loss	68,617	(275,626)
Settlements	(1,746,005)	-
Benefit obligation at end of year	<u>\$ 34,074</u>	<u>\$ 1,640,939</u>
Funded status	\$ (34,074)	\$ (1,640,939)
Unrecognized net actuarial loss	44,538	33,773
Unrecognized prior service cost	-	525,887
Net amount recognized	<u>\$ 10,464</u>	<u>\$ (1,081,279)</u>
Amounts recognized in the statement of financial position consist of		
Accrued benefit liability	\$ (34,074)	\$ (1,405,839)
Intangible asset	-	324,560
Additional minimum liability	44,538	-
Net amount recognized	<u>\$ 10,464</u>	<u>\$ (1,081,279)</u>

Woods Hole Oceanographic Institution
Notes to Financial Statements
December 31, 2006

	Restoration Plan Pension Benefits	
	2006	2005
Change in net assets attributable to change in additional minimum liability recognition	\$ 44,538	\$ (98,447)
Information for pension plans with accumulated benefit obligations in excess of plan assets		
Projected benefit obligation	34,074	1,640,939
Accumulated benefit obligation	(34,074)	1,405,828
Fair value of plan assets	-	-
Components of net periodic benefit cost		
Service cost	-	20,615
Interest cost	70,523	66,098
Amortization of prior service cost	-	(44,032)
Recognized actuarial loss	-	46,326
Net periodic benefit cost	\$ 70,523	\$ 89,007
Weighted-average assumptions used to determine benefit obligations at December 31		
Discount rate	6.00%	5.75%
Rate of compensation increase	4.50%	4.50%
Weighted-average assumptions used to determine net periodic benefit cost for years ended December 31		
Discount rate	5.75%	5.75%
Rate of compensation increase	4.50%	6.00%

As a result of plan amendments made to the Institution's noncontributory defined benefit pension plan in 2005, the Restoration Plan pension benefits had a corresponding change (see qualified plan for a summary of plan amendments).

During fiscal 2006, the main participant in the Restoration Plan terminated employment and elected to receive benefits as a single lump-sum payment. Due to the termination a curtailment of future benefits occurred, which resulted in a curtailment loss of \$526,000. Additionally, as a result of the lump-sum distribution, a settlement loss of \$58,000 occurred.

Expected Contributions

The Institution anticipates contributing \$34,074 to the Restoration Plan in 2007.

Estimated Future Benefit Payments

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

Years	Benefit Payments
2007	\$ 34,074

Woods Hole Oceanographic Institution
Notes to Financial Statements
December 31, 2006

	Qualified Plan Pension Benefits	
	2006	2005
Change in benefit obligation		
Benefit obligation at beginning of year	\$ 214,770,764	\$ 177,927,242
Service cost	6,137,340	5,922,793
Interest cost	11,980,814	9,751,495
Plan amendments	-	34,734,251
Actuarial (gain) loss	(483,219)	(3,985,084)
Benefits paid	<u>(16,514,458)</u>	<u>(9,579,933)</u>
Benefit obligation at end of year	<u>\$ 215,891,241</u>	<u>\$ 214,770,764</u>
Change in plan assets		
Fair value of plan assets at beginning of year	\$ 155,921,888	\$ 150,616,331
Adjustment to beginning balance for additional fair value of investments	2,605,614	-
Employer contributions	5,242,851	1,927,020
Actual return on plan assets	24,086,255	12,958,470
Benefits paid	<u>(16,514,458)</u>	<u>(9,579,933)</u>
Fair value of plan assets at end of year	<u>\$ 171,342,150</u>	<u>\$ 155,921,888</u>
Funded status	\$ (44,549,091)	\$ (58,848,876)
Unrecognized net actuarial loss	7,885,799	27,551,799
Unrecognized prior service cost	<u>15,323,257</u>	<u>17,257,176</u>
Net amount recognized	<u>\$ (21,340,035)</u>	<u>\$ (14,039,901)</u>
Amounts recognized in the statement of financial position consist of		
Accrued benefit liability	\$ (21,340,035)	\$ (27,390,061)
Intangible asset	<u>-</u>	<u>13,350,160</u>
Net amount recognized	<u>\$ (21,340,035)</u>	<u>\$ (14,039,901)</u>
Change in net assets attributable to change in additional minimum liability recognition	\$ -	\$ (13,956,759)
Information for pension plans with accumulated benefit obligations in excess of plan assets		
Projected benefit obligation	215,891,241	214,770,764
Accumulated benefit obligation	180,744,218	183,311,949
Fair value of plan assets	171,342,150	155,921,888
Components of net periodic benefit cost		
Service cost	6,137,340	5,922,793
Interest cost	11,980,814	9,751,495
Expected return on plan assets	(10,140,183)	(10,689,353)
Amortization of prior service cost	1,933,919	(969,926)
Recognized actuarial loss	<u>2,631,095</u>	<u>2,301,982</u>
Net periodic benefit cost	<u>\$ 12,542,985</u>	<u>\$ 6,316,991</u>

Woods Hole Oceanographic Institution
Notes to Financial Statements
December 31, 2006

The Institution has reflected \$5,242,851 and \$1,927,020 for the years ending December 31, 2006 and 2005, respectively, of the net periodic benefit cost in the operating section of the statement of activities which represents the amount reimbursed through the employee benefit fixed rate as negotiated with the United States Government. The remaining \$7,300,134 and \$4,389,971 for the years ending December 31, 2006 and 2005, respectively, of net periodic benefit cost is reflected in nonoperating expenses.

	Qualified Plan Pension Benefits	
	2006	2005
Weighted-average assumptions used to determine benefit obligations at December 31		
Discount rate	6.00%	5.75%
Rate of compensation increase	4.50%	4.50%
Weighted-average assumptions used to determine net periodic benefit cost for years ended December 31		
Discount rate	5.75%	5.75%
Expected long-term rate of return on plan assets	8.00%	8.00%
Rate of compensation increase	4.50%	-

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 the selection of the 8.00% assumption.

Effective December 31, 2004, final average compensation for the Plan was frozen and equal to a participant's final average compensation determined as of December 31, 2004. A one year index of 4.5% will be applied to the frozen December 31, 2004 final average compensation for service performed during 2005. In addition, effective December 31, 2004, the minimum lump-sum benefit was amended to eliminate the 8% pay credit for years after 2005. These changes have been reflected in the liabilities as of December 31, 2004.

Effective January 1, 2006, the Qualified Plan was amended. The lump sum (introduced in 1999) will no longer be available on benefits earned after January 1, 2006. Benefits for service from 25 to 35 years introduced in 1999 will be removed. The lifetime benefit payable upon early retirement has changed from a 6% per year reduction to a 5% per year reduction. Minimum lump sum benefits equal to 5% of final average compensation times service replaces the minimum introduced in 1999 of approximately 8%. The preretirement death benefit has been reduced from 100% of the accrued pension benefit to 50% of the accrued pension benefit but not less than the participant's accrued benefit as of December 31, 2006. The 3-year vesting period (introduced in 1999) will change to a 5-year vesting service for employees hired after December 31, 2005. These changes have been reflected in the intangible asset and in the liability as of December 31, 2005.

Woods Hole Oceanographic Institution
Notes to Financial Statements
December 31, 2006

Plan Assets

The Institution's pension plan weighted-average asset allocations at December 31, 2006 and 2005, by asset category are as follows:

Asset Category	2006	2005
Domestic equity	31%	33%
International equity	30%	24%
Hedge funds	14%	13%
Private equity and venture capital	12%	10%
Bonds (US treasury, corporate, and international)	13%	20%
	<u>100%</u>	<u>100%</u>

The following target asset allocation is used:

Asset Category	Target Allocation
Domestic equity	30%
International equity	20%
Hedge funds	15%
Private equity and venture capital	20%
Bonds (US treasury, corporate, and international)	15%

The primary financial objectives of the assets of the Plan are to (1) provide a stream of relatively predictable, stable and constant earnings in support of the Qualified Plan's annual benefit payment obligations; and (2) preserve and enhance the real (inflation-adjusted) value of assets, over time, with the goal of meeting the anticipated future benefit obligations of the qualified plan.

The long-term investment objectives of the assets of the Plan are to (1) attain the average annual total return assumed in the Plan's most recent actuarial assumptions (net of investment management fees) over rolling five-year periods; and (2) outperform the custom benchmark.

Expected Contributions

The Institution anticipates contributing \$6,000,000 to the Qualified Plan in 2007.

Woods Hole Oceanographic Institution
Notes to Financial Statements
December 31, 2006

Estimated Future Benefit Payments

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

Years	Benefit Payments
2007	\$ 14,149,039
2008	14,522,695
2009	14,514,332
2010	14,279,220
2011	14,282,551
2012 - 2016	80,360,563

	Supplemental Plan Pension Benefits	
	2006	2005
Change in benefit obligation		
Benefit obligation at beginning of year	\$ 3,595,900	\$ 3,922,283
Service cost	55,341	71,554
Interest cost	168,532	186,266
Actuarial loss	(535,722)	(428,816)
Benefits paid	(170,729)	(193,737)
Plan change	-	38,350
Benefit obligation at end of year	<u>\$ 3,113,322</u>	<u>\$ 3,595,900</u>
Change in plan assets		
Fair value of plan assets at beginning of year	\$ -	\$ -
Employer contributions	170,729	193,737
Benefits paid	(170,729)	(193,737)
Fair value of plan assets at end of year	<u>\$ -</u>	<u>\$ -</u>
Funded status	\$ (3,113,322)	\$ (3,595,900)
Unrecognized actuarial (gain) loss	(557,044)	(59,160)
Unrecognized prior service cost	32,731	39,351
Net amount recognized	<u>\$ (3,637,635)</u>	<u>\$ (3,615,709)</u>
Amounts recognized in the statement of financial position consist of		
Accrued benefit liability	<u>\$ (3,637,635)</u>	<u>\$ (3,615,709)</u>

Woods Hole Oceanographic Institution
Notes to Financial Statements
December 31, 2006

Information for pension plans with accumulated benefit obligations in excess of plan assets		
Projected benefit obligation	\$ 3,113,322	\$ 3,595,900
Accumulated benefit obligation	2,919,806	3,277,938
Fair value of plan assets	-	-
Components of net periodic benefit cost		
Service cost	\$ 55,341	\$ 71,554
Interest cost	168,532	186,266
Expected return on earmarked reserves	(190,256)	(192,649)
Amortization of prior year service cost	6,620	315
Recognized actuarial loss	(47,831)	-
Net periodic benefit cost	<u>\$ (7,594)</u>	<u>\$ 65,486</u>
Actual return on earmarked reserves	\$ 200,249	\$ 154,541
Weighted-average assumptions used to determine benefit obligations at December 31		
Discount rate	6.00%	5.75%
Rate of compensation increase	4.50%	4.50%
Weighted-average assumptions used to determine net periodic benefit cost for years ended December 31		
Discount rate	5.75%	5.75%
Expected long-term rate of return on plan assets	8.00%	8.00%
Rate of compensation increase	4.50%	4.50%

The accrued supplemental retirement is matched by a "Rabbi" Trust with \$7,173,633 and \$6,585,207, respectively, as of December 31, 2006 and 2005. An additional accrual of \$3,535,998 and \$2,969,498 has been established for the excess of the "Rabbi" Trust assets over the accrued supplemental retirement benefits at December 31, 2006 and 2005, respectively. Income earned on the investments earmarked for the supplemental retirement plan amounted to \$200,249 and \$154,541 for the years ended December 31, 2006 and 2005, respectively.

Expected Contributions

The Institution does not anticipate contributing to the Supplemental Plan in 2007.

Estimated Future Benefit Payments

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

Years	Benefit Payments
2007	\$ 404,977
2008	490,490
2009	428,540
2010	498,307
2011	482,032
Years 2012 - 2016	1,531,226

Woods Hole Oceanographic Institution
Notes to Financial Statements
December 31, 2006

On September 29, 2006, the Financial Accounting Standards Board ("FASB") issued Statement No. 158 (FAS 158) which addressed changes to accounting for pensions and other postretirement benefit plans. One of the key requirements of FAS 158 is that the over or underfunded status of postretirement benefit plans must be recognized on the balance sheet. Another key element of FAS 158 is to eliminate an entity's ability to select a date to measure plan assets and obligations that is prior to its year-end balance sheet date. This new standard is effective for nonpublic entities with fiscal year ending on or after June 15, 2007. If FAS 158 had been adopted by the Institution in fiscal 2006, the estimated effect for the retirement plans and other postretirement benefit plans would have been a decrease to unrestricted net assets of approximately \$34,000,000 and a corresponding increase to the pension and postretirement benefit liabilities.

9. 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.

	Other Postretirement Benefits	
	2006	2005
Change in benefit obligation		
Benefit obligation at beginning of year	\$ 25,605,822	\$ 26,594,502
Service cost	754,521	693,340
Interest cost	1,591,037	1,385,648
Plan amendment	(241,938)	-
Benefits paid	(1,044,207)	(1,440,682)
Actuarial loss	4,626,528	(1,626,986)
Benefit obligation at end of year	<u>\$ 31,291,763</u>	<u>\$ 25,605,822</u>
Change in plan assets		
Fair value of plan assets at beginning of year	\$ 19,323,651	\$ 19,042,401
Employer contributions	884,556	683,853
Actual return on plan assets	2,112,483	1,038,079
Benefits paid	(1,044,207)	(1,440,682)
Fair value of plan assets at end of year	<u>\$ 21,276,483</u>	<u>\$ 19,323,651</u>
Funded status	\$ (10,015,280)	\$ (6,282,171)
Unrecognized net actuarial loss	21,105,885	18,497,259
Unrecognized prior service cost (credit)	(10,301,779)	(11,426,262)
Net amount recognized	<u>\$ 788,826</u>	<u>\$ 788,826</u>

Woods Hole Oceanographic Institution
Notes to Financial Statements
December 31, 2006

	Other Postretirement Benefits	
	2006	2005
Amounts recognized in the statement of financial position consist of		
Prepaid benefit cost	<u>\$ 788,826</u>	<u>\$ 788,826</u>
Components of net periodic benefit cost		
Service cost	\$ 754,521	\$ 693,340
Interest cost	1,591,037	1,385,648
Expected return on plan assets	(1,528,948)	(1,475,831)
Amortization of prior service cost	(1,366,423)	(1,340,156)
Recognized actuarial loss	<u>1,434,365</u>	<u>1,271,325</u>
Net periodic benefit cost	<u>\$ 884,552</u>	<u>\$ 534,326</u>

The Institution has reflected the net periodic benefit cost in operating expenses, as the amount is reimbursed through federal awards.

Weighted-average assumptions used to determine benefit obligations at December 31

Discount rate	6.00%	5.75%
Weighted-average assumptions used to determine net periodic benefit cost for years ended December 31		
Discount rate	5.75%	5.75%
Expected long-term rate of return on plan assets	8.00%	8.00%

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

	2006		2005	
	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	9.0%	7.0%	10.0%	7.3%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	5.0%	5.0%	5.0%	4.3%
Year that the rate reaches the ultimate trend rate	2015	2012	2014	2013

Woods Hole Oceanographic Institution
Notes to Financial Statements
December 31, 2006

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:

	2006	2005
	One-Percentage-Point	One-Percentage-Point
	Increase in Trend	Increase in Trend
Effect on total of service cost and interest cost components	\$ 424,894	\$ 365,522
Effect on year-end postretirement benefit obligation	4,772,870	3,709,195
	One-Percentage-Point	One-Percentage-Point
	Decrease in Trend	Decrease in Trend
Effect on total of service cost and interest cost components	\$ (337,831)	\$ (292,004)
Effect on year-end postretirement benefit obligation	(3,890,358)	(3,048,587)

Plan Assets

The Institution's postretirement benefit plan weighted-average asset allocations at December 31, 2006 and 2005, by asset category are as follows:

Asset Category	2006	2005
Equity securities	92%	100%
Debt securities	-	-
Cash	8%	-
	<u>100%</u>	<u>100%</u>

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 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 the selection of the 8.00% assumption.

As of January 1, 2006, the required copayments and other features of the underlying medical benefit plan were updated resulting in a decrease in the obligation of \$242,000.

Expected Contributions

The Institution anticipates contributing \$900,000 to the Retiree Medical Plan in 2007.

Woods Hole Oceanographic Institution
Notes to Financial Statements
December 31, 2006

Estimated Future Benefit Payments

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

Years	Benefit Payments
2007	\$ 1,390,120
2008	1,499,706
2009	1,582,826
2010	1,758,612
2011	10,381,810
Years 2012 - 2016	

10. 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 2004. 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, 2005 on October 27, 2006. The 2006 costs remain subject to audit. Any adjustments will be recorded in the years they become known.

The Institution through its pooled investments is committed to invest \$23,970,000 in certain venture capital and investment partnerships as of December 31, 2006.

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.

11. Related Party Transactions

In fiscal year 2006, the Institution passed through Federal Awards of approximately \$437,000 and \$794,000 for the years ended December 31, 2006 and 2005, respectively, 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. 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 and other transactions were approximately \$1,005,000 and \$353,000 for the years ended December 31, 2006 and 2005, respectively.

The Institution has loans due from various employees for education advances and computer purchases. The amounts outstanding are approximately \$613,000 and \$693,000 at December 31, 2006 and 2005, respectively.

Woods Hole Oceanographic Institution
Notes to Financial Statements
December 31, 2006

12. Subsequent Event

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 2004. The 2006 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, 2006 on September 14, 2007. The DCAA audit report included compliance findings which the Institution believes will not materially affect its financial position.

**Schedule of Expenditures of
Federal Awards**

**Woods Hole Oceanographic Institution
Schedule of Expenditures of Federal Awards
December 31, 2006**

Major Program Research and Development Cluster	Federal CFDA Prefix	Federal CFDA Extension/ Contract Number	2006 Expenditures
Research and Development Direct Awards			
U.S. Department of Agriculture	10		
4095CV50120		4095CV50120	\$ 16,643
VISA 8797		VISA 8797	<u>15,900</u>
			32,543
National Oceanic and Atmospheric Administration	11		
8850		8850	8,742
AB133F05SE5828		AB133F05SE5828	(296)
AB133F05SE6881		AB133F05SE6881	933
AB133F06SE2357		AB133F06SE2357	58,691
AB133R06SU1027		AB133R06SU1027	6,909
BI1200500		BI1200500	11,000
Center for Sponsored Coastal Ocean Research Coastal Ocean Program		478	658,347
Center for Sponsored Coastal Ocean Research Coastal Ocean Program		478	69,977
Center for Sponsored Coastal Ocean Research Coastal Ocean Program		478	6,859
Center for Sponsored Coastal Ocean Research Coastal Ocean Program		478	10,224
Center for Sponsored Coastal Ocean Research Coastal Ocean Program		478	302,226
Center for Sponsored Coastal Ocean Research Coastal Ocean Program		478	47,187
Center for Sponsored Coastal Ocean Research Coastal Ocean Program		478	34,111
Center for Sponsored Coastal Ocean Research Coastal Ocean Program		478	301,643
Center for Sponsored Coastal Ocean Research Coastal Ocean Program		478	142,925
Center for Sponsored Coastal Ocean Research Coastal Ocean Program		478	64,377
Center for Sponsored Coastal Ocean Research Coastal Ocean Program		478	84,982
Center for Sponsored Coastal Ocean Research Coastal Ocean Program		478	67,410
Climate and Atmospheric Research		431	63,440
DG133F05SE6217		DG133F05SE6217	616
EA133C05SE5157		EA133C05SE5157	17,795
EA133C05SE6441		EA133C05SE6441	23,626
EN133F05SE5824		EN133F05SE5824	22,237
EN133F05SU1657		EN133F05SU1657	7,147
EN133F06SE2149		EN133F06SE2149	18,048
Marine Mammal Data Program		439	61,619
Marine Mammal Data Program		439	1,247
MC5063		MC5063	105
NFFM5100500826		NFFM5100500826	(67)
Office of Oceanic and Atmospheric Research OAR Joint and Cooperative Institutes		432	6,273,471
PO1156900		PO1156900	4,556
Sea Grant Support		417	305,675
Sea Grant Support		417	818,007
Sea Grant Support		417	104,683
Special Oceanic and Atmospheric Projects		460	9,112
Special Oceanic and Atmospheric Projects		460	4,406
Special Oceanic and Atmospheric Projects		460	5,029
Special Oceanic and Atmospheric Projects		460	10,480

The accompanying notes are an integral part of this schedule.

Woods Hole Oceanographic Institution
Schedule of Expenditures of Federal Awards
December 31, 2006

Major Program	Federal CFDA Prefix	Federal CFDA Extension/ Contract Number	2006 Expenditures
Research and Development Cluster			
National Oceanic and Atmospheric Administration, continued	11		
Special Oceanic and Atmospheric Projects		460	\$ 235,632
Special Oceanic and Atmospheric Projects		460	256,913
Special Oceanic and Atmospheric Projects		460	234,781
Special Oceanic and Atmospheric Projects		460	55,223
Special Oceanic and Atmospheric Projects		460	42,395
Special Oceanic and Atmospheric Projects		460	151
Unallied Science Program		472	29,800
Unallied Science Program		472	8,260
Unallied Science Program		472	19,442
Unallied Science Program		472	94,625
Unallied Science Program		472	6,903
Unallied Science Program		472	109,829
Unallied Science Program		472	120,547
Unallied Science Program		472	62,101
Unallied Science Program		472	85,477
Undersea Research		430	121,909
Undersea Research		430	2,248,057
			<u>13,359,524</u>
Department of the Navy	12		
05C6430		05C6430	2,836,155
Basic and Applied Scientific Research		300	47,529
Basic and Applied Scientific Research		300	211,769
Basic and Applied Scientific Research		300	90,046
Basic and Applied Scientific Research		300	252,432
Basic and Applied Scientific Research		300	4,040
Basic and Applied Scientific Research		300	6,422
Basic and Applied Scientific Research		300	126,733
Basic and Applied Scientific Research		300	52,485
Basic and Applied Scientific Research		300	378,620
Basic and Applied Scientific Research		300	1,748,577
Basic and Applied Scientific Research		300	67,119
Basic and Applied Scientific Research		300	72,610
Basic and Applied Scientific Research		300	25,025
Basic and Applied Scientific Research		300	111,450
Basic and Applied Scientific Research		300	79,518
Basic and Applied Scientific Research		300	152,492
Basic and Applied Scientific Research		300	243
Basic and Applied Scientific Research		300	532,665
Basic and Applied Scientific Research		300	318,940
Basic and Applied Scientific Research		300	135,527
Basic and Applied Scientific Research		300	209,385
Basic and Applied Scientific Research		300	31,008
Basic and Applied Scientific Research		300	26,573
Basic and Applied Scientific Research		300	32,341
Basic and Applied Scientific Research		300	172,203

The accompanying notes are an integral part of this schedule.

**Woods Hole Oceanographic Institution
Schedule of Expenditures of Federal Awards
December 31, 2006**

Major Program Research and Development Cluster	Federal CFDA Prefix	Federal CFDA Extension/ Contract Number	2006 Expenditures
Department of Navy, continued	12		
Basic and Applied Scientific Research		300	\$ 85,337
Basic and Applied Scientific Research		300	199,609
Basic and Applied Scientific Research		300	251,165
Basic and Applied Scientific Research		300	119,360
Basic and Applied Scientific Research		300	27,151
Basic and Applied Scientific Research		300	144,361
Basic and Applied Scientific Research		300	42,507
Basic and Applied Scientific Research		300	72,178
Basic and Applied Scientific Research		300	99,707
Basic and Applied Scientific Research		300	1,624
Basic and Applied Scientific Research		300	43,541
Basic and Applied Scientific Research		300	131,384
Basic and Applied Scientific Research		300	602,389
Basic and Applied Scientific Research		300	97,382
Basic and Applied Scientific Research		300	40,958
Basic and Applied Scientific Research		300	3,163
Basic and Applied Scientific Research		300	38,660
Basic and Applied Scientific Research		300	17,511
Basic and Applied Scientific Research		300	53,418
Basic and Applied Scientific Research		300	323,238
Basic and Applied Scientific Research		300	4,096
Basic and Applied Scientific Research		300	3,934,727
Basic and Applied Scientific Research		300	14,279
Basic and Applied Scientific Research		300	144,917
Basic and Applied Scientific Research		300	78,574
Basic and Applied Scientific Research		300	32,266
Basic and Applied Scientific Research		300	526,539
Basic and Applied Scientific Research		300	30,025
Basic and Applied Scientific Research		300	104,859
Basic and Applied Scientific Research		300	172,807
Basic and Applied Scientific Research		300	46,298
Basic and Applied Scientific Research		300	109,329
Basic and Applied Scientific Research		300	99,611
Basic and Applied Scientific Research		300	40,667
Basic and Applied Scientific Research		300	11,107
Basic and Applied Scientific Research		300	69,636
DAAD190310072		DAAD190310072	15,598
DACA7201C0011		DACA7201C0011	(6,860)
GG1142301		GG1142301	(60)
MO1038600		MO1038600	2,054
N0001402C0201		N0001402C0201	183,065
N0001402C0278		N0001402C0278	120,400
N0001403M0151		N0001403M0151	6,081
N0001405C0058		N0001405C0058	112,049
N0002404M6630		N0002404M6630	(1,519)

The accompanying notes are an integral part of this schedule.

**Woods Hole Oceanographic Institution
Schedule of Expenditures of Federal Awards
December 31, 2006**

Major Program Research and Development Cluster	Federal CFDA Prefix	Federal CFDA Extension/ Contract Number	2006 Expenditures
Department of Navy, continued	12		
N0002404M6639		N0002404M6639	\$ 12,755
N0016406D6672		N0016406D6672	290,613
N00173056907		N00173056907	30,571
N0017401C0001		N0017401C0001	653
N00244060727		N00244060727	13,055
N0024406P0987		N0024406P0987	8,392
N0024406P1186		N0024406P1186	12,584
N4175605M6439		N4175605M6439	(1,643)
N6600106M1047		N6600106M1047	23,363
N6600106MT163		N6600106MT163	12,963
N6660403D2199		N6660403D2199	137,240
SI1539		SI1539	<u>345,772</u>
			16,853,413
Department of the Interior	15		
20020900945		20020900945	2,586
05ERAG0029		05ERAG0029	978,264
05FLSA0120		05FLSA0120	2,035
06HQGR0035		06HQGR0035	19,895
06HQGR0051		06HQGR0051	29,300
US Geological Survey Research and Data Collection		808	21,347
USGS MASTERCARD		USGS MASTERCARD	<u>910</u>
			1,054,337
National Aeronautics and Space Administration	43		
NAG512403		NAG512403	1,272
NAG512520		NAG512520	40,771
NNG04GE95G		NNG04GE95G	67,947
NNG04GF50G		NNG04GF50G	26,704
NNG04GJ33G		NNG04GJ33G	110,084
NNG04GQ14H		NNG04GQ14H	25,591
NNG04GR22G		NNG04GR22G	215,912
NNG05GG30G		NNG05GG30G	236,358
NNG05GN93G		NNG05GN93G	70,681
NNG05GR34G		NNG05GR34G	79,206
NNG06GI27G		NNG06GI27G	41,960
NNG0L03G		NNG0L03G	<u>151,463</u>
			1,067,949
National Science Foundation	47		
Biological Sciences		074	18,398
Biological Sciences		074	40,224
Biological Sciences		074	160,764
Biological Sciences		074	37,982
Biological Sciences		074	25,450
Biological Sciences		074	4,950
Biological Sciences		074	117,444
Biological Sciences		074	<u>69,416</u>

The accompanying notes are an integral part of this schedule.

**Woods Hole Oceanographic Institution
Schedule of Expenditures of Federal Awards
December 31, 2006**

Major Program Research and Development Cluster	Federal CFDA Prefix	Federal CFDA Extension/ Contract Number	2006 Expenditures
National Science Foundation, continued	47		
Biological Sciences		074	\$ 108,662
Biological Sciences		074	25,427
Biological Sciences		074	40,854
Computer and Information Science and Engineering		070	13,161
Computer and Information Science and Engineering		070	63,224
Education and Human Resources		076	19,919
Education and Human Resources		076	24,737
Engineering Grants		041	26,804
Geosciences		050	95,454
Geosciences		050	118,684
Geosciences		050	1,209
Geosciences		050	6,051
Geosciences		050	379
Geosciences		050	1
Geosciences		050	28,084
Geosciences		050	21,045
Geosciences		050	183,052
Geosciences		050	103,980
Geosciences		050	67,356
Geosciences		050	66,409
Geosciences		050	64,530
Geosciences		050	144,773
Geosciences		050	98,228
Geosciences		050	41,985
Geosciences		050	7,696
Geosciences		050	96,900
Geosciences		050	11,748
Geosciences		050	8,020
Geosciences		050	5,258,101
Geosciences		050	1,469,270
Geosciences		050	30,952
Geosciences		050	35,905
Geosciences		050	13,236
Geosciences		050	171,872
Geosciences		050	19
Geosciences		050	34,014
Geosciences		050	897
Geosciences		050	283,706
Geosciences		050	24,659
Geosciences		050	7,361
Geosciences		050	16,837
Geosciences		050	21,519
Geosciences		050	23,404
Geosciences		050	370,780
Geosciences		050	54,375

The accompanying notes are an integral part of this schedule.

**Woods Hole Oceanographic Institution
Schedule of Expenditures of Federal Awards
December 31, 2006**

Major Program Research and Development Cluster	Federal CFDA Prefix	Federal CFDA Extension/ Contract Number	2006 Expenditures
National Science Foundation, continued	47		
Geosciences		050	\$ 303,666
Geosciences		050	1,287,799
Geosciences		050	62,334
Geosciences		050	44,590
Geosciences		050	36,115
Geosciences		050	2,920
Geosciences		050	3,968
Geosciences		050	17,206
Geosciences		050	14,187
Geosciences		050	105,814
Geosciences		050	59,780
Geosciences		050	3,392,865
Geosciences		050	207,831
Geosciences		050	155,449
Geosciences		050	949
Geosciences		050	45,846
Geosciences		050	2,277
Geosciences		050	663,149
Geosciences		050	72,370
Geosciences		050	24,179
Geosciences		050	103,490
Geosciences		050	47,903
Geosciences		050	12,099
Geosciences		050	28,958
Geosciences		050	39,253
Geosciences		050	62,604
Geosciences		050	56,818
Geosciences		050	349,151
Geosciences		050	150,900
Geosciences		050	848
Geosciences		050	1,863
Geosciences		050	9,562
Geosciences		050	65,352
Geosciences		050	151,914
Geosciences		050	89,485
Geosciences		050	452,679
Geosciences		050	62,998
Geosciences		050	133,248
Geosciences		050	27,996
Geosciences		050	90,160
Geosciences		050	10,902
Geosciences		050	6,122
Geosciences		050	693
Geosciences		050	124,975
Geosciences		050	16,248

The accompanying notes are an integral part of this schedule.

**Woods Hole Oceanographic Institution
Schedule of Expenditures of Federal Awards
December 31, 2006**

Major Program Research and Development Cluster	Federal CFDA Prefix	Federal CFDA Extension/ Contract Number	2006 Expenditures
National Science Foundation, continued	47		
Geosciences		050	\$ 17,122
Geosciences		050	20,051
Geosciences		050	51,690
Geosciences		050	50,301
Geosciences		050	23,010
Geosciences		050	72,237
Geosciences		050	19,454
Geosciences		050	32,817
Geosciences		050	83,710
Geosciences		050	41,825
Geosciences		050	800
Geosciences		050	31,361
Geosciences		050	4,425
Geosciences		050	80,214
Geosciences		050	219,092
Geosciences		050	123,281
Geosciences		050	37,305
Geosciences		050	8,843
Geosciences		050	13,501
Geosciences		050	588,491
Geosciences		050	1,916
Geosciences		050	859,632
Geosciences		050	2,360
Geosciences		050	111,967
Geosciences		050	194,598
Geosciences		050	175,337
Geosciences		050	46,677
Geosciences		050	52,466
Geosciences		050	7,229
Geosciences		050	14,780
Geosciences		050	553,342
Geosciences		050	225,247
Geosciences		050	771,151
Geosciences		050	122,347
Geosciences		050	117,836
Geosciences		050	31,641
Geosciences		050	220,824
Geosciences		050	34,272
Geosciences		050	126,814
Geosciences		050	7,736
Geosciences		050	12,881
Geosciences		050	122,689
Geosciences		050	105,476
Geosciences		050	170,479
Geosciences		050	31,316

The accompanying notes are an integral part of this schedule.

**Woods Hole Oceanographic Institution
Schedule of Expenditures of Federal Awards
December 31, 2006**

Major Program Research and Development Cluster	Federal CFDA Prefix	Federal CFDA Extension/ Contract Number	2006 Expenditures
National Science Foundation, continued	47		
Geosciences		050	\$ 249,326
Geosciences		050	117,589
Geosciences		050	179,012
Geosciences		050	131,405
Geosciences		050	77,439
Geosciences		050	83,770
Geosciences		050	128,014
Geosciences		050	20,739
Geosciences		050	338,980
Geosciences		050	80,450
Geosciences		050	64,109
Geosciences		050	138,295
Geosciences		050	125,533
Geosciences		050	217,445
Geosciences		050	89,267
Geosciences		050	80,519
Geosciences		050	11,642
Geosciences		050	10,610
Geosciences		050	143,880
Geosciences		050	3,485
Geosciences		050	79,128
Geosciences		050	164,228
Geosciences		050	52,407
Geosciences		050	75,565
Geosciences		050	216,639
Geosciences		050	7,767
Geosciences		050	416,443
Geosciences		050	61,179
Geosciences		050	96,094
Geosciences		050	228,237
Geosciences		050	59,855
Geosciences		050	18,008
Geosciences		050	124,015
Geosciences		050	702,134
Geosciences		050	9,730
Geosciences		050	444,767
Geosciences		050	308,777
Geosciences		050	2,072,215
Geosciences		050	87,887
Geosciences		050	49,573
Geosciences		050	50,991
Geosciences		050	662,456
Geosciences		050	188,412
Geosciences		050	666
Geosciences		050	66,867

The accompanying notes are an integral part of this schedule.

Woods Hole Oceanographic Institution
Schedule of Expenditures of Federal Awards
December 31, 2006

Major Program Research and Development Cluster	Federal CFDA Prefix	Federal CFDA Extension/ Contract Number	2006 Expenditures
National Science Foundation, continued	47		
Geosciences		050	\$ 11,633
Geosciences		050	40,119
Geosciences		050	900,178
Geosciences		050	20,100
Geosciences		050	1,956,166
Geosciences		050	101,774
Geosciences		050	282
Geosciences		050	162,554
Geosciences		050	1,418
Geosciences		050	31,555
Geosciences		050	23,535
Geosciences		050	150,368
Geosciences		050	103,308
Geosciences		050	48,817
Geosciences		050	9,547
Geosciences		050	471,178
Geosciences		050	7,453
Geosciences		050	11,831
Geosciences		050	122,511
Geosciences		050	807,870
Geosciences		050	64,597
Geosciences		050	99,708
Geosciences		050	27,528
Geosciences		050	82,855
Geosciences		050	160,095
Geosciences		050	3,195
Geosciences		050	19,124
Geosciences		050	3,290
Geosciences		050	93,059
Geosciences		050	148,067
Geosciences		050	211,081
Geosciences		050	193,924
Geosciences		050	727,286
Geosciences		050	5,735
Geosciences		050	3,985
Geosciences		050	33,027
Geosciences		050	75,490
Geosciences		050	25,599
Geosciences		050	9,477
Geosciences		050	60
Geosciences		050	75,612
Geosciences		050	32,306
Geosciences		050	32,830
Geosciences		050	63,615
Geosciences		050	13,213

The accompanying notes are an integral part of this schedule.

**Woods Hole Oceanographic Institution
Schedule of Expenditures of Federal Awards
December 31, 2006**

Major Program Research and Development Cluster	Federal CFDA Prefix	Federal CFDA Extension/ Contract Number	2006 Expenditures
National Science Foundation, continued	47		
Geosciences		050	\$ 58,419
Geosciences		050	76,290
Geosciences		050	35,805
Geosciences		050	195,359
Geosciences		050	92,267
Geosciences		050	38,036
Geosciences		050	44,374
Geosciences		050	75,931
Geosciences		050	193,382
Geosciences		050	109,200
Geosciences		050	87,451
Geosciences		050	25,108
Geosciences		050	36,154
Geosciences		050	7,897
Geosciences		050	38,968
Geosciences		050	57,629
Geosciences		050	116,808
Geosciences		050	10,374
Geosciences		050	396
Geosciences		050	17,402
Geosciences		050	20,058
Geosciences		050	179,795
Geosciences		050	140,845
Geosciences		050	38,907
Geosciences		050	247,200
Geosciences		050	71,847
Geosciences		050	118,674
Geosciences		050	119,769
Geosciences		050	153,499
Geosciences		050	60,353
Geosciences		050	42,462
Geosciences		050	41,572
Geosciences		050	250,384
Geosciences		050	(105,127)
Geosciences		050	100,243
Geosciences		050	21,137
Geosciences		050	102,104
Geosciences		050	49,552
Geosciences		050	75,648
Geosciences		050	61,482
Geosciences		050	144,609
Geosciences		050	52,049
Geosciences		050	29

The accompanying notes are an integral part of this schedule.

**Woods Hole Oceanographic Institution
Schedule of Expenditures of Federal Awards
December 31, 2006**

Major Program Research and Development Cluster	Federal CFDA Prefix	Federal CFDA Extension/ Contract Number	2006 Expenditures
National Science Foundation, continued	47		
Geosciences		050	\$ 95,177
Geosciences		050	486
Geosciences		050	41,250
Geosciences		050	220,936
Geosciences		050	22,865
Geosciences		050	16,860
Geosciences		050	18,587
Geosciences		050	159,876
Geosciences		050	111,271
Geosciences		050	1,454,071
Geosciences		050	81,455
Geosciences		050	61,025
Geosciences		050	141,189
Geosciences		050	85,468
Geosciences		050	223,050
Geosciences		050	97,580
Geosciences		050	1
Geosciences		050	57,971
Geosciences		050	351,725
Geosciences		050	8,670
Geosciences		050	360
Geosciences		050	353,683
Geosciences		050	7,830
Geosciences		050	190,582
Geosciences		050	230
Geosciences		050	51,896
International Science and Engineering		079	26,128
International Science and Engineering		079	7,896
Mathematical and Physical Sciences		049	31,396
Mathematical and Physical Sciences		049	20,959
Mathematical and Physical Sciences		049	42,321
Polar Programs		078	5,643,892
Polar Programs		078	19,374
Polar Programs		078	(73)
Polar Programs		078	36,194
Polar Programs		078	464,646
Polar Programs		078	47,948
Polar Programs		078	73,308
Polar Programs		078	101,651
Polar Programs		078	429,657
Polar Programs		078	96,089
Polar Programs		078	92,427
Polar Programs		078	102,726
Polar Programs		078	97,309
Polar Programs		078	88,640

The accompanying notes are an integral part of this schedule.

**Woods Hole Oceanographic Institution
Schedule of Expenditures of Federal Awards
December 31, 2006**

Major Program Research and Development Cluster	Federal CFDA Prefix	Federal CFDA Extension/ Contract Number	2006 Expenditures
National Science Foundation, continued	47		
Polar Programs		078	\$ 88,900
Polar Programs		078	575,043
Polar Programs		078	55,824
Polar Programs		078	536,154
Polar Programs		078	23,459
Polar Programs		078	4,175
Polar Programs		078	128
Polar Programs		078	776
Polar Programs		078	20,164
Polar Programs		078	2
Polar Programs		078	153,567
Polar Programs		078	99,415
Polar Programs		078	18,064
Polar Programs		078	275,044
Polar Programs		078	11,213
Polar Programs		078	72,762
Polar Programs		078	200,776
Polar Programs		078	107,436
Polar Programs		078	99,882
Polar Programs		078	17,667
Polar Programs		078	28,574
Social, Behavioral, and Economic Sciences		075	<u>11,044</u>
			56,723,461
Environmental Protection Agency	66		
R83041501		R83041501	125,594
FP916734010		FP916734010	13,422
R82908901		R82908901	<u>40,255</u>
			179,271
Miscellaneous	81		
DEFG0203ER63659		DEFG0203ER63659	211,417
DEFG0206ER15775		DEFG0206ER15775	153,336
DEFG0297ER14746		DEFG0297ER14746	156,944
DEFGO200ER15058		DEFGO200ER15058	28,570
DEFGO200ER62999		DEFGO200ER62999	59,738
Fossil Energy Research and Development		089	<u>119,003</u>
			729,008
Department of Health and Human Services	93		
2R01ESO627206		2R01ESO627206	397,290
Resource and Manpower Development in the Environmental Health Sciences		894	473,940
Resource and Manpower Development in the Environmental Health Sciences		894	38,896
Resource and Manpower Development in the Environmental Health Sciences		894	<u>55,935</u>
			<u>966,061</u>
Total Direct Awards			<u>\$ 90,965,567</u>

The accompanying notes are an integral part of this schedule.

**Woods Hole Oceanographic Institution
Schedule of Expenditures of Federal Awards
December 31, 2006**

Major Program Research and Development Cluster	Federal CFDA Prefix	Pass-through Identification Number/ CFDA Extension	2006 Expenditures
Research and Development Passed Through from Other Organizations			
National Oceanic and Atmospheric Administration	11		
Bluefin Robotics Corporation		DG13G06SU1378	\$ 13,096
Columbia University		GG1038903/432	7,293
Commonwealth of Massachusetts		BI3696300	3,666
Cornell University		448387256/472	5,236
Cornell University		642245	20,774
Duke University		GG1205100	4,087
Florida State University		FSUR00344/472	103,321
Information Manufacturing Corporation		IMC05NOAA004	16,244
Marine Biological Laboratory		SC26449/430	79,153
Massachusetts Institute of Technology		MIT5710002014/417	608
Massachusetts Institute of Technology Sea Grant		SC5710001992/417	15,908
Massachusetts Institute of Technology		5710001684/417	10,049
Massachusetts Institute of Technology		MIT5710001421/417	7,682
Monterey Bay Aquarium Research Institute		PO610212	1,414
Mooring Systems Inc		PO003229	136
National Fish and Wildlife Foundation		2003017034/463	7,713
North Carolina State University		POJM52486402	4,620
Oregon State University		NA108HF/440	21,026
Provincetown Center for Coastal Studies		PO2533	5,388
Rutgers University		SC2214	30,399
Rutgers		SC1120/430	31,654
Skidaway Institute of Oceanography		PO93000003161	1,560
Smithsonian Institution		SMITHSONIANSUB/478	43
Southeastern Universities Research Association		SURA2005212/473	342
University of California San Diego		PO10204367/432	138,927
University Maine		UMSO1960/419	83,614
University of Alaska Fairbanks		FP600104/432	44
University of Alaska Fairbanks		UAF050072/417	11,736
University of Alaska		UAF040118/430	3,241
University of California San Diego		PO20343608	197
University of California San Diego		PO10204368/432	53,587
University of California Santa Barbara		8751060098/432	661
University of California Santa Barbara		UCSB554135/460	48,787
University of Connecticut		PSA4241/460	23,335
University of Connecticut		PSA5045/430	28,912
University of Maine		PO5000011048	1,360
University of Maine		PO5000011935	6,824
University of Miami		P101491	1,964
University of Miami		P801038	1,296
University of Miami		PO102192	9,488
University of Miami		POP799947	24,564
University of Mississippi		SC0608016/430	167,071

The accompanying notes are an integral part of this schedule.

Woods Hole Oceanographic Institution
Schedule of Expenditures of Federal Awards
December 31, 2006

Major Program Research and Development Cluster	Federal CFDA Prefix	Pass-through Identification Number/ CFDA Extension	2006 Expenditures
National Oceanic and Atmospheric Administration, continued	11		
University of New Hampshire		UNHNaNOS4191149/419	\$ 60,183
University of New Hampshire		P6UZO132	5,974
University of New Hampshire		UNHPOPZ06062/472	84,185
University of New Hampshire		UNH06123	31,030
University of New Hampshire		SC06066/460	46,867
University of New Hampshire		SC06067/473	34,759
University of New Hampshire		UNH03694/417	20,591
University of New Hampshire		UNH03738/472	4,259
University of New Hampshire		UNH03788/472	(11)
University of New Hampshire		UNH04801/419	11,292
University of New Hampshire		UNH04802/419	4,307
University of New Hampshire		UNH04814/460	(10,611)
University of New Hampshire		UNH05909/472	80,418
University of New Hampshire		UNH05914/472	39,312
University of New Hampshire		UNH05929/460	(5)
University of New Hampshire		UNH06016	75,788
University of New Hampshire		UNH06017/473	28,420
University of New Hampshire		UNHPZ06052/473	54,882
University of North Carolina at Wilmington		Q400082	15,500
University of Southern Florida		7000008119/430	(9)
			<u>1,584,151</u>
Department of the Navy	12		
Analysis Design and Diagnostics Inc		PO050003	7,255
Analysis Design Diagnostics Inc		ADD02072	3,190
Analysis Design Diagnostics Inc		N0002405C6310	2,576
Applied Physical Sciences Corp		APSTTR0601	31,559
BAE SYSTEMS Spectral Solutions LLC		N00421030025004	6,004
Benthos		PO14050209/300	3,869
Bluefin Robotics Corporation		PO06700A	19,320
Bluefin Robotics Corporation		PO06715	20,000
Florida Atlantic University		PO602241/300	275,359
Florida State University		7000007629/300	(1,548)
Gulf of Maine Ocean Observing System		20020031/300	44,723
Hydroid Inc		6096	1,250
Hydroid Inc		PO0005845	108,219
Hydroid Inc		PO0005902	3,840
Johns Hopkins University/Applied Physics Laboratory		PO914740	13,739
Johns Hopkins University		860762304/300	160,731
Marine Biological Laboratory		MBLSC28329/300	64,324
Marine Biological Laboratory		MBL24774	6,823
Marine Biological Laboratory		MBL27344	51,067
Massachusetts Institute of Technology		5710001556/300	47,916
Massachusetts Institute of Technology		5710001649/300	30,000
Massachusetts Institute of Technology		PO4500817121/300	6,419
Northrup Grumman Inc		8200083424	10,195
OASIS		N0003906C0063	7,792

The accompanying notes are an integral part of this schedule.

**Woods Hole Oceanographic Institution
Schedule of Expenditures of Federal Awards
December 31, 2006**

Major Program Research and Development Cluster	Federal CFDA Prefix	Pass-through Identification Number/ CFDA Extension	2006 Expenditures
Department of the Navy, continued	12		
Oregon State University		P0071026/300	\$ 9,316
Oregon State University		PO071136/300	2,343
Pennsylvania State University		920371	180
Pennsylvania State University		SC0509	657,625
Perot Systems Government Services		PO004722	4,992
Princeton University		SC00000913/300	100,241
Rite Solutions Inc		RS0602	13,279
Science Applications International Corporation		4400126403	615,349
Science Applications International Corporation		N660103D5010	105,823
Science Applications International Corporation		4400095996	29,511
Science Applications International Corporation		4400105826	72,644
Science Applications International Corporation		SAIC4600006307	1,046,654
Sontekysi Inc		PO19275	8,435
UCSDPO10263125		300	270
University of Miami		PO102132/300	2,500
University of California San Diego		PO10142701	(836)
University of Delaware		11155/300	7,854
University of Idaho		P0013981	651
University of Idaho		PO014541/300	11,329
University of Maine		UMAINEU264874/300	32
University of Mississippi		SC0509023/300	(685)
University of Rhode Island		3250535495/300	36,641
University of Rhode Island		61602535495/300	38,710
University of Southern Florida		2500022600A/300	5,487
University of Texas at Austin		2006A43353/300	1,035
University of Texas at Austin		2006C01826	773,984
University of Texas at Austin		PO20006C00946	23,245
University of Washington		UWSUB211641	6,454
University of Wyoming		DODONR44501SUB/300	5,754
Webb Research		OE1151200	20,022
			<u>4,523,461</u>
Department of the Interior	15		
Battelle		SC186138	12,943
Harris Acoustic Products Corporation		PO490411CO1	22,566
Montana State University		06HQGR0096	3,000
TDIBrooks International Inc		WHOI030306	121,045
Texas AM University		POL604207	644
Texas AM University		SO20056	3,364
Texas AM		CHECK493399	2,000
University Alaska		UAFO30109	61,372
University of Alaska Faribanks		PO3689100	6,917
University of Southern California		PO083834/807	(429)
Virginia Institute of Marine Science		POD0694488/605	(1,916)
			<u>231,506</u>

The accompanying notes are an integral part of this schedule.

**Woods Hole Oceanographic Institution
Schedule of Expenditures of Federal Awards
December 31, 2006**

Major Program Research and Development Cluster	Federal CFDA Prefix	Pass-through Identification Number/ CFDA Extension	2006 Expenditures
National Aeronautics and Space Administration	43		
Brown University		MASTERCARD5794	\$ 720
Jet Propulsion Laboratory		JPL1279179	156,910
Jet Propulsion Laboratory		JPL1283726	41,776
Jet Propulsion Laboratory		SC1283727	14,041
Jet Propulsion Laboratory		JPL961425	1,042
Marine Biological Laboratory		NNG05GN61G	14,483
Marine Biological Laboratory		MBL21175	102,987
Massachusetts Institute of Technology		PO4500754301	1,000
University of Maryland		Z601701	426,075
University of New Hampshire		UNHPO6UZO155	29,412
University of Rhode Island		9100535842/002	51,612
			<u>840,058</u>
National Science Foundation	47		
418921BA371		418921BA371	1,440
ARC0612988		ARC0612988	2,896
ATM0234546		ATM0234546	882
ATM0427220		ATM0427220	8,266
Biological Sciences		074	96,713
DEB0103690		DEB0103690	(18)
DEB0343604		DEB0343604	9,900
DMI0450355		DMI0450355	20,577
EAR0230373		EAR0230373	1,593
EAR0408521		EAR0408521	10,780
EAR0409622		EAR0409622	650
EAR0420592		EAR0420592	10,497
EAR0440131		EAR0440131	8,160
EAR0440172		EAR0440172	1,885
EAR0440235		EAR0440235	2,651
EEC9986821		EEC9986821	127,798
EF0412129		EF0412129	23,915
Geosciences		050	8,279
Geosciences		050	48,074
Geosciences		050	1,540
Geosciences		050	8,787
Geosciences		050	49,528
Geosciences		050	76,217
Geosciences		050	18,569
Geosciences		050	15,589
Geosciences		050	27,833
Geosciences		050	718
Geosciences		050	1,155
Geosciences		050	1,684
Geosciences		050	1,611
Geosciences		050	7,636
Geosciences		050	18,325

The accompanying notes are an integral part of this schedule.

Woods Hole Oceanographic Institution
Schedule of Expenditures of Federal Awards
December 31, 2006

Major Program Research and Development Cluster	Federal CFDA Prefix	Pass-through Identification Number/ CFDA Extension	2006 Expenditures
National Science Foundation	47		
Geosciences		050	\$ 21,176
Geosciences		050	37,202
Geosciences		050	201
Geosciences		050	768
Geosciences		050	93,801
Geosciences		050	160,721
Geosciences		050	8,720
Geosciences		050	690
Geosciences		050	292
Geosciences		050	3,080
Geosciences		050	152
Geosciences		050	1,547
Geosciences		050	14
Geosciences		050	30
Geosciences		050	226
Geosciences		050	1,276
Geosciences		050	11,718
Geosciences		050	7,520
Geosciences		050	5,302
Geosciences		050	79,594
Geosciences		050	201
Geosciences		050	937
Geosciences		050	2,628
Geosciences		050	20,933
Geosciences		050	5,940
Geosciences		050	(81)
Geosciences		050	410
Geosciences		050	2,310
Geosciences		050	2,000
Geosciences		050	9,000
Geosciences		050	1,600
Geosciences		050	13,242
Geosciences		050	9,444
Geosciences		050	400
Geosciences		050	154,539
Geosciences		050	65,110
Geosciences		050	(3,168)
Geosciences		050	770
Geosciences		050	3,960
Geosciences		050	1,000
Geosciences		050	1,897
Geosciences		050	223
Geosciences		050	152
Geosciences		050	13,530

The accompanying notes are an integral part of this schedule.

Woods Hole Oceanographic Institution
Schedule of Expenditures of Federal Awards
December 31, 2006

Major Program Research and Development Cluster	Federal CFDA Prefix	Pass-through Identification Number/ CFDA Extension	2006 Expenditures
National Science Foundation, continued	47		
Geosciences		050	\$ 19,174
Geosciences		050	1,459
Geosciences		050	29,608
Geosciences		050	24,031
Geosciences		050	2,150
Geosciences		050	444
Geosciences		050	2,951
Geosciences		050	1,843
Geosciences		050	2,560
Geosciences		050	1,442
Geosciences		050	870
Geosciences		050	69,916
Geosciences		050	4,500
Geosciences		050	41,828
Geosciences		050	86
Geosciences		050	405
Geosciences		050	34,253
Geosciences		050	10,414
Geosciences		050	72,328
Geosciences		050	2,000
Geosciences		050	1,997
Geosciences		050	20,858
Geosciences		050	2,011
Geosciences		050	2,310
JOIJSC403		JOIJSC403	4,078
Mathematical and Physical Sciences		049	30,236
MCB0406999		MCB0406999	587
OCE0526309		OCE0526309	770
OCE0550770		OCE0550770	5,512
OCE0629707		OCE0629707	9,680
OCE9876565		OCE9876565	3,792
OPP0000373		OPP0000373	12,873
OPP0138596		OPP0138596	3,080
OPP0326776		OPP0326776	3,168
Polar Programs		078	42,700
Polar Programs		078	16,150
Polar Programs		078	44,547
Polar Programs		078	380,934
Polar Programs		078	3,080
Polar Programs		078	35,229
Polar Programs		078	1,200
Polar Programs		078	5,540
Polar Programs		078	195
Polar Programs		078	1,360
Social, Behavioral, and Economic Sciences		075	64,278
Unknown		Unknown	1,215
Unknown		Unknown	2,410
Unknown		Unknown	1,200
			<hr/> 2,378,389

The accompanying notes are an integral part of this schedule.

Woods Hole Oceanographic Institution
Schedule of Expenditures of Federal Awards
December 31, 2006

Major Program	Federal	Pass-through	2006
Research and Development Cluster	CFDA	Identification Number/	Expenditures
	Prefix	CFDA Extension	
Environmental Protection Agency	66		
Louisiana State University		LSU9401251XX	\$ 10,143
Montana State University		VISA/509	3,685
NSF International		0306394W1	246,050
Rutgers University		SC1898/463	2,494
Yale University		PO350317	756
Yale University		PODNP1101209	4,700
			<u>267,828</u>
Department of Health and Human Services	93		
Boston University Medical Center		BUMEMORANDUM/113	348,760
Boston University		GC18197INGA/173	2,909
Boston University		POMC201270DJW/113	371,990
Marine Biological Laboratory		MBLSC28285/894	25,438
			<u>749,097</u>
Miscellaneous			
International Pacific Halibut Commission	19	PO10897	3,080
ENSR Corporation	39	PO2043180	9,961
Sandia National Laboratories	81	PO443995	43,742
University of California Santa Barbara		UCSBKK4126/049	53,517
Advanced Acoustic Concepts Inc	97	PO0600289	11,615
			<u>121,915</u>
			<u>10,696,405</u>
Total Pass Through Awards			<u>101,661,972</u>
Total Research and Development Cluster			<u>101,661,972</u>
Total Expenditures of Federal Awards			<u>\$ 101,661,972</u>

The accompanying notes are an integral part of this schedule.

Woods Hole Oceanographic Institution
Notes to Schedule of Expenditures of Federal Awards
December 31, 2006

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, 2006 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. Pass-through identification numbers are presented where available.

2. Subrecipients

The Institution passed through federal awards to subgrantee organizations in the R&D Cluster. Expenditures incurred by the subgrantees and reimbursed by the Institution are presented in the Schedule of Federal Awards. Amounts for the year ended December 31, 2006 are:

Federal Agency	CFDA #	Amount
National Science Foundation	47	\$ 1,725,886
Department of Defense		
United States Navy	12	501,607
Department of Commerce		
National Oceanic and Atmospheric Administration	11	1,412,606
National Aeronautics and Space Administration	43	171,043
Department of Health and Human Services		
National Institutes of Health	93	202,985
Environmental Protection Agency	66	112,857
		<u>\$ 4,126,984</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 2006 fixed rates were based on budgeted information for the year ended 2005. The base and pool balances for the actual 2006 rates are contained in the 2006 DCAA report number 2171-2006N10110001, Report 6 in this A-133 report.

The Defense Contract Audit Agency (DCAA) is responsible for auditing both direct and indirect charges to grants and contracts on behalf of ONR. The Institution and ONR have settled the years through 2004. The 2006 indirect cost recovery rates, which are fixed, include the impact of prior year settlements.

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

Report of Independent Auditors on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*

To The Board of Trustees of
Woods Hole Oceanographic Institution

We have audited the financial statements of Woods Hole Oceanographic Institution (the "Institution") as of and for the year ended December 31, 2006, and have issued our report thereon dated June 25, 2007, except for Note 12 for which the date is September 14, 2007. 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.

Internal Control over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency described in the accompanying schedule of findings and responses as item 06-1 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of the Institution in a separate letter dated April 19, 2007.

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

This report is intended solely for the information and use of the Institution's audit committee, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

PricewaterhouseCoopers LLP

June 25, 2007, except for
Note 12, for which the date is
September 14, 2007

**Report of Independent Auditors on Compliance
with Requirements Applicable to 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

In connection with the coordinated audit of Woods Hole Oceanographic Institution (the "Institution") as provided for in the U.S. Office of Management and Budget ("OMB") Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, the U.S. Defense Contract Audit Agency ("DCAA") and PricewaterhouseCoopers LLP each performed specific audit requirements and provided the respective audit reports. Responsibilities under the coordinated audit approach were assigned as follows:

1. The DCAA conducted the audit of the Institution's compliance with the activities allowed or unallowed and the allowable costs/cost principles compliance requirements described in the U.S. OMB Circular A-133 Compliance Supplement that are applicable to its major federal research and development cluster. Additionally, the DCAA audited the application of the Institution's indirect cost rates which includes testing of the Institution's service centers for all awards. The DCAA's reports on compliance and internal controls are included in the package as Report 6.
2. PricewaterhouseCoopers LLP conducted the audit of the Institution's compliance with all of the compliance requirements described in the U.S. OMB Circular A-133 Compliance Supplement that are applicable to its major federal research and development cluster, except for the compliance requirements activities allowed or unallowed, and allowable costs/cost principles which were audited by the DCAA as described above. In addition, PricewaterhouseCoopers LLP tested the internal control structure with respect to all such compliance requirements under the Institution's major research and development program.

Compliance

As part of the aforementioned coordinated audit and as described in the first paragraph of this report, we have audited the compliance of the Institution with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement*. 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 (Report 4). Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Institution's management. Our responsibility is to express an opinion on the Institution's compliance based on our audit.

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. Our audit does not provide a legal determination of the Institution's compliance with those requirements.

In our opinion, the Institution complied, in all material respects, with the requirements referred to above for the year ended December 31, 2006. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 06-2 (Report 4).

Internal Control over Compliance

The management of the Institution is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit and as described in the first paragraph of this report, we considered the Institution's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

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

This report is intended solely for the information and use of the Institution's audit committee management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

PricewaterhouseCoopers LLP

September 17, 2007

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

**Woods Hole Oceanographic Institution
 Schedule of Findings and Questioned Costs
 Year Ended December 31, 2006**

Report 4

I. Summary of Auditors' Result*

Financial statements

Type of auditor's report issued Unqualified

Internal control over financial reporting

Material weakness(es) identified? ___ yes x no

Significant deficiencies identified that are not considered to be material weaknesses? x yes ___ none reported

Noncompliance material to financial statements noted? ___ yes x no

*Federal Awards**

Internal control over major programs

Material weakness(es) identified? ___ yes x no

Significant deficiencies identified that are not considered to be material weaknesses? ___ yes x none reported

Type of auditor's report issued on compliance for major programs Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? x yes ___ no

Identification of major programs

CFDA Number	Name of Federal Program or Cluster
--------------------	---

Various	Research and Development
---------	--------------------------

Dollar threshold used to distinguish between Type A and Type B programs	\$ 3,000,000
---	--------------

Auditee qualified as low-risk auditee	<u> x </u> yes ___ no
---------------------------------------	--------------------------

*This is a summary of PWC audit results and, accordingly, it does not indicate findings related to DCAA work. For a summary of DCAA audit results, refer to page 64 of Appendix 1 of DCAA report 2171-2006N10110001.

Woods Hole Oceanographic Institution

Schedule of Findings and Questioned Costs

Year Ended December 31, 2006

II. Financial Statement Findings

06-1 Alternative Investments

In July 2006, the American Institute of Certified Public Accountants ("AICPA") issued a practice aid entitled *Alternative Investments - Audit Considerations: A Practice Aid for Auditors*. The aid provided guidance on auditing investments in securities where a readily determinable market value does not exist. The guidance requires additional audit evidence surrounding the valuation and existence assertions.

As a result of the practice aid, additional controls need to be established and overall documentation of procedures performed needs to be enhanced. Suggested enhancements include the following:

Preinvestment Due Diligence

- Enhance the documentation of review of initial due diligence performed by Cambridge Associates and ongoing monitoring of funds, including communications with investment managers. Such reviews could be documented through the Investment Committee minutes or memos prepared by management.
- Request and review investment manager back-office policies.
- Inquire as to how the fund managers assure themselves that the systems of internal controls over the accounting and reporting of transactions are effective and how they make sure that there is adequate segregation of duties.
- Review the fund's most current financial statements to corroborate information that the fund has provided with respect to net assets and the investment portfolio, as well as to identify other potential issues associated with the financial statements, including the basis of accounting utilized, the fund's year-end, any unusual accounting policies and the reputation of the auditor.
- Inquire as to the registration status of the fund manager and request the fund's written compliance program.

Postinvestment Monitoring

- Establish formal procedures to obtain the annual audited financial statements of the funds as well as a process to review the financial statements to identify items that could affect the way the Institution records and reports its investments. Management should take note of the basis of accounting, summary of significant accounting policies and procedures pertaining to the valuation of alternative investments, name of the audit firm and type of opinion as part of their financial statement review.
- When valuations change significantly, investigate what caused the change and consider the reasonableness of the explanation.
- Retain materials received while attending investment manager meetings or visits to back offices. Document the results of such meetings.

Financial Reporting

- Consider financial reporting controls over key investment transactions, including interest and dividend income and expense, realized gains and losses, and the change in the valuation at the end of the period with resultant impact on unrealized gains or losses.
- Compare investment balances reported by the fund manager to the amount recorded by the Institution.
- Monitor the level of ownership of the fund to determine proper accounting method (for certain types of investor entities).

**Woods Hole Oceanographic Institution
 Schedule of Findings and Questioned Costs
 Year Ended December 31, 2006**

- Clearly describe the valuation policies used so that there is no ambiguity regarding how the alternative investments are valued.
- Assess qualitative risks, such as liquidity, lock-up periods, nonperformance of audits and limited transparency, involved with individual alternative investment balances. Establish additional formal monitoring procedures of these funds.

We recommend that the institution evaluate staffing resources within the Accounting Department in order to ensure the above recommended procedures are performed on a timely basis throughout the year. In addition, procedures performed by investment personnel to monitor these alternative investments should be fully documented when performed.

Management's Views and Corrective Action Plan

Following these findings are management's views and corrective action plan.

III. Current Year Findings and Questioned Costs for Federal Awards

06-2 Performance Reporting

In accordance with the National Science Foundation (NSF), General Grant and Conditions, unless otherwise specified in the award, annual project reports shall be submitted to the cognizant NSF Program Officer at least three months prior to the end of the current period. In a sample of 30 NSF awards, we found 12 awards which were not submitted by the required deadline.

In a sample of 25 non-NSF awards, we found 3 awards which were not submitted by the required deadline in accordance with the Grant Award Notices. These reports were due to the Environmental Protection Agency, the National Oceanic and Atmospheric Administration and the Department of Energy. For each of the 3 exceptions, final performance reports are due to the Program Officers within 90 days of the grant expiration date.

The awards which were not submitted by the required deadline are as follows:

Agency	CFDA Number	Name of Award	Year
EPA	66.R82908901	Caswell 1	2001
NOAA	11.430	2005/2006 NOAA/NURP Ship Ops	2005
DOE	81.DEFG0200ER62999	Sequestration Dissolved Carbon	2000
NSF	47.050	Sger:Seismometers on Corks 0	2004
NSF	47.049	CMG Structures: Uncertainty 1	2004
NSF	47.050	Rheology Altered Lithosphere	2004
NSF	47.050	Solas Anz 0	2003
NSF	47.050	Ridge 2000 Postdoctoral	2005
NSF	47.050	New Dims Model 0	2005
NSF	47.050	Noble Gas Studies Pacific Mnt 0	2005
NSF	47.050	Oceanographic Cable	2001
NSF	47.050	Extreme Storms in the NE 1	2005
NSF	47.050	Plankton Recorder Survey 0	2001
NSF	47.050	R/V Knorr Operations 2005 3	2005
NSF	47.050	Meridional Overturning Circ 0	2004

**Woods Hole Oceanographic Institution
 Schedule of Findings and Questioned Costs
 Year Ended December 31, 2006**

Cause and Effect

In August 2006, management implemented new enhancements to the Institution's performance reporting policy related specifically to NSF grants. The late reports were primarily caused by the late implementation of enhancements to the formal monitoring process, and the effect is late reports. Of the 12 exceptions noted related to NSF awards, 9 occurred prior to the implementation of this new policy.

For non-NSF grants at the Institution, tracking of reporting requirements for active grants is a manual process, and there is no formal monitoring practice in place over this process. This resulted in a lack of timely notification of report due dates within the Institution.

Recommendations

As indicated in the finding above, management has implemented new internal controls surrounding NSF performance reporting during fiscal year 2006. Management should consider implementing these policies for all granting agencies. Management should also continue to monitor the due dates for submitting reports and make changes in its internal policy as needed.

Management's Views and Corrective Action Plan

Following these findings are management's views and corrective action plan.

Prior Year Findings and Questioned Costs for Federal Awards

05-1 Performance Reporting

In accordance with the National Science Foundation, General Grant and Conditions, unless otherwise specified in the award, annual project reports shall be submitted to the cognizant NSF Program Officer at least three months prior to the end of the current period. In a sample of thirty NSF awards, we found fifteen awards which were not submitted by the required deadline as follows:

CFDA Number	Name of Award	Year
47.050	OBSIP	2005
47.050	Broadband Obs/Burial Syst. Rcp	2001
47.050	Alvin/ROV Ops 2005	2005
47.050	Components/LARVL Transport Rcp.	2000
47.049	Molecular isotopic tools recap	2000
47.050	Surfzone turbulence and bubbles Rcp	2002
47.050	Plankton recorder survey recap	2001
47.050	JGOFS/SMP recap	2001
47.050	PCDS	2003
47.050	Carbonate sediments recap	2001
47.050	Wims recap	1999
47.050	Laser induced breakdown	2004
47.050	LAU Basin	2004
47.050	Subtropical north atlantic	2004
47.050	Numerical study cope pods	2004

Woods Hole Oceanographic Institution
Schedule of Findings and Questioned Costs
Year Ended December 31, 2006

Cause and Effect

The late reports are caused by a lack of a formal monitoring process and the effect is late reports. Management implemented a new performance reporting policy in August 2005. Eight of the exceptions occurred prior to the implementation of this policy.



Laurie Murphy
Assistant Controller

Woods Hole Oceanographic Institution **Report 5**

Challenger House, MS #14
Woods Hole, Massachusetts 02543

06-1 Alternative Investments

Management Response

The Woods Hole Oceanographic Institution properly selects, monitors, values and reports its alternative investment program.

The Institution relies on Cambridge Associates for its pre-investment due diligence, and appropriately documents the process and procedures and retains the documentation.

Post investment due diligence is performed by the Chief Investment Officer. The policy includes an annual visit with each alternative investment manager entrusted with Institution funds. Ideally, these visits will occur at the manager's office, or as an alternative, at an annual meeting. This due diligence is documented and the documentation is retained.

Resources are allocated to identify and manage the risks inherent in alternative investments.

Contact Person:

A handwritten signature in cursive script that reads "Laurie Murphy".

Laurie Murphy



Laurie Murphy
Assistant Controller

Woods Hole Oceanographic Institution

Challenger House, MS #14
Woods Hole, Massachusetts 02543

06-2 Performance Reporting

Management Response

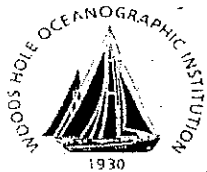
The Institution will continue to monitor the due dates for submitting performance reports. The NSF procedures adopted in August of CY2006 have produced improved results compared to past year audits and will continue being followed. On May 8, 2007 WHOI received a letter from NSF Division of Institution & Award Support stating, "NSF considers the audit issue to be administratively closed."

For all other granting agencies WHOI will draft a policy for the departments to administer. The policy will include:

- detail of performance and final reporting deadlines according to each agency
- department providing exception to reporting deadlines for management review
- department to ensure confirmation date of when reports were submitted to the applicable agency

Contact Person:

Laurie Murphy



Laurie Murphy
Assistant Controller

Woods Hole Oceanographic Institution

Challenger House, MS #14
Woods Hole, Massachusetts 02543

Prior year finding:

05-1 Performance Reporting

PricewaterhouseCoopers LLP found that in a sample of thirty NSF awards tested, fifteen awards were not submitted by the required deadline specified by the National Science Foundation General Grants and Conditions.

Again in 2006 representatives of Grant and Contract Services and the Controller's Office met with the Department Administrators and members of the Directorate to review in detail the requirements of Article 15 (a), (b) and (c) of the NSF General Terms and Conditions. Reviewed were the requirements for submitting the reports three months prior to the end of the current budget period.

Each department has an Administrative Professional maintaining a data base relating to report submission. They utilize the NSF Fastlane website to verify the due dates of the performance reports. A representative from Grant and Contract Services monitors the Fastlane website monthly to determine that reports are timely and will follow up with the Director of Research on any outstanding reports.

On May 8, 2007 WHOI received a letter from NFS/Division of Institution & Award Support stating, "NSF considers the audit issue to be administratively closed."

Contact Person:

A handwritten signature in cursive script that reads "Laurie Murphy".

Laurie Murphy, Assistant Controller

**Part IV - Audit Report No. 02171-2006N10110001,
Report on Woods Hole Oceanographic Institution's Compliance
with Requirements Applicable to its Research and Development
Program and on Internal Control over Compliance in
Accordance with OMB Circular A-133, Fiscal Year 2006 and
Audit Findings and Questioned Costs Including
Management's Views and Corrective Action Plan (DCAA)**



DEFENSE CONTRACT AUDIT AGENCY
AUDIT REPORT NO. 02171-2006N10110001



September 14, 2007

PREPARED FOR: Director of Indirect Costs (Ms. Deborah Rafi)
 Department of the Navy
 Office of Naval Research
 University Business Affairs
 875 North Randolph Street, Suite 1425
 Arlington, VA 22203-1995

PREPARED BY: DCAA Boston Branch Office
 495 Summer Street, Suite 336
 Boston, MA 02210-2192
 Telephone No. (617) 753-3777
 FAX No. (617) 753-3404
 E-mail Address dcaa-fao2171@dcaa.mil

SUBJECT: Report on Woods Hole Oceanographic Institution's Compliance with Requirements Applicable to its Research and Development Program and on Internal Control over Compliance in Accordance with OMB Circular A-133, Fiscal Year 2006

AUDITEE: Woods Hole Oceanographic Institution
 Woods Hole, MA 02543

REPORT RELEASE RESTRICTIONS: See Page 11

	<u>Page</u>
CONTENTS: Subject of Audit	1
Scope of Audit	1
Results of Audit	3
Auditee's Organization and Systems	8
DCAA Personnel and Report Authorization	10
Audit Report Distribution and Restrictions	11
Index of Appendixes	12

SUBJECT OF AUDIT

COMPLIANCE

We have audited Woods Hole Oceanographic Institution's (WHOI) compliance with requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its research and development program. WHOI's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. We have also audited WHOI's certified final indirect cost rate proposal and related books and records for reimbursement of Fiscal Year (FY) 2006 incurred costs. The purpose of the audit was to determine the allowability of direct costs for the period ended December 31, 2006, and to verify that WHOI applied the correct fixed indirect rates to its federal awards. WHOI and the Office of Naval Research (ONR) negotiated fixed rates with a carry forward provision for FY 2006 on January 3, 2006 (see Appendix 3, page 49). The fixed indirect rates apply to the federal awards listed in Appendix 2, page 17.

The proposal and its compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs are the responsibility of WHOI's management. Our responsibility is to express an opinion on the proposal and compliance based on our audit.

INTERNAL CONTROL OVER COMPLIANCE

The management of WHOI is also responsible for establishing and maintaining adequate internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. Our responsibility is to obtain an understanding of WHOI's internal control over compliance in order to determine our auditing procedures for the purpose of expressing an opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

SCOPE OF AUDIT

We conducted our audit in accordance with generally accepted government auditing standards and OMB Circular A-133, Audits of States, Local Governments, and Nonprofit 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 listed below that could have a direct and material effect on the major federal program being audited occurred.

- Activities allowed or unallowed
- Allowable costs/cost principles

WHOI's independent public accounting firm of PricewaterhouseCoopers is responsible for reviewing the remaining twelve compliance requirements.

Audit Report No. 02171-2006N10110001

An audit includes:

- evaluating the auditee's internal controls, assessing control risk, and determining the extent of audit testing needed based on the control risk assessment;
- examining, on a test basis, evidence about the auditee's compliance with those requirements and performing other procedures as the auditor considered necessary in the circumstances;
- assessing the accounting principles used and significant estimates made by the auditee; and
- evaluating the overall data and records presentation.

We evaluated WHOI's compliance with the requirements of laws, regulations, contracts, and grants, and the related internal controls using the applicable requirements contained in:

- Federal Acquisition Regulation (FAR),
- Defense FAR Supplement (DFARS),
- Cost Accounting Standards (modified coverage),
- National Science Foundation Grant Policy Manual,
- NASA FAR Supplement,
- NASA Grant and Cooperative Agreement Handbook,
- DoD Grant and Agreement Regulations [DoDGARS],
- Department of Energy FAR Supplement (DEAR),
- National Institute of Health Guide for Grants and Contracts,
- OMB Circular A-110 – Uniform Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals and Other Nonprofit Organizations
- OMB Circular A-122 - Cost Principles for Nonprofit Organizations,
- OMB Circular A-133 - Audits of States, Local Government & Nonprofit Organizations, and
- OMB Circular A-133 Compliance Supplement.

In planning and performing our audit, we considered WHOI's internal control over compliance with requirements that could have a direct and material effect on a major federal program. For the purpose of expressing an opinion on compliance and to test and report on internal control over compliance, we determined our auditing procedures in accordance with OMB Circular A-133.

We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of WHOI's compliance with those requirements.

RESULTS OF AUDIT

COMPLIANCE

In our opinion, WHOI complied, in all material respects, with the requirements referred to above that are applicable to the Federal awards that we were responsible for auditing under the research and development program for the year ended December 31, 2006. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements of Allowable Costs/Cost Principles that are applicable to the research and development program, which are required to be reported in accordance with OMB Circular A-133, and which are described in the accompanying Schedule of Findings and Questioned Costs, Appendix 1, page 13.

Direct Costs:

We questioned \$2,955 of direct costs associated with federal government awards. Details of the questioned costs are summarized in audit findings 06-A and 06-B of Appendix 1, page 13 of this report. Direct costs not questioned are provisionally approved pending final acceptance. Final acceptance of amounts proposed under federal awards does not take place until performance under the award is completed and accepted by the cognizant authorities and the audit responsibilities have been completed.

Indirect Costs:

WHOI and ONR negotiated fixed rates with a carryforward provision for FY 2006 on January 3, 2006. The negotiated fixed rates with carry forward provisions apply to the federal awards as prepared in WHOI's "Schedule of Expenditures of Federal Awards." In our audit, we verified that WHOI applied the negotiated indirect rates to the appropriate bases, and that the amounts claimed were the products of applying the indirect rates to the applicable bases. The negotiated fixed indirect rates for FYE December 31, 2006 are as follows:

<u>Indirect Category</u>	<u>FY 06 Negotiated Fixed Indirect Rates</u>	<u>Allocation Base</u>
Employee Benefits		
Regular	52.70%	a
Regular OT	21.52%	b
Casual	9.63%	c
Casual OT	9.86%	d
Laboratory Overhead	55.22%	e
General & Administrative	31.74%	f

Allocation Bases:

- (a) Total assignable salaries of regular employees (direct and indirect) excluding Graduate Research Assistants and overtime salaries (\$43,517,045).
- (b) Total assignable overtime salaries of regular employees (Regular OT \$2,492,735).
- (c) Total assignable salaries of casual employees (direct and indirect) excluding Graduate Research Assistants and overtime salaries (\$716,327).
- (d) Total assignable overtime salaries of casual employees (\$34,405)
- (e) Direct research and education salaries plus related Employee Benefits plus one half of Graduate Research Assistant salaries (\$37,410,476).
- (f) Direct salaries plus related Employee Benefits incurred for Research, Education, Ship Operations (including submersibles), Development, Housing, Oceanus Magazine and other appropriate final cost objectives (\$47,882,810).

GOVERNMENT PARTICIPATION IN ALLOCATION BASES

<u>Indirect Category</u>	<u>Government Flexibly Priced Federal Awards</u>	<u>FFP Federal Awards and Commercial Work</u>	<u>Total</u>
Employee Benefits			
Regular	82%	18%	100%
Regular OT	99%	1%	100%
Casual	89%	11%	100%
Casual OT	100%	0%	100%
Laboratory Overhead	76%	24%	100%
General & Administrative	74%	26%	100%

Audit Report No. 02171-2006N10110001

Directly Allocated Service Center Rates with Carryforward:

In our opinion, WHOI's service center rates are acceptable as proposed. The claimed service center rates with carry forward provisions for FYE December 31, 2006 are as follows:

<u>Cost Center Description</u>	<u>Cost Center No.</u>	<u>Actual Allocation Base</u>	<u>Results of Audit</u>			<u>Actual Rate</u>	<u>Carry-Forward Variance (Deficit) Surplus See Note 1</u>
			<u>Billed (Claimed) Rate</u>	<u>Questioned Rate</u>	<u>Dif</u>		
R/V Atlantis II	51070	(a)	26,678.00			26,678.00	n/a
R/V Knorr	51030	(a)	25,039.00			25,039.00	n/a
R/V Oceanus	51040	(a)	14,473.00			14,473.00	n/a
R/V Tioga	51015	(c)	1,501.00			1,501.00	n/a
Deep Submergence Program		(a)	11,051.51			11,051.51	n/a
SSSG-Log and Coord	56860	(a)	1,174.69			1,174.69	n/a
SSSG-Atlantis	56863	(a)	2,139.50			2,139.50	n/a
SSSG-Knorr	56864	(a)	2,138.84			2,138.84	n/a
SSSG-Oceanus	56867	(a)	2,038.05			2,038.05	n/a
Graphics	55300	(b)	70.00			74.21	(48,985.07)
Shops	55000	(b)	45.00			47.23	(120,316.04)
Technical Assistance	56021	(b)	54.00			55.92	(71,339.45)
Small Boats - Mytilus	56200	(e)	61.25			60.78	150.30
Small Boats - Calanus	56200	(e)	54.63			54.20	12.59
Small Boats - Limulus	56200	(e)	24.13			23.94	25.06
Radionuclide	56520	(c)	205.00			205.41	(75.71)
Mass Spectrometer	56530	(c)	495.00			609.32	(27,094.32)
IGF Facility	56540	(a)	294.00			294.77	(1,141.44)
ICP Facility	56550	(c)	385.00			409.11	(24,596.61)
HP Plotter	56560	(c)	65.00			42.44	0.00
CT Scanning	56570	(e)	100.00			275.13	(23,291.90)
Ct Support	56570	(e)	60.00			165.08	(64,937.11)
Paleo Mass Spec.	56600	(d)	16.00			14.84	0.00
DNA Sequencer	56620	(d)	2.00				0.00
MISO Camera System	56650	(f)	1,000.00			1,012.97	(2,809.84)
Calibration	56670	(e)	68.00			71.00	(6,166.38)
Nutrient Facility	56680	(d)	12.00			12.34	(1,032.14)
CHN Nutrient Facility	56680	(d)	15.00			15.42	(618.98)
Micro Modem	56810	(g)	2,500.00			2,515.13	(1,414.79)
Micro Modem Mech.	56811	(l)	1,000.00			998.91	0.00
MSS - Marine Shore Services	51200	(i)				17.21%	
IMS 1280	56850	(e)	65.00			63.31	1,745.30
IMS 3F	56850	(e)	55.25			53.81	11.51
IMS 1280 Weekend	56850	(e)	120.00			116.88	938.64
IMS 3F Weekend	56850	(e)	102.00			99.34	75.55
Plant Operations & Maintenance		(h)	61.55			61.55	n/a
Martha's Vineyard Coastal Observatory	56640	(j)	6,431.67			6,431.67	n/a
Specialized Instrument Capability	56590	(a)	270.79			270.79	n/a
Research Vehicle	56630	(e)	12.59			12.59	n/a
Research Vehicle Mileage @ .36	56630	(k)	.36			.36	n/a

Audit Report No. 02171-2006N10110001

Note 1: WHOI received approval from ONR to implement carry forward starting in FY 2006 for these rates on January 19, 2007. The various service centers believed that the rates for FY 2006 would be adjusted to actual at year end. The service centers did not feel it was fair to carryforward any deficits to FY 2007 and immediately put them in a loss position to start the year. Therefore, WHOI has absorbed the cost for any deficits in CY 2006 in order to allow the service centers to start new. The amount absorbed by WHOI is approximately \$394,000. For those service centers that had a surplus in CY 2006, the surplus has been applied to the CY 2007 rates.

Allocation Bases:

- (a) Operating Days (Atlantis II- 264 days; Knorr - 269 days; Oceanus - 169 days; Deep Submergence Program – 393 days; SSSG Atlantis – 264 days, SSSG Knorr – 269 days, SSSG Oceanus – 169 days; SSSG Log & Coord. 702 days; IGF Facility – 1,482 days; Specialized Instrument Capability – 533 days)
- (b) Labor Hours Per Biweekly Time Cards (Shop Services – 54,037 hours; Technical Assistance – 37,097.75 hours; Graphic Arts – 11,623 hours)
- (c) Half days of use. (R/V Tioga – 220 ½ days; Mass Spectrometer - 237 1/2 days; ICP Facility – 1,020 1/2 days; HP Plotter - 34 1/2 days; Radionuclide Analytical – 185 1/2 days)
- (d) Samples. (Paleo Mass Spectrometer – 7,920 samples; Nutrient Facility – 3,039 samples; CHN Nutrient - 1,458 samples; DNA Sequencer – 207 samples)
- (e) Hours of use. (IMS 1280 300.42 hours; IMS 3F 1,031.22 hours; IMS 1280 weekend 28.45 hours; IMS 3F weekend 8 hours; CT Scanning – 133 hours; CT Scanner Support – 618 hours; Small Boats – Mytilus – 320 hours; Calanus – 30 hours; Limulus – 132 hours; Research Vehicle 313.25 hours; Calibration – 2,058 hours)
- (f) Tows. (Miso Camera – 216.23 tows)
- (g) Modems. (Micro Modem – 93.5 modems)
- (h) Average Weighted Square Feet (260,367.9)
- (i) Total Marine Compensation. (\$4,925,337)
- (j) Nodes. (Martha's Vineyard Coastal Observatory nodes – 15 nodes)
- (k) Miles. (Research Vehicle Mileage – @.36 – 4,076 miles)
- (l) Units. (193.92)

Appendix 2, page 17, includes a Schedule of Allowable Costs by Federal Award.

INTERNAL CONTROL OVER COMPLIANCE

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to the research and development program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned

Audit Report No. 02171-2006N10110001

functions. We noted no matters involving the internal control over compliance and its operations that we consider to be material weaknesses.

AUDITOR'S COMMENTS ON SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

As part of our audit, we included procedures to assess the reasonableness of WHOI's Summary Schedule of Prior Audit Findings, included as Appendix 4, page 53. Our audit disclosed that WHOI adequately presented the status of its corrective action relating to the audit finding disclosed in the FY 2005 A-133 audit.

We provided and discussed the audit results with Mr. David Stephens, Controller on September 5, 2007. WHOI's Corrective Action Plan for the Current Year, which addresses each audit finding, is included as Appendix 5, page 67.

AUDITEE ORGANIZATION AND SYSTEMS

1. Organization:

The Woods Hole Oceanographic Institution (WHOI), located on Cape Cod in Woods Hole, Massachusetts and the surrounding areas, was established and chartered in 1930 by the Commonwealth of Massachusetts as a private, nonprofit corporation. WHOI's initial endowment of three million dollars was provided by the Rockefeller Foundation, this provided for the construction of the Institution's first building, acquisition of a research vessel and the beginning operating funds. The endowment fund as of December 31, 2006 is valued at \$346,957,570.

In FY 2006 the Institution received approximately 90 percent of its research funding from the United States Government with additional funding from private sources. The funding is used for research in a broad variety of oceanographic areas. WHOI is a premier research facility for oceanographic studies and consists of one hundred and thirty nine noted marine scientists including scientists from related disciplines. In addition, there are over two hundred and five engineers and professionals, one hundred and eighty six research assistants and laboratory technicians, and one hundred professional mariners who serve aboard WHOI's research vessels. There is also a staff of three hundred and five to meet WHOI's administrative needs, laboratory maintenance, and other support functions.

Since 1986, WHOI has had a graduate degree program under which studies are conducted at the Institution, MIT and other major universities.

2. Ships and Facilities:

WHOI maintains its own facilities to operate the three Government research vessels, Knorr, Oceanus, Atlantis, and the manned submersible, ALVIN. The research vessel Knorr is owned by the U.S. Navy and operated by WHOI for the ocean research community. Knorr is best known as the ship that supported a team of WHOI and French researchers in 1985 as they discovered the wreck of the RMS Titanic. The operation of the Knorr is funded primarily through ONR grant #N00014-01-10373 and NSF grant # OCE-0610321. The research vessel Oceanus is owned by the National Science Foundation and operated by WHOI. The ship has been used extensively in recent years for studies of the Gulf Stream and the Deep Western Boundary Current, of climate change, and of harmful algal blooms (popularly called "red tides"). Oceanus is a mid-sized research vessel designed for expeditions lasting two to four weeks. The operation of the Oceanus is funded primarily through ONR grant #N00014-01-10373 and NSF grant # OCE-0504138. The research vessel Atlantis is owned by the U.S. Navy and operated by WHOI for the oceanographic community. It is one of the most sophisticated research vessels afloat, and it is specifically outfitted for launching and servicing the Alvin human occupied submersible. WHOI operates the U.S. Navy-owned Deep Submergence Vehicle

Audit Report No. 02171-2006N10110001

Alvin for the national oceanographic community. Built in 1964 as the world's first deep-ocean submersible, Alvin has made more than 4,200 dives. It can reach nearly 63 percent of the global ocean floor. The operation of the Atlantis is funded primarily through NOAA grant #NA04NOAR4301102 and NSF grant #OCE-0504133. The operation of the Alvin and the Submersible Program is funded primarily through NOAA grant #NA04NOAR4301102 and NSF grant # OCE-0503945. The newest member of the WHOI fleet is R/V Tioga, an aluminum hulled coastal research vessel that serves ocean scientists and engineers working in the waters off the Northeastern United States. Tioga is solely owned by Woods Hole Oceanographic Institution.

3. Accounting System:

In our opinion, WHOI's accounting system is considered adequate for the accumulation and reporting of costs under Government cost type and fixed-price contracts and grants. WHOI's accounting system was reviewed in DCAA Audit Report No. 02171-2004N17740016, dated November 8, 2004, a copy of which was sent to your office.

WHOI maintains a job cost accounting system wherein individual awards are assigned project numbers that are used to accumulate direct costs. Indirect costs are identified with and accumulated under individual departments which, in turn, are identified to the various indirect cost pools. Indirect expenses are recorded and billed to projects using pre-determined fixed rates with carry-forward and provisional rates.

DCAA PERSONNEL

	<u>Telephone No.</u>
Primary contacts regarding this audit:	
Peter A. McGowan, Auditor	(617) 252-1025
Jeffrey W. Paul, Auditor	(617) 753-3682
Peter G. Meade, Technical Specialist	(617) 252-1030
Thomas J. Kenny, Supervisory Auditor	(617) 753-3701
Other contact regarding this audit report:	
John F. Gay, Branch Manager	(617) 753-3777
	<u>FAX No.</u>
Boston Branch Office	(617) 753-3404
	<u>E-mail Address</u>
Boston Branch Office	dcaa-fao2171@dcaa.mil

General information on audit matters is available at <http://www.dcaa.mil/>.

AUDIT REPORT AUTHORIZED BY:

/Signed/
JOHN F. GAY
Branch Manager
DCAA Boston Branch Office

AUDIT REPORT DISTRIBUTION AND RESTRICTIONS

DISTRIBUTION

	<u>E-mail Address</u>
Director of Indirect Costs (Ms. Deborah Rafi) Department of the Navy Office of Naval Research University Business Affairs 875 North Randolph Street, Suite 1425 Arlington, VA 22217-5660	rafid@onr.navy.mil
Administrative Contracting Officer (Mr. Eric Garfield) Department of the Navy Office of Naval Research Resident Representative 495 Summer Street, Suite 627 Boston, MA 02210-2109	garfielde@onr.navy.mil
National Science Foundation Office of Inspector General ATTN: Ms. Sherrye McGregor 4201 Wilson Blvd Stratford 11-705 Arlington, VA 22230	smcgrego@nsf.gov
Woods Hole Oceanographic Institution ATTN: Mr. David Stephens, Controller Woods Hole, MA 02543	dstephens@whoi.edu

RESTRICTIONS

1. The Defense Contract Audit Agency has no objection to the auditee releasing this report at its discretion for public inspection.
2. This report is intended solely for the information and use by federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.
3. The For Official Use Only (FOUO) marking normally placed on this audit report is not a security marking. It is a marking required by DoD Freedom Of Information Act (FOIA) regulations, which provides notice that the report might contain information that is subject to withholding under FOIA. The FOUO marking is a notice limited to the Department of Defense employees. The auditee provided DCAA with written authorization to permit removal of the FOUO markings from this report.

INDEX OF THE APPENDIXES

<u>Appendixes Description</u>	<u>Appendix No.</u>	<u>Page</u>
Schedule of Findings and Questioned Costs	Appendix 1	13
Allowable Cost by Federal Award	Appendix 2	17
FY 2006 Negotiation Agreement on Fixed Rates with Carry Forward, dated January 3, 2006	Appendix 3	49
Summary Schedule of Prior Audit Findings	Appendix 4	53
Corrective Action Plan for Current Fiscal Year	Appendix 5	67

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Woods Hole Oceanographic Institution (WHOI)
Fiscal Year Ended December 31, 2006

SECTION I: -- SUMMARY OF AUDITOR'S RESULTS:

A. Financial Statements:

Information pertaining to the financial statements can be found in the independent public accountant's audit report.

B. Federal Awards:

1. Type of auditor's report issued on compliance for major programs:

<u>Type of Audit Opinion</u>	
Unqualified	X
Qualified	
Adverse	
Disclaimer	

2. Internal control over major programs:

	<u>Yes</u>	<u>None Reported</u>
Material weaknesses were identified.		X
Reportable conditions identified not considered to be a material weakness.		X

3. Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a):

Yes	X
No	

4. Identification of Major Programs:

<u>CFDA Number</u>	<u>Program</u>
N/A	Research and Development -Cluster

5. Dollar threshold used to distinguish between Type A and Type B programs:

\$ 3,000,000

6. Auditee classified as a low-risk under Circular A-133, section .530:

Yes	X
No	

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Woods Hole Oceanographic Institution (WHOI)
Fiscal Year Ended December 31, 2006

SECTION II: FINDINGS RELATED TO FINANCIAL STATEMENTS:

Information pertaining to the financial statements can be found in the independent public accountant’s audit report.

SECTION III: FINDINGS RELATED TO FEDERAL AWARDS:

A. Direct Costs

SCHEDULE OF QUESTIONED DIRECT COSTS BY PROJECT – FY 2006

<u>Contract/ Grant No.</u>	<u>WHOI Project No.</u>	<u>Government Agency</u>	<u>Account No. & Description</u>	<u>Questioned</u>	<u>Notes</u>
N00014-02-10145	13014500	ONR Grant	5210 - Supplies	\$ 2,676	06-A
N00014-02-10145	13014500	ONR Grant	5280 – Food & Beverages	279	06-B

EXPLANATORY NOTES:

06-A Grant No. N00014-02-10145 - WHOI Project No. 13014500

a. Condition:

On January 22, 2006, WHOI purchased an LCD projector for \$2,661 and charged it direct to ONR Federal Award No. N00014-02-10145 (WHOI account number 130145SP). This item was not specifically proposed for this award. WHOI’s Graphic Services provides audio visual support to the institution. The Graphic Services website lists a specific contact to loan out a LCD projector. The projector was used to report on results of the research project in a range of forums. However, as previously stated, WHOI has projectors available to be signed out from Graphic Services. We do not believe that this item was necessary for the operation of the organization or for the performance of the award. Based on this information it does not seem prudent to charge a projector direct to a government award.

As a result, we are questioning the \$2,661 and the directly associated \$15 for shipping on the basis that WHOI is in noncompliance with the OMB Circular A-133 (Allowable Costs – Cost Principles compliance requirement), and OMB Circular A-122 (Attachment A, part 3 Reasonable Costs).

b. Criteria:

OMB Circular A-122, attachment A, Section A, part 3 Reasonable Costs, states in part, "A cost is reasonable if, in its nature or amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the costs." Furthermore, Subpart A states consideration should be given to "Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the organization or the performance of the award." Subpart C states consideration should be given to "Whether the individuals concerned acted with prudence in the circumstances, considering their responsibilities to the organization, its members, employees, and clients, the public at large, and the Federal Government." Therefore, we are questioning these costs on the basis that they are not reasonable and therefore not allowable to the federal awards.

c. Recommendation:

We recommend that WHOI adjust their billings for this Federal award to remove the referenced costs. Additionally, the contractor should reevaluate their approval process for ordering items that are charged direct to an award to ensure that this does not happen again in the future. This would help ensure that items will only be purchased for awards that they benefit.

d. WHOI's Reaction

WHOI agrees with the adjustment of \$2,676 in supplies and shipping charged to WHOI Project No. 13014500. WHOI will adjust the billings for this federal award by removing the questioned costs.

The Assistant Controller will communicate with Grants and Contract Services as well as the Department Administrators and Department Administrative Assistants to ensure only allowable and allocable costs are charged to projects. The communication will entail e-mail as well as attending department meetings before year end.

06-B Grant No. N00014-02-10145 - WHOI Project No. 13014500

a. Condition:

On August 2, 2006, WHOI held a party for one of the Research Assistants who had successfully defended his thesis and charged the costs to ONR Federal Award No. N00014-02-10145 (WHOI account number 130145SP). The cost of this party was \$229 for food & beverages and another \$50 for serving help. We believe that this is a social activity, not something that is necessary for the performance of the award. Based on this information we do not believe that it is an allowable cost direct to a government award.

As a result, we are questioning the \$229 and the directly associated \$50 for serving help on the basis that WHOI is in noncompliance with the OMB Circular A-133 (Allowable Costs – Cost Principles compliance requirement), and OMB Circular A-122 (Attachment B, 14 Entertainment costs).

b. Criteria:

OMB Circular A-122, attachment B, 14 Entertainment costs, states in part “Costs of amusement, diversion, social activities, ceremonials, and costs relating thereto, such as meals, lodging, rentals, transportation, and gratuities are unallowable.” Therefore, we are questioning these costs on the basis that they are expressly unallowable in accordance with OMB Circular A-122.

c. Recommendation:

We recommend that WHOI adjust their billings for this Federal award to remove the referenced costs. Additionally, the contractor should reevaluate their approval process for items that are charged direct to an award to ensure that this does not happen again in the future as well as establish a policy that outlines when it is allowable to provide food and beverages at meetings. This would help ensure that items will only be purchased for awards that they benefit and are for allowable purchases.

d. WHOI’s Reaction:

WHOI agrees with the adjustment of \$229 in food and beverages charged to WHOI Project No. 13014500 as well as \$50 for serving help to WHOI Project No. 13014500. WHOI will adjust the billings for this federal award by removing the questioned costs.

The Assistant Controller will communicate with Grants and Contract Services as well as the Department Administrators and Department Administrative Assistants to ensure correct items are charged direct to an award as well as communicate allowable food and beverage charges for meetings.

EXHIBIT OF ALLOWABLE COST
BY FEDERAL AWARD
Woods Hole Oceanographic Institution
Fiscal Year Ended December 31, 2006

Federal Award Number	WHOI Project Number	Salaries and Fringe Benefits	Ships and Subs	Materials and Equipment	Subcontracts	Laboratory Overhead Recovery	G&A Recovery	Other	Total
NATIONAL SCIENCE FOUNDATION GRANTS									
#IIS-0430835	800835SP	\$ 6,923	\$ -	\$ -	\$ -	\$ 3,823	\$ 2,197	\$ 219	\$ 13,161
#OCE-0301139	801139SP	17,623	-	8,610	30,050	9,731	5,594	23,846	95,454
#ATM-0501351	801351SP	56,474	-	4,135	-	31,185	17,925	8,965	118,684
#OCE-9901654	801654SP	140	-	-	-	77	45	947	1,209
#OCE-0201692	801692SP	-	-	80	-	-	-	5,971	6,051
#OCE-0002223	802223SP	204	-	-	-	112	65	(1)	379
#OCE-0602230	802230SP	-	-	-	-	-	-	1	1
#OCE-0602383	802383SP	11,347	-	2,305	-	6,266	3,601	4,565	28,084
#OCE-0602384	802384SP	11,205	-	96	-	6,187	3,556	0	21,045
#OCE-0602423	802423SP	50,587	-	7,217	-	27,934	16,056	81,258	183,052
#ATM-0502428	802428SP	46,268	-	2,566	-	25,549	14,685	14,913	103,980
#ATM-0502517	802517SP	18,889	-	7,013	-	10,431	5,995	25,027	67,356
#OCE-0402533	802533SP	23,514	-	1,096	-	12,984	7,463	21,353	66,409
#OCE-0002552	802552SP	30,342	-	-	-	16,755	9,630	7,803	64,530
#OCE-0402565	802565SP	73,978	-	1,116	-	40,851	23,481	5,348	144,773
#OCE-0402707	802707SP	9,922	-	31,512	35,976	5,479	3,149	12,189	98,228
#OCE-0402726	802726SP	12,580	-	2,199	-	6,947	3,993	16,266	41,985
#OCE-0402728	802728SP	1,309	-	146	-	723	415	5,103	7,696
#OCE-0503281	803281SP	-	-	96,900	-	-	-	-	96,900
#OCE-0623838	803838SP	5,336	-	-	-	2,946	1,694	1,773	11,748
#OCE-0503862	803862SP	-	-	8,020	-	-	-	-	8,020
#MCB-0604084	804084SP	7,847	-	3,675	-	4,333	2,491	53	18,398
#OCE-0504133	804133SP	9,446	5,628,956	143	-	-	2,998	2,348	5,643,892
#OCE-0504136	804136SP	-	5,258,101	-	-	-	-	-	5,258,101
#OCE-0504138	804138SP	-	1,418,318	-	-	-	-	50,951	1,469,270
#OCE-0004385	804385SP	-	-	-	30,952	-	-	-	30,952
#OCE-0604786	804786SP	-	-	35,905	-	-	-	-	35,905
#EAR-0305140	805140SP	4,845	-	1,087	-	2,675	1,538	3,092	13,236

EXHIBIT OF ALLOWABLE COST
BY FEDERAL AWARD
Woods Hole Oceanographic Institution
Fiscal Year Ended December 31, 2006

Federal Award Number	WHOI Project Number	Salaries and Fringe Benefits	Ships and Subs	Materials and Equipment	Subcontracts	Laboratory Overhead Recovery	G&A Recovery	Other	Total
#OCE-0405641	805641SP	69,126	-	4,590	-	37,846	21,754	38,557	171,872
#EAR-0106578	806578SP	-	-	-	-	-	-	19	19
#OCE-0606724	806724SP	7,526	-	70	-	4,156	2,389	19,874	34,014
#EAR-9907682	807682SP	-	-	-	-	-	-	897	897
#ANT-0708292	808292SP	9,138	-	1,592	-	5,046	2,900	699	19,374
#OCE-0308366	808366SP	8,660	-	232,969	-	4,782	2,749	34,546	283,706
#OCE-0308949	808949SP	-	-	16,274	-	-	-	8,385	24,659
#EAR-0309129	809129SP	-	-	195	1,364	-	-	5,802	7,361
#EAR-0309584	809584SP	5,698	-	(298)	-	3,146	1,808	6,483	16,837
#EAR-0409609	809609SP	-	-	-	-	-	-	21,519	21,519
#OCE-0509882	809882SP	-	-	1,040	17,473	-	-	4,891	23,404
#EAR-0509891	809891SP	153,589	-	3,765	-	84,812	48,749	79,866	370,780
#EAR-0609913	809913SP	459	-	81	-	254	146	53,435	54,375
#OCE-0510046	810046SP	117,411	-	14,408	-	64,834	37,266	69,747	303,666
#OCE-0610321	810321SP	52,493	-	8,265	-	28,987	16,661	1,181,393	1,287,799
#EAR-0510459	810459SP	31,819	-	-	-	17,570	10,099	2,846	62,334
#EAR-0510671	810671SP	15,238	-	3,266	-	8,415	4,837	12,834	44,590
#EAR-9910899	810899SP	-	-	-	36,406	-	-	(291)	36,115
#OCE-0611530	811530SP	1,562	-	-	-	862	496	-	2,920
#OCE-0116910	811691SP	69	-	370	730	38	22	2,739	3,968
#EAR-0112013	812013SP	-	-	4,704	-	-	-	12,503	17,206
#OCE-0612058	812058SP	7,588	-	(73)	-	4,190	2,408	-	14,187
#OPP-9912122	812122SP	-	-	-	-	-	-	-	(73)
#ARC-0612342	812342SP	17,427	-	-	-	9,623	5,531	3,614	36,194
#OCE-0312710	812710SP	56,329	-	492	-	31,105	17,879	10	105,814
#OCE-0612758	812758SP	-	-	61,119	-	-	-	(1,339)	59,780
#OCE-0413419	813419SP	-	-	11	-	-	-	(11)	(0)
#OCE-0513945	813945SP	629	3,270,121	-	-	348	200	121,567	3,392,865
#OCE-0514060	814060SP	-	-	202,298	-	-	-	5,533	207,831
#OCE-0214144	814144SP	81,481	-	787	154	44,994	25,862	2,171	155,449

EXHIBIT OF ALLOWABLE COST
BY FEDERAL AWARD
Woods Hole Oceanographic Institution
Fiscal Year Ended December 31, 2006

Federal Award Number	WHOI Project Number	Salaries and Fringe Benefits	Ships and Subs	Materials and Equipment	Subcontracts	Laboratory Overhead Recovery	G&A Recovery	Other	Total
#DEB-0515639	815639SP	21,515	-	-	-	11,880	6,829	-	40,224
#OCE-0215670	815670SP	5,553	-	-	-	3,066	1,763	(9,433)	949
#OCE-0115850	815850SP	18,190	-	5,959	-	10,045	5,774	5,878	45,846
#OCE-0215905	815905SP	1,711	-	7,325	-	945	543	(8,247)	2,277
#OCE-0217076	817076SP	-	-	158,406	-	-	-	504,743	663,149
#DMS-0417466	817466SP	7,748	-	2,215	-	4,278	2,459	14,696	31,396
#EAR-0318137	818137SP	-	-	-	-	-	-	72,370	72,370
#OCE-0118198	818198SP	-	-	5,720	-	-	-	18,459	24,179
#EAR-0519118	819118SP	34,215	-	6,036	-	18,893	10,860	33,486	103,490
#OCE-0119134	819134SP	21,096	-	6,048	-	11,649	6,696	2,415	47,903
#OCE-9819261	819261SP	3,418	-	1,367	-	1,888	1,085	4,341	12,099
#OCE-0619353	819353SP	12,656	-	2,982	-	6,989	4,017	2,313	28,958
#EAR-0519387	819387SP	5,568	-	3,527	-	3,074	1,767	25,317	39,253
#ARC-0519899	819899SP	123,272	-	191,865	-	68,071	39,127	42,311	464,646
#OCE-0519903	819903SP	23,244	-	3,316	-	12,835	7,378	15,832	62,604
#OCE-0119915	819915SP	23,383	-	7,502	-	12,912	7,422	5,600	56,818
#ARC-0520073	820073SP	72	-	-	-	40	23	47,814	47,948
#ARC-0520077	820077SP	27,796	-	8,454	-	15,349	8,823	12,886	73,308
#OCE-0220161	820161SP	106,653	-	4,365	-	56,841	32,671	148,621	349,151
#ARC-0520226	820226SP	48,730	-	4,051	-	26,909	15,467	6,495	101,651
#OCE-0120442	820442SP	59,557	-	19,501	-	32,887	18,903	20,052	150,900
#OPP-0420757	820757SP	151,515	-	70,376	-	83,254	47,854	76,659	429,657
#OCE-0220769	820769SP	-	-	-	-	-	-	848	848
#OCE-0220773	820773SP	-	-	-	1,863	-	-	-	1,863
#OCE-0220892	820892SP	1,608	-	310	2,090	888	510	4,155	9,562
#OCE-0221012	821012SP	11,432	-	-	43,964	6,313	3,628	15	65,352
#OCE-0321045	821045SP	-	-	134,877	-	-	-	17,038	151,914
#OCE-0421110	821110SP	32,560	-	28,395	-	17,968	10,328	234	89,485
#OCE-0221247	821247SP	76,602	-	55,318	-	41,590	23,906	255,262	452,679
#OCE-0621660	821660SP	22,275	-	-	-	12,300	7,070	21,353	62,998

EXHIBIT OF ALLOWABLE COST
BY FEDERAL AWARD
Woods Hole Oceanographic Institution
Fiscal Year Ended December 31, 2006

Federal Award Number	WHOI Project Number	Salaries and Fringe Benefits	Ships and Subs	Materials and Equipment	Subcontracts	Laboratory Overhead Recovery	G&A Recovery	Other	Total
#OCE-0221832	821832SP	68,407	-	3,145	-	37,774	21,712	2,210	133,248
#OPP-0421904	821904SP	48,729	-	98	-	26,908	15,467	4,886	96,089
#OCE-0222033	822033SP	7,789	-	2,952	10,470	4,301	2,472	13	27,996
#OCE-0422278	822278SP	23,863	-	8,283	-	13,177	7,574	37,263	90,160
#OCE-0622640	822640SP	2,551	-	3,845	-	1,409	810	2,288	10,902
#OCE-0622844	822844SP	473	-	499	-	261	150	4,738	6,122
#OCE-0622872	822872SP	356	-	-	-	197	113	27	693
#EAR-0422965	822965SP	-	-	-	-	-	-	124,975	124,975
#OCE-0622982	822982SP	8,187	-	-	-	4,521	2,599	941	16,248
#OCE-0622984	822984SP	8,626	-	(0)	-	4,763	2,738	995	17,122
#OCE-0623188	823188SP	10,725	-	-	-	5,922	3,404	0	20,051
#OCE-0623192	823192SP	24,549	-	3,781	-	13,556	7,792	2,012	51,690
#OCE-0223200	823200SP	13,054	-	683	9,182	7,208	4,143	16,030	50,301
#ANT-0523223	823223SP	46,127	-	797	-	25,472	14,641	5,390	92,427
#OCE-0623261	823261SP	12,305	-	-	-	6,795	3,905	6	23,010
#OCE-0323332	823332SP	17,560	-	1,645	-	9,696	5,573	37,762	72,237
#OCE-0223421	823421SP	9,838	-	-	-	5,433	3,123	1,061	19,454
#OCE-0223434	823434SP	10,224	-	695	11,516	5,010	2,880	2,494	32,817
#OCE-0623741	823741SP	81	-	-	83,559	45	26	-	83,710
#OCE-0623744	823744SP	10,184	-	-	-	5,624	3,232	22,785	41,825
#OCE-0623766	823766SP	-	-	-	-	-	-	800	800
#OCE-0623908	823908SP	16,236	-	1,006	-	8,966	5,153	-	31,361
#OCE-0323959	823959SP	67	-	1,249	-	37	21	3,051	4,425
#OCE-0423975	823975SP	8,818	-	4,513	-	4,869	2,799	59,216	80,214
#OPP-0424074	824074SP	48,065	-	147	-	26,541	15,256	12,717	102,726
#OCE-0424076	824076SP	94,128	-	932	41,518	50,503	29,876	2,135	219,092
#OCE-0124219	824219SP	-	-	65,256	-	-	-	58,025	123,281
#OCE-0324232	824232SP	16,797	-	2,287	-	9,275	5,331	3,614	37,305
#OCE-0324233	824233SP	2,107	-	-	-	1,163	669	4,904	8,843
#OCE-0624408	824408SP	7,135	-	-	-	3,940	2,265	162	13,501

EXHIBIT OF ALLOWABLE COST
BY FEDERAL AWARD
Woods Hole Oceanographic Institution
Fiscal Year Ended December 31, 2006

Federal Award Number	WHOI Project Number	Salaries and Fringe Benefits	Ships and Subs	Materials and Equipment	Subcontracts	Laboratory Overhead Recovery	G&A Recovery	Other	Total
#OCE-0424492	824492SP	96,644	-	373,748	14,405	52,759	30,326	20,610	588,491
#OCE-0424495	824495SP	-	-	2,450	-	-	-	(534)	1,916
#OCE-0424536	824536SP	301,871	-	160,750	51,838	163,441	93,944	87,788	859,632
#OCE-0624627	824627SP	348	-	1,393	-	192	110	317	2,360
#OCE-0424633	824633SP	53,851	-	1,078	-	29,737	17,092	10,209	111,967
#OCE-0424647	824647SP	101,656	-	1,468	-	56,135	32,266	3,074	194,598
#OCE-0424688	824688SP	81,140	-	8,486	-	44,806	25,754	15,152	175,337
#OCE-0424741	824741SP	9,051	-	165	-	500	2,873	34,088	46,677
#OCE-0424742	824742SP	26,020	-	110	-	14,368	8,259	3,708	52,466
#EAR-0324752	824752SP	-	-	7,212	-	-	-	18	7,229
#OPP-0124763	824763SP	50,575	-	30	-	27,927	16,052	2,724	97,309
#OPP-0124766	824766SP	31,247	-	10	-	17,255	9,918	30,210	88,640
#OPP-0324771	824771SP	45,329	-	2,324	-	25,031	14,388	1,828	88,900
#OCE-0324837	824837SP	2,083	-	61	-	1,150	661	10,824	14,780
#OPP-0424864	824864SP	189,698	-	89,236	84,535	101,757	58,489	51,329	575,043
#OCE-0424865	824865SP	264,919	-	31,283	6,434	145,675	83,733	21,298	553,342
#OCE-0524927	824927SP	118,715	-	-	-	65,555	37,680	3,297	225,247
#OCE-0424953	824953SP	286,537	-	120,649	-	155,099	89,150	119,716	771,151
#OCE-0524994	824994SP	34,993	-	24,167	418	19,323	11,107	32,339	122,347
#OCE-0425061	825061SP	44,243	-	7,793	-	24,426	14,040	27,334	117,836
#OCE-0325102	825102SP	6,040	-	8,010	-	3,335	1,917	12,339	31,641
#OCE-0425166	825166SP	83,155	-	18,657	-	45,918	26,393	46,701	220,824
#OCE-0625178	825178SP	982	-	-	-	543	312	32,436	34,272
#OCE-0325296	825296SP	17,670	-	1,744	-	9,757	5,608	92,035	126,814
#EAR-0125625	825625SP	-	-	-	5,442	-	-	2,294	7,736
#OCE-0525657	825657SP	3,819	-	2,576	-	2,109	1,212	3,165	12,881
#OCE-0425677	825677SP	46,950	-	4,615	-	25,926	14,902	30,296	122,689
#OCE-0425681	825681SP	34,789	-	25,963	-	19,211	11,042	14,471	105,476
#OCE-0525700	825700SP	69,008	-	34,826	-	38,106	21,903	6,635	170,479
#OCE-0525727	825727SP	16,357	-	-	-	9,032	5,192	735	31,316

EXHIBIT OF ALLOWABLE COST
BY FEDERAL AWARD

Woods Hole Oceanographic Institution
Fiscal Year Ended December 31, 2006

Federal Award Number	WHOI Project Number	Salaries and Fringe Benefits	Ships and Subs	Materials and Equipment	Subcontracts	Laboratory Overhead Recovery	G&A Recovery	Other	Total
#OCE-0525729	825729SP	118,038	-	1,418	-	65,181	37,465	27,225	249,326
#OCE-0425737	825737SP	56,353	-	6,215	-	31,118	17,886	6,017	117,589
#OPP-0125833	825833SP	28,831	-	856	-	15,409	8,857	1,871	55,824
#OPP-0425838	825838SP	83,833	-	243,123	-	46,244	26,581	136,374	536,154
#OCE-0525863	825863SP	63,029	-	3,929	-	34,805	20,005	57,244	179,012
#OCE-0525864	825864SP	52,352	-	15,198	-	28,909	16,616	18,330	131,405
#OCE-0525880	825880SP	38,838	-	2,976	-	21,446	12,327	1,852	77,439
#OCE-0525928	825928SP	44,408	-	722	-	24,522	14,095	22	83,770
#OCE-0525929	825929SP	31,691	-	2,218	-	17,500	10,059	66,546	128,014
#OCE-0426126	826126SP	10,484	-	65	-	5,790	3,328	1,072	20,739
#OCE-0526268	826268SP	141,494	-	39,342	-	78,133	44,910	35,101	338,980
#OCE-0526277	826277SP	38,558	-	2,910	-	21,292	12,238	5,452	80,450
#OCE-0526285	826285SP	-	-	3,518	-	-	-	60,591	64,109
#OCE-0526389	826389SP	70,907	-	3,223	-	39,064	22,454	2,647	138,295
#OCE-0326714	826714SP	66,760	-	252	-	36,865	21,190	467	125,533
#OCE-0326734	826734SP	81,338	-	13,978	-	44,915	25,817	51,399	217,445
#OCE-0526764	826764SP	46,653	-	132	-	25,762	14,808	1,914	89,267
#OCE-0326778	826778SP	40,254	-	139	-	22,228	12,777	5,121	80,519
#ATM-0226805	826805SP	-	-	-	11,641	-	-	1	11,642
#CTS-0426811	826811SP	5,481	-	-	16,428	3,026	1,740	130	26,804
#OCE-0326814	826814SP	4,303	-	6	-	2,376	-	2,559	10,610
#OCE-0526905	826905SP	67,295	-	1,389	-	37,160	21,360	16,675	143,880
#OCE-0327225	827225SP	-	-	914	-	-	-	2,571	3,485
#OCE-0327226	827226SP	29,414	-	5,908	-	16,242	9,336	18,229	79,128
#OCE-0327249	827249SP	82,203	-	2,904	-	45,393	26,091	7,638	164,228
#OCE-0327256	827256SP	17,691	-	2,417	-	9,769	5,615	16,915	52,407
#OCE-0327261	827261SP	16,404	-	23,373	-	9,059	5,207	21,523	75,565
#OCE-0527350	827350SP	85,652	-	15,222	-	47,297	27,186	41,281	216,639
#OCE-0327405	827405SP	4,107	-	-	-	2,268	1,304	88	7,767
#OCE-0327448	827448SP	166,194	-	19,557	4,997	91,772	52,750	81,172	416,443

EXHIBIT OF ALLOWABLE COST
BY FEDERAL AWARD
Woods Hole Oceanographic Institution
Fiscal Year Ended December 31, 2006

Federal Award Number	WHOI Project Number	Salaries and Fringe Benefits	Ships and Subs	Materials and Equipment	Subcontracts	Laboratory Overhead Recovery	G&A Recovery	Other	Total
#OCE-0527466	827466SP	31,505	-	1,939	-	17,397	10,000	337	61,179
#OCE-0427577	827577SP	23,704	-	4,340	43,000	13,089	7,524	4,436	96,094
#OPP-0327591	827591SP	11,265	-	255	-	6,221	3,576	2,142	23,459
#OCE-0327600	827600SP	115,353	-	7,474	-	63,671	36,598	5,143	228,237
#OCE-0227679	827679SP	10,449	-	(1,750)	41,989	5,770	3,316	81	59,855
#OCE-0527874	827874SP	713	-	-	-	394	226	2,842	4,175
#OCE-0327885	827885SP	6,810	-	4,142	-	3,760	2,161	1,135	18,008
#OCE-0527927	827927SP	20,806	-	14,193	-	11,489	6,604	70,923	124,015
#ATM-0428122	828122SP	210,349	-	198,333	-	115,684	66,494	111,274	702,134
#OCE-0628416	828416SP	5,199	-	-	-	2,871	1,650	10	9,730
#OCE-0428552	828552SP	177,135	-	37,754	56,959	97,810	56,220	18,888	444,767
#OCE-0428737	828737SP	107,207	-	36,685	-	59,200	34,027	71,659	308,777
#ARC-0628836	828836SP	69	-	-	-	38	22	-	128
#OCE-0228996	828996SP	1,419,306	-	319,089	-	783,078	450,107	(899,365)	2,072,215
#ARC-0629095	829095SP	-	-	-	-	-	-	776	776
#OCE-0529101	829101SP	28,319	-	10,171	-	15,638	8,989	24,770	87,887
#OCE-0629411	829411SP	17,121	-	2,986	-	9,454	5,434	14,577	49,573
#EAR-0230267	830267SP	18,769	-	1,593	-	10,364	5,957	14,308	50,991
#OCE-0430724	830724SP	163,675	-	24,855	300,689	90,339	51,926	30,973	662,456
#OCE-0530830	830830SP	86,345	-	21,160	-	47,680	27,406	5,821	188,412
#OCE-0431054	831054SP	145	-	-	-	80	46	395	666
#ARC-0531345	831345SP	9,901	-	-	-	5,468	3,143	1,653	20,164
#OPP-0431357	831357SP	-	-	2	-	-	-	-	2
#ESI-0331438	831438SP	9,458	-	406	-	5,223	3,002	1,831	19,919
#OCE-0431446	831446SP	10,397	-	-	-	5,741	3,300	47,429	66,867
#OCE-0531466	831466SP	3,505	-	4,484	-	1,935	1,112	596	11,633
#ESI-0632219	832219SP	5,420	-	195	-	2,993	1,720	14,410	24,737
#OCE-0532223	832223SP	11,118	-	489	5,261	6,140	3,529	13,582	40,119
#DMS-0532378	832378SP	10,908	-	-	-	6,023	3,462	565	20,959
#OCE-0433409	833409SP	48,257	-	61	-	26,648	15,317	809,896	900,178

EXHIBIT OF ALLOWABLE COST
BY FEDERAL AWARD
Woods Hole Oceanographic Institution
Fiscal Year Ended December 31, 2006

Federal Award Number	WHOI Project Number	Salaries and Fringe Benefits	Ships and Subs	Materials and Equipment	Subcontracts	Laboratory Overhead Recovery	G&A Recovery	Other	Total
#INT-0233483	833483SP	38	-	-	-	21	12	10,972	11,044
#OCE-0233800	833800SP	1,183	-	-	17,812	653	376	75	20,100
#OCE-0334411	834411SP	600,607	-	611,506	-	331,541	190,567	221,944	1,956,166
#OCE-0134998	834998SP	36,068	-	10,535	-	19,917	11,448	23,807	101,774
#DEB-0235692	835692SP	81,168	-	6,541	-	44,821	25,763	2,470	160,764
#OCE-0136088	836088SP	-	-	-	282	-	-	-	282
#OPP-0436131	836131SP	47,195	-	3,743	10,665	26,061	14,980	50,923	153,567
#OCE-0136215	836215SP	75,427	-	4,227	-	41,587	23,904	17,410	162,554
#OCE-0236654	836654SP	-	-	-	-	-	-	1,418	1,418
#OCE-0136808	836808SP	15,725	-	825	-	8,683	4,991	1,331	31,555
#OCE-0136814	836814SP	11,888	-	1,309	-	6,565	3,773	-	23,535
#OCE-0336850	836850SP	68,393	-	120	19,487	37,767	21,708	2,893	150,368
#OCE-0136861	836861SP	31,211	-	20,895	-	17,235	9,906	24,061	103,308
#OCE-0136954	836954SP	14,418	-	7,176	-	7,961	4,576	14,686	48,817
#OCE-0637108	837108SP	6,250	-	542	-	3,451	1,984	13,901	26,128
#OCE-0137122	837122SP	4,939	-	262	-	2,727	1,568	50	9,547
#OCE-0537173	837173SP	64,894	-	12,572	-	35,261	20,268	338,184	471,178
#OCE-0137325	837325SP	38	-	562	-	21	12	6,819	7,453
#OCE-0137328	837328SP	5,983	-	169	-	3,304	1,899	476	11,831
#OCE-0437366	837366SP	8,191	-	370	105,212	4,523	2,600	1,616	122,511
#OCE-0237561	837561SP	119,374	-	675,093	41,993	65,912	37,886	(132,388)	807,870
#EAR-0337677	837677SP	1,949	-	(73)	55,727	1,076	619	5,301	64,597
#EAR-0337678	837678SP	40,786	-	930	-	22,522	12,946	22,524	99,708
#OCE-0337893	837893SP	7,604	-	98	-	4,027	2,315	13,484	27,528
#ANT-0537960	837960SP	38,287	-	27,990	-	21,142	12,152	(156)	99,415
#EAR-0537961	837961SP	40,226	-	4,345	-	22,213	12,768	3,304	82,855
#OPP-0338087	838087SP	237	-	2,667	6,239	131	75	8,715	18,064
#OPP-0338090	838090SP	100,205	-	1,137	-	54,841	31,522	87,339	275,044
#OPP-0438102	838102SP	5,160	-	-	-	2,849	1,638	1,566	11,213
#EAR-0538241	838241SP	60,216	-	16,658	-	33,251	19,112	30,858	160,095

EXHIBIT OF ALLOWABLE COST
BY FEDERAL AWARD
Woods Hole Oceanographic Institution
Fiscal Year Ended December 31, 2006

Federal Award Number	WHOI Project Number	Salaries and Fringe Benefits	Ships and Subs	Materials and Equipment	Subcontracts	Laboratory Overhead Recovery	G&A Recovery	Other	Total
#OCE-0638387	838387SP	1,709	-	-	-	944	542	-	3,195
#OCE-0239033	839033SP	7,930	-	1,080	-	4,379	2,517	3,217	19,124
#OIS-0439414	839414SP	-	-	18	-	-	-	7,878	7,896
#MCB-0240653	840653SP	12,175	-	3,349	-	6,723	3,864	11,871	37,982
#ANT-0440777	840777SP	38,358	-	64	-	21,181	12,175	984	72,762
#OPP-0440840	840840SP	91,086	-	9,316	-	47,729	27,434	25,210	200,776
#OCE-0240978	840978SP	-	-	-	-	-	-	3,290	3,290
#OCE-0241061	841061SP	49,108	-	1,130	-	27,117	15,587	117	93,059
#OCE-0241138	841138SP	74,395	-	4,422	-	41,036	23,587	4,626	148,067
#OCE-0241292	841292SP	110,916	-	796	-	61,248	35,205	2,916	211,081
#OCE-0241310	841310SP	37,976	-	5,698	763	20,971	12,054	116,462	193,924
#OCE-0241354	841354SP	286,093	-	62,579	66,106	155,077	89,137	68,295	727,286
#OCE-0241505	841505SP	3,067	-	-	-	1,694	974	-	5,735
#OCE-0241727	841727SP	2,132	-	-	-	1,177	677	-	3,985
#OCE-0241791	841791SP	2,672	-	14,679	-	1,475	848	13,354	33,027
#OCE-0241796	841796SP	33,432	-	5,808	-	18,461	10,611	7,178	75,490
#OCE-0241834	841834SP	4,504	-	1,640	3,216	2,487	1,430	12,323	25,599
#OCE-0241913	841913SP	814	-	1,016	-	450	259	6,938	9,477
#OCE-0242117	842117SP	-	-	-	-	-	-	60	60
#ATM-0442182	842182SP	33,973	-	2,473	-	18,760	10,783	9,622	75,612
#OCE-0443217	843217SP	15,096	-	1,961	-	8,201	4,714	2,334	32,306
#OCE-0243315	843315SP	-	-	32,830	-	-	-	-	32,830
#DEB-0343820	843820SP	12,315	-	2	-	6,800	3,909	2,425	25,450
#ANT-0443869	843869SP	49,129	-	5,112	-	26,251	15,089	11,856	107,436
#OCE-0344094	844094SP	33,639	-	-	-	18,576	10,677	723	63,615
#OCE-0644290	844290SP	6,135	-	220	-	3,387	1,947	1,524	13,213
#DEB-0344562	844562SP	-	-	-	-	-	-	4,950	4,950
#EAR-0345595	845595SP	18,514	-	4,851	-	10,224	5,876	18,954	58,419
#EAR-0405709	845709SP	27,460	-	4,437	-	15,163	8,716	20,514	76,290
#OCE-0425197	845917SP	17,011	-	15	-	9,394	5,399	3,987	35,805

EXHIBIT OF ALLOWABLE COST
BY FEDERAL AWARD
Woods Hole Oceanographic Institution
Fiscal Year Ended December 31, 2006

Federal Award Number	WHOI Project Number	Salaries and Fringe Benefits	Ships and Subs	Materials and Equipment	Subcontracts	Laboratory Overhead Recovery	G&A Recovery	Other	Total
#OCE-0646353	846353SP	89,381	-	7,613	-	49,356	28,370	20,639	195,359
#DEB-0447281	847281SP	43,422	-	8,838	-	23,978	13,782	27,424	117,444
#DMS-0417845	847845SP	20,076	-	4,733	-	11,086	6,372	54	42,321
#OCE-0447856	847856SP	16,980	-	41,286	-	9,376	5,389	19,235	92,267
#MCB-0348060	848060SP	35,484	-	2,210	-	19,594	11,263	865	69,416
#MCB-0348407	848407SP	24,561	-	117,683	13,053	13,563	7,796	(67,993)	108,662
#MCB-0348425	848425SP	-	-	-	-	-	-	25,427	25,427
#OCE-0548672	848672SP	19,888	-	815	-	10,982	6,312	40	38,036
#EAR-0548691	848691SP	20,293	-	6,477	-	11,171	6,421	11	44,374
#OCE-0548785	848785SP	11,847	-	4,653	-	6,542	3,760	49,130	75,931
#OCE-0548961	848961SP	36,217	-	84,481	-	19,999	11,495	41,191	193,382
#OCE-0549111	849111SP	58,334	-	-	-	32,212	18,515	140	109,200
#EAR-0549533	849533SP	-	-	22,127	-	-	-	65,324	87,451
#OCE-0549580	849580SP	8,702	-	14,425	-	4,805	2,762	(5,586)	25,108
#OCE-0549699	849699SP	18,589	-	-	-	10,265	5,900	1,399	36,154
#OCE-0549794	849794SP	41	-	7,821	-	22	13	-	7,897
#OCE-0549829	849829SP	3,442	-	628	-	1,901	1,093	31,905	38,968
#OCE-0549954	849954SP	27,680	-	2,554	-	15,285	8,786	3,323	57,629
#OCE-0550066	850066SP	52,463	-	4,151	-	28,970	16,652	14,573	116,808
#ATM-0350266	850266SP	5,549	-	-	-	3,064	1,761	-	10,374
#OCE-0550271	850271SP	-	-	-	-	-	-	0	0
#OCE-0550301	850301SP	212	-	-	-	117	67	-	396
#OCE-0450318	850318SP	2,909	-	-	-	1,606	923	11,964	17,402
#OCE-0550331	850331SP	63	-	575	-	35	20	19,366	20,058
#OCE-0550423	850423SP	91,849	-	4,832	-	50,719	29,153	3,241	179,795
#OCE-0550486	850486SP	34,966	-	30,621	-	19,308	11,098	44,852	140,845
#OCE-0550637	850637SP	20,810	-	-	-	11,491	6,605	-	38,907
#OCE-0450658	850658SP	97,656	-	6,235	-	31,983	30,996	80,330	247,200
#OCE-0350712	850712SP	32,333	-	11,397	-	17,854	10,262	0	71,847
#OCE-0350743	850753SP	60,561	-	2,102	-	33,442	19,222	3,346	118,674

EXHIBIT OF ALLOWABLE COST
BY FEDERAL AWARD

Woods Hole Oceanographic Institution
Fiscal Year Ended December 31, 2006

Federal Award Number	WHOI Project Number	Salaries and Fringe Benefits	Ships and Subs	Materials and Equipment	Subcontracts	Laboratory Overhead	G&A Recovery	Other	Total
#OCE-0350794	850794SP	51,298	-	6,961	-	28,129	16,168	17,212	119,769
#OCE-0350891	850891SP	78,646	-	919	-	43,428	24,962	5,544	153,499
#OCE-0350960	850960SP	28,372	-	2,120	-	15,667	9,005	5,189	60,353
#OCE-0351055	851055SP	20,898	-	2,886	-	11,540	6,633	505	42,462
#OCE-0451065	851065SP	21,890	-	645	-	12,088	6,948	1	41,572
#OCE-0451086	851086SP	69,217	-	270	-	38,221	21,969	120,707	250,384
#OCE-0351143	851143SP	2,969	-	56	-	1,639	942	(110,733)	(105,127)
#OCE-0451419	851419SP	6,605	-	14,674	-	3,647	2,096	73,221	100,243
#OCE-0351437	851437SP	11,148	-	-	-	6,156	3,538	294	21,137
#OCE-0351651	851651SP	2,719	-	12,015	-	1,501	863	85,006	102,104
#OCE-0451740	851740SP	24,277	-	78	-	13,406	7,705	,087	49,552
#OCE-0451983	851983SP	38,995	-	363	-	21,533	12,377	2,379	75,648
#EAR-0551999	851999SP	30,409	-	1,695	-	16,792	9,652	2,935	61,482
#OCE-0452054	852054SP	63,341	-	11,422	-	34,568	19,869	15,409	144,609
#OCE-0352241	852241SP	4,890	-	8,974	-	2,700	1,552	33,933	52,049
#OCE-0452262	852262SP	-	-	-	-	-	-	29	29
#OCE-0452265	852265SP	48,476	-	106	-	26,769	15,386	4,440	95,177
#OCE-0352278	852278SP	260	-	-	-	143	82	-	486
#OCE-0352284	852284SP	20,761	-	27	-	11,464	6,589	2,410	41,250
#OCE-0452333	852333SP	106,810	-	10,059	-	58,981	33,902	11,185	220,936
#OCE-0452401	852401SP	9,348	-	325	-	5,162	2,967	5,063	22,865
#OCE-0452465	852465SP	-	-	60	-	-	-	16,800	16,860
#OPP-0352628	852628SP	43,200	-	7,061	-	23,855	13,712	12,055	99,882
#OCE-0452664	852664SP	5,671	-	74	-	3,132	1,800	7,910	18,587
#OCE-0452883	852883SP	43,116	-	13,411	-	23,283	13,383	66,683	159,876
#OCE-0502960	852960SP	46,685	-	1,857	-	25,779	14,818	22,132	111,271
#OCE-0453667	853667SP	382,070	-	580,079	-	206,152	118,495	167,275	1,454,071
#OCE-0353767	853767SP	4,057	-	11,946	-	2,240	1,288	61,924	81,455
#OCE-0454148	854148SP	31,149	-	-	-	17,201	9,887	2,789	61,025
#ARC-0454609	854609SP	2,768	-	1,818	-	1,528	878	10,675	17,667

EXHIBIT OF ALLOWABLE COST
BY FEDERAL AWARD
Woods Hole Oceanographic Institution
Fiscal Year Ended December 31, 2006

Federal Award Number	WHOI Project Number	Salaries and Fringe Benefits	Ships and Subs	Materials and Equipment	Subcontracts	Laboratory Overhead Recovery	G&A Recovery	Other	Total
#OCE-0354623	854623SP	71,655	-	3,498	-	39,539	22,727	3,770	141,189
#ARC-0454793	854793SP	15,274	-	17	-	8,435	4,848	-	28,574
#OCE-0554850	854850SP	20,517	-	1,119	45,718	11,330	6,512	272	85,468
#OCE-0555000	855000SP	5,028	-	207,482	-	2,776	1,596	6,168	223,050
#EAR-0525166	855166SP	39,756	-	20,340	-	21,953	12,618	2,913	97,580
#OCE-0551419	855419SP	-	-	-	-	-	-	1	1
#IIS-0455651	855651SP	29,156	-	-	-	16,100	9,254	8,715	63,224
#MCB-0456689	856689SP	20,611	-	1,420	-	11,382	6,542	900	40,854
#OCE-0079720	879720SP	25,125	-	244	-	13,874	7,975	10,753	57,971
#OCE-0083976	883976SP	151,354	-	12,594	38,345	83,578	48,040	17,814	351,725
#OCE-9986135	886135SP	4,667	-	-	-	2,577	1,481	(54)	8,670
#OCE-9986627	886627SP	32	-	299	-	18	10	1	360
#OCE-0095069	895069SP	148,887	-	(1,735)	-	82,216	47,257	77,058	353,683
#OCE-0095389	895389SP	4,188	-	-	-	2,313	1,329	-	7,830
#OCE-0096451	896451SP	65,720	-	26,825	-	35,751	20,550	41,737	190,582
#OCE-0097287	897287SP	123	-	-	-	68	39	0	230
#OCE-0099109	899109SP	27,702	-	105	-	15,297	8,792	-	51,896
		\$ 13,587,270	\$ 15,575,496	\$ 6,551,089	\$ 1,425,920	\$ 7,438,640	\$ 4,294,713	\$ 7,850,338	\$ 56,723,466

NAVY (ONR) CONTRACTS

#N00014-05-C0058	100058SP	\$ 53,904	\$ -	\$ 905	\$ -	\$ 29,766	\$ 17,109	\$ 10,365	\$ 112,049
#N00014-02-C0201	100201SP	66,768	-	19,295	14,622	36,869	21,192	24,319	183,065
#N00174-01-C0001	101174SP	-	-	-	-	-	-	653	653
#N66604-03-D2199	102199SP	34,376	-	20,284	-	18,967	10,902	52,711	137,240
#N00014-02-C0278	102278SP	51,971	-	6,793	-	28,698	16,495	16,442	120,400
#05C6430	106430SP	705,200	-	1,302,799	-	389,084	223,642	215,430	2,836,155
#N00164-06-D6672	106672SP	32,259	-	223,188	-	17,813	10,239	7,114	290,613
#N00014-03-M0151	490151SP	3,225	-	-	-	1,781	1,024	52	6,081

EXHIBIT OF ALLOWABLE COST
BY FEDERAL AWARD
Woods Hole Oceanographic Institution
Fiscal Year Ended December 31, 2006

Federal Award Number	WHOI Project Number	Salaries and Fringe Benefits	Ships and Subs	Materials and Equipment	Subcontracts	Laboratory Overhead Recovery	G&A Recovery	Other	Total
#N00244-06-0727	490727SP	6,848	-	-	-	3,781	2,174	252	13,055
#N00244-06-P0987	490987SP	-	-	8,360	-	-	-	31	8,392
#N66001-06-M1047	491047SP	12,157	-	-	-	6,713	3,858	635	23,363
#N00244-06P-1186	491186SP	5,474	-	642	-	3,023	1,738	1,707	12,584
#N6600106MT163	496163SP	-	-	202	-	-	-	12,762	12,963
#N41756-05-M6439	496439SP	-	-	-	-	-	-	(1,643)	(1,643)
#N00024-04M-6630	496630SP	-	-	-	-	-	-	(1,519)	(1,519)
#N00024-04-M6639	496639SP	2,052	-	7,531	-	1,133	651	1,388	12,755
#N00173-05-6907	496907SP	12,082	-	980	-	6,306	3,625	7,578	30,571
		\$ 986,316	\$ -	\$ 1,590,979	\$ 14,622	\$ 543,934	\$ 312,649	\$ 348,276	\$ 3,796,776

NAVY (ONR) GRANTS

#N00014-05-10006	130006SP	\$ 885	\$ -	\$ 45,237	\$ -	\$ 489	\$ 281	\$ 638	\$ 47,529
#N00014-03-10008	130008SP	102,722	-	15,829	-	56,723	32,604	3,892	211,769
#N00014-04-10030	130030SP	47,656	-	265	-	26,316	15,126	683	90,046
#N00014-06-10035	130035SP	42,607	-	72,263	-	23,525	13,522	100,516	252,432
#N00014-07-10064	130064SP	771	-	2,500	-	426	245	99	4,040
#N00014-05-10082	130082SP	3,334	-	59	-	1,841	1,058	130	6,422
#N00014-05-10085	130085SP	43,875	-	4,528	-	24,206	13,914	40,211	126,733
#N00014-04-10109	130109SP	26,633	-	169	-	14,707	8,453	2,524	52,485
#N00014-02-10145	130145SP	131,501	-	27,091	49,976	72,615	41,738	55,698	378,620
#N00014-04-10146	130146SP	681,562	-	276,613	-	372,538	214,132	203,732	1,748,577
#N00014-06-10196	130196SP	-	-	3,763	-	-	-	63,356	67,119
#N00014-06-10197	130197SP	36,706	-	1,409	-	20,269	11,651	2,575	72,610
#N00014-03-10212	130212SP	-	-	(108)	-	-	-	25,133	25,025
BOTTOM NEPELOID	130221SP	37,846	-	30,368	-	20,898	12,012	10,326	111,450

EXHIBIT OF ALLOWABLE COST
BY FEDERAL AWARD
Woods Hole Oceanographic Institution
Fiscal Year Ended December 31, 2006

Federal Award Number	WHOI Project Number	Salaries and Fringe Benefits	Ships and Subs	Materials and Equipment	Subcontracts	Laboratory Overhead Recovery	G&A Recovery	Other	Total
#N00014-06-10222	130222SP	39,747	-	6	-	21,949	12,616	5,200	79,518
LOCO	130250SP	41,572	-	43,193	-	22,956	13,195	31,575	152,492
#N00014-03-10273	130273SP	-	-	-	-	-	-	243	243
#N00014-99-10280	130280SP	207,006	-	77,934	-	112,924	64,908	69,893	532,665
#N00014-06-10292	130292SP	131,910	-	11,183	-	72,235	41,520	62,092	318,940
#N00014-05-10300	130300SP	69,716	-	533	-	38,497	22,128	4,653	135,527
#N00014-02-10317	130317SP	118,207	-	2	-	48,367	37,519	5,290	209,385
#N00014-03-10336	130336SP	-	-	-	31,008	-	-	-	31,008
#N00014-05-10367	130367SP	8,062	-	2,804	-	4,452	2,559	8,696	26,573
N00014-05-10426	130426SP	-	-	32,331	-	-	-	10	32,341
#N00014-05-10427	130427SP	-	-	175,080	-	-	-	(2,877)	172,203
#N00014-05-10428	130428SP	-	-	81,739	-	-	-	3,598	85,337
#N00014-04-10440	130440SP	77,221	-	5,406	29,626	42,441	24,395	20,520	199,609
#N00014-03-10447	130447SP	113,862	-	10,160	-	62,875	36,140	28,128	251,165
N00014-05-10482	130482SP	57,744	-	2,506	-	31,886	18,328	8,895	119,360
#N00014-05-10488	130488SP	-	-	8,245	-	-	-	18,905	27,151
N00014-05-1-0489	130489SP	53,582	-	24,522	-	29,507	16,960	19,790	144,361
#N00014-03-10545	130545SP	7,392	-	26,888	-	4,082	2,346	1,798	42,507
#N00014-01-10564	130564SP	23,446	-	24,852	-	12,913	7,423	3,545	72,178
#N00014-05-10090	130590SP	50,437	-	2,227	-	27,851	16,009	3,183	99,707
#N00014-05-10643	130643SP	-	-	284	-	-	-	1,340	1,624
#N00014-04-10651	130651SP	15,983	-	3,897	-	8,826	5,073	9,762	43,541
#N00014-03-10681	130681SP	35,463	-	1,208	-	19,582	11,256	63,875	131,384
#N00014-04-10720	130720SP	162,844	-	7,939	248,106	89,923	51,687	41,890	602,389
N00014-05-1-0753	130753SP	49,823	-	3,357	-	27,512	15,814	875	97,382
#N00014-02-10767	130767SP	5,136	-	62	31,138	2,836	1,630	155	40,958
UNCERTAINTY DRI	130772SP	41	-	(204)	-	23	13	127	(0)
#N00014-04-10773	130773SP	578	-	-	-	319	183	2,083	3,163
#N00014-04-10782	130782SP	4,868	-	23,423	-	2,677	1,539	6,153	38,660
#N00014-06-10788	130788SP	8,642	-	-	-	4,772	2,743	1,353	17,511

EXHIBIT OF ALLOWABLE COST
BY FEDERAL AWARD
Woods Hole Oceanographic Institution
Fiscal Year Ended December 31, 2006

Federal Award Number	WHOI Project Number	Salaries and Fringe Benefits	Ships and Subs	Materials and Equipment	Subcontracts	Laboratory Overhead Recovery	G&A Recovery	Other	Total
#N00014-06-10798	130798SP	26,215	-	1,764	-	14,476	8,321	2,643	53,418
#N00014-02-10913	130913SP	79,883	-	152,422	-	44,112	25,355	21,466	323,238
#N00014-06-10945	130945SP	2,175	-	-	-	1,201	690	30	4,096
#N00014-01-10373	131373SP	287	2,516,589	341,413	-	115	66	1,076,257	3,934,727
#N00014-04-10250	131510SP	7,160	-	118	-	3,954	2,273	775	14,279
#N00014-02-10359	132359SP	65,439	-	2,341	-	36,135	20,770	20,232	144,917
#N00014-04-10029	134029SP	35,755	-	7,282	-	19,744	11,349	4,444	78,574
#N00014-04-10747	134747SP	-	-	3,669	-	-	-	28,597	32,266
#N00014-05-10410	135410SP	219,503	-	23,330	-	121,106	69,611	92,988	526,539
#N00014-05-10413	135413SP	15,913	-	-	-	8,787	5,051	274	30,025
#N00014-05-10704	135704SP	44,029	-	6,586	-	24,313	13,975	15,957	104,859
#N00014-06-10134	136134SP	57,464	-	56,947	-	31,732	18,239	8,424	172,807
#N00014-06-10178	136178SP	23,877	-	600	-	13,185	7,579	1,057	46,298
#N00014-06-10179	136179SP	58,287	-	346	-	32,186	18,500	10	109,329
#N00014-06-10329	136329SP	48,755	-	6,775	-	26,922	15,475	1,685	99,611
#N00014-06-10387	136387SP	162	-	3,367	33,180	90	51	3,817	40,667
#N00014-07-10184	137184SP	-	-	-	-	-	-	11,107	11,107
#N00014-02-10846	138246SP	36,046	-	1,624	-	19,905	11,441	620	69,636
		\$ 3,160,330	\$ 2,516,589	\$ 1,658,149	\$ 423,035	\$ 1,721,920	\$ 999,464	\$ 2,217,691	\$ 12,697,177

NOAA GRANTS

#NA06OAR4170021	220021SP	\$ 90,886	\$ -	\$ 9,590	\$ 88,914	\$ 50,113	\$ 28,805	\$ 37,367	\$ 305,675
#NA16RG2273	222273SP	232,530	-	56,398	236,880	128,403	73,805	89,991	818,007
#NA03NOS4780011	240011SP	335,609	-	4,020	-	185,117	106,403	27,198	658,347
#NA04NOS4780023	240023SP	538	-	-	68,321	297	171	649	69,977
#NA04OAR4600040	240040SP	-	-	631	-	-	-	8,481	9,112
#NA04OAR4600045	240045SP	2,535	-	473	-	1,400	805	(806)	4,406
#NA04OAR4600071	240071SP	-	-	3,786	-	-	-	1,243	5,029
#NA04OAR4600084	240084SP	951	-	-	8,702	525	302	-	10,480

EXHIBIT OF ALLOWABLE COST
BY FEDERAL AWARD
Woods Hole Oceanographic Institution
Fiscal Year Ended December 31, 2006

Federal Award Number	WHOI Project Number	Salaries and Fringe Benefits	Ships and Subs	Materials and Equipment	Subcontracts	Laboratory Overhead Recovery	G&A Recovery	Other	Total
#NA06OAR4600091	240091SP	76,666	-	34,479	14,448	42,335	24,334	43,370	235,632
#NA06OAR4600098	240098SP	119,125	-	14,240	-	64,594	37,128	21,826	256,913
#NA03OAR4310156	240156SP	30,490	-	-	-	16,837	9,678	6,435	63,440
#NA04OAR4300168	240168SP	15,184	-	30,039	-	8,385	4,819	63,482	121,909
#NA04NOS4780183	240183SP	3,642	-	-	-	2,011	1,156	50	6,859
#NA06NOS4780245	240245SP	1,611	-	-	7,211	890	511	0	10,224
#NA04NOS4780274	240274SP	23,942	101,308	30,303	110,313	13,006	7,476	15,877	302,226
#NA04NMF4720392	240392SP	5,901	-	694	12,502	3,259	1,873	5,571	29,800
#NA04NMF4720393	240393SP	1,726	-	-	4,896	953	548	136	8,260
#NA04NMF4720394	240394SP	6,159	-	145	13,008	3,401	1,955	(5,226)	19,442
#NA04NMF4720402	240402SP	1,463	-	56	53,225	808	465	38,609	94,625
#NA04NMF4720403	240403SP	-	-	234	4,921	-	-	1,748	6,903
#NA04NMF4720404	240404SP	30,164	-	15,515	-	16,656	9,574	37,920	109,829
#NA04NMF4720405	240405SP	26,763	-	(1,708)	58,999	14,779	8,495	13,219	120,547
#NA03NMF4720475	240475SP	14,429	-	2,136	-	7,968	4,580	32,988	62,101
#NA03NMF4720491	240491SP	45,025	-	-	-	24,863	14,291	1,298	85,477
#NA06OAR4600092	240692SP	75,651	-	12,440	-	41,774	24,012	80,904	234,781
#NA05OAR4601051	241051SP	24,211	-	3,563	-	13,369	7,685	6,395	55,223
#NA05OAR4601054	241054SP	89	-	1,875	37,631	49	28	2,724	42,395
#NA05OAR4171076	241076SP	36,178	-	179	17,947	19,977	11,483	18,919	104,683
#NA05OAR4301102	241102SP	-	1,851,806	-	-	-	-	396,251	2,248,057
#NA05NMF4391165	241165SP	18,648	-	2,226	22,246	10,297	5,919	2,283	61,619
#NA05NOS4781224	241224SP	18,891	-	4,409	5,621	10,432	5,996	1,838	47,187
#NA05NOS4781245	241245SP	15,237	-	3,265	-	8,414	4,836	2,360	34,111
#NA05NOS4781247	241247SP	125,264	-	8,531	-	69,171	39,759	58,919	301,643
#NA16OP1438	241438SP	70,769	-	-	-	39,079	22,462	10,614	142,925
#NA16OP2785	242785SP	28,192	-	11,691	-	15,568	8,948	(21)	64,377
#NA16OP2793	242793SP	2,365	-	-	80,398	1,306	751	162	84,982

EXHIBIT OF ALLOWABLE COST
BY FEDERAL AWARD

Woods Hole Oceanographic Institution
Fiscal Year Ended December 31, 2006

Federal Award Number	WHOI Project Number	Salaries and Fringe Benefits	Ships and Subs	Materials and Equipment	Subcontracts	Laboratory Overhead Recovery	G&A Recovery	Other	Total
#NA04OAR4600133	244133SP	81	-	-	-	45	26	-	151
#NA04NOS4780270	244270SP	32,044	-	-	-	17,695	10,171	7,501	67,410
#NA06NMF4390130	246130SP	527	-	-	-	291	167	262	1,247
		\$ 1,513,488	\$ 1,953,114	\$ 249,209	\$ 846,183	\$ 834,065	\$ 479,414	\$ 1,030,537	\$ 6,906,009

NOAA COOPERATIVE AGREEMENTS

#NA17RJ1223	371223SP	\$ 1,921,886	\$ -	\$ 1,549,900	\$ 532,650	\$ 1,052,306	\$ 607,481	\$ 609,248	\$ 6,273,471
		\$ 1,921,886	\$ -	\$ 1,549,900	\$ 532,650	\$ 1,052,306	\$ 607,481	\$ 609,248	\$ 6,273,471

NOAA CONTRACTS

#NFFM5100500826	440826SP	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (73)	\$ (67)
#AB133R06SU1027	441027SP	3,534	-	300	-	1,952	1,122	1	6,909
#PO11569.00	441569SP	-	-	-	-	-	-	4,556	4,556
#EN133F05SU1657	441657SP	-	-	-	-	-	-	7,147	7,147
#BI12005.00	442005SP	-	-	-	-	-	-	11,000	11,000
#EN133F06SE2149	442149SP	-	-	-	-	-	-	18,048	18,048
#AB133F06SE2357	442357SP	15,421	-	13,310	-	8,515	4,895	16,551	58,691
#MC5063	445063SP	-	-	-	-	-	-	105	105
#EA133C05SE5157	445157SP	8,030	-	262	-	4,434	2,549	2,519	17,795
#EN133F05SE5824	445824SP	8,254	-	1,218	-	4,558	2,620	5,589	22,237
#AB133F05SE5828	445828SP	-	-	-	-	-	-	(296)	(296)
#DG133F05SE6217	446217SP	345	-	-	-	191	110	(29)	616
#EA133C05SE6441	446441SP	12,541	-	-	-	6,925	3,980	180	23,626
#AB133F05SE6881	446881SP	415	-	-	-	229	132	157	933

EXHIBIT OF ALLOWABLE COST
BY FEDERAL AWARD
Woods Hole Oceanographic Institution
Fiscal Year Ended December 31, 2006

Federal Award Number	WHOI Project Number	Salaries and Fringe Benefits	Ships and Subs	Materials and Equipment	Subcontracts	Laboratory Overhead Recovery	G&A Recovery	Other	Total
#8850	448850SP	\$ 48,539	-	\$ 15,192	96	-	15,406	8,646	8,742
		\$	\$	\$	\$	\$	\$	\$	\$
#DEF2605NT42665	112665SP	\$ 56,498	-	\$ 3,001	-	\$ 31,198	\$ 17,932	\$ 10,374	\$ 119,003
#DEFG0200ER62999	112999SP	25,708	-	4,554	-	14,196	8,160	7,120	59,738
#DEFG0203ER63659	113659SP	101,712	-	10,588	-	56,165	32,283	10,669	211,417
#DEFG0297ER14746	114746SP	77,457	-	11,254	-	42,772	24,585	875	156,944
#DEFG0200ER15058	115058SP	13,416	-	1,485	-	7,408	4,258	2,002	28,570
#DEFG0206ER15775	115775SP	73,013	-	12,197	-	40,318	23,174	4,635	153,336
		\$	\$	\$	\$	\$	\$	\$	\$
		\$ 347,804	-	\$ 43,079	-	\$ 192,057	\$ 110,393	\$ 35,674	\$ 729,007

DEPARTMENT OF ENERGY

NATIONAL INSTITUTE FOR HEALTH

#1P50-ES01274201	212742SP	\$ 81,897	-	\$ 49,130	\$ 170,092	\$ 45,223	\$ 25,994	\$ 101,603	\$ 473,940
#1 F32 ESO12794	212794SP	-	-	-	-	-	-	38,896	38,896
#1 F32ES013642-1	213642SP	-	-	-	-	-	-	55,935	55,935
#2R01 ESO6272-06	216272SP	192,869	-	11,696	5,131	106,502	61,217	19,874	397,290
		\$	\$	\$	\$	\$	\$	\$	\$
		\$ 274,766	-	\$ 60,826	\$ 175,223	\$ 151,726	\$ 87,211	\$ 216,308	\$ 966,060

NASA GRANTS

#NNG04GR22G	230022SP	\$ 112,493	-	\$ 17	-	\$ 62,119	\$ 35,705	\$ 5,579	\$ 215,912
#NNG04GE95G	230095SP	32,223	-	1,382	-	17,794	10,228	6,320	67,947
#NNG0103G	230403SP	59,309	-	7,178	16,107	32,735	18,816	17,317	151,463
#NNG04GQ14H	230414SP	-	-	1,361	-	-	-	24,229	25,591

EXHIBIT OF ALLOWABLE COST
BY FEDERAL AWARD
Woods Hole Oceanographic Institution
Fiscal Year Ended December 31, 2006

Federal Award Number	WHOI Project Number	Salaries and Fringe Benefits	Ships and Subs	Materials and Equipment	Subcontracts	Laboratory Overhead Recovery	G&A Recovery	Other	Total
#NNG04GJ33G	230433SP	58,356	-	70	-	32,224	18,522	911	110,084
#NNG04GF50G	230450SP	14,548	-	264	-	8,034	4,618	(759)	26,704
#NNG05GG30G	230530SP	58,033	-	5,380	114,165	32,046	18,420	8,315	236,358
#NNG05GR34G	230534SP	40,621	-	605	-	22,431	12,893	2,656	79,206
#NNG05GN93G	230593SP	33,545	-	-	-	18,524	10,647	7,964	70,681
#NNG06GI27G	230627SP	21,702	-	-	-	11,984	6,888	1,386	41,960
#NAG5-12403	232403SP	680	-	-	-	375	216	1	1,272
#NAG5-12520	232520SP	-	-	-	40,771	-	-	0	40,771
		\$ 431,512	\$ -	\$ 16,257	\$ 171,043	\$ 238,266	\$ 136,953	\$ 73,919	\$ 1,067,950

ENVIRONMENTAL PROTECTION AGENCY

#FP-91673401-0	403401SP	\$ -	\$ -	\$ 429	\$ -	\$ -	\$ -	\$ 12,993	\$ 13,422
#83041501	404151SP	42,811	-	9,881	-	23,641	13,588	35,673	125,594
#R-82908901	408901SP	20,959	-	264	-	11,574	6,653	805	40,255
		\$ 63,771	\$ -	\$ 10,574	\$ -	\$ 35,214	\$ 20,241	\$ 49,471	\$ 179,271

US GEOLOGICAL SURVEY

#05ERAG0029	480029SP	\$ 79,892	\$ -	\$ 80,423	\$ -	\$ 43,302	\$ 24,890	\$ 749,756	\$ 978,264
#05WRAG0033	480033SP	2,925	-	1,464	-	1,615	928	14,416	21,347
#06HQGR0051	480051SP	15,672	-	-	-	8,654	4,974	-	29,300
#05FLSA0120	480120SP	-	-	-	-	-	-	2,035	2,035
#200-2090-0945	480945SP	-	-	-	-	-	-	2,586	2,586
#4-AKSA-2627	485027SP	-	-	-	-	-	-	910	910
#06HQGR0035	486035SP	10,483	-	-	-	5,789	3,327	296	19,895
		\$ 108,972	\$ -	\$ 81,887	\$ -	\$ 59,360	\$ 34,120	\$ 769,999	\$ 1,054,337

EXHIBIT OF ALLOWABLE COST
BY FEDERAL AWARD
Woods Hole Oceanographic Institution
Fiscal Year Ended December 31, 2006

Federal Award Number	WHOI Project Number	Salaries and Fringe Benefits	Ships and Subs	Materials and Equipment	Subcontracts	Laboratory Overhead Recovery	G&A Recovery	Other	Total
DEPARTMENT OF AGRICULTURE									
#40-95CV-5-0120	495012SP	\$ 8,133	\$ -	\$ 1,281	\$ -	\$ 4,491	\$ 2,581	\$ 156	\$ 16,643
#VISA 8797	498797SP	7,299	-	1,928	-	4,031	2,317	325	15,900
		\$ 15,432	\$ -	\$ 3,210	\$ -	\$ 8,522	\$ 4,898	\$ 481	\$ 32,543
DEPARTMENT OF THE ARMY									
#DACA72-01C-0011	490011SP	\$ 122	\$ -	\$ (5,725)	\$ -	\$ 67	\$ 39	\$ (1,362)	\$ (6,860)
#DAAD19-03-10072	490072SP	9,049	-	-	-	4,997	2,872	(1,320)	15,598
#SI-1539	491539SP	144,645	-	22,132	-	79,873	45,910	53,212	345,772
		\$ 153,816	\$ -	\$ 16,407	\$ -	\$ 84,937	\$ 48,821	\$ 50,529	\$ 354,509
DEPARTMENT OF THE AIR FORCE									
#MO10386.00	490386SP	\$ -	\$ -	\$ 2	\$ -	\$ -	\$ -	\$ 2,052	\$ 2,054
		\$ -	\$ -	\$ 2	\$ -	\$ -	\$ -	\$ 2,052	\$ 2,054
UNITED STATES COAST GUARD									
#GG11423.01	491423SP	\$ -	\$ -	\$ (60)	\$ -	\$ -	\$ -	\$ -	\$ (60)
		\$ -	\$ -	\$ (60)	\$ -	\$ -	\$ -	\$ -	\$ (60)
NATIONAL SCIENCE FOUNDATION SUBAWARDS									
#EAR-0549055	260001SP	\$ 1,653	\$ -	\$ -	\$ -	\$ 913	\$ 525	\$ 5,188	\$ 8,279

EXHIBIT OF ALLOWABLE COST
BY FEDERAL AWARD

Woods Hole Oceanographic Institution
Fiscal Year Ended December 31, 2006

Federal Award Number	WHOI Project Number	Salaries and Fringe Benefits	Ships and Subs	Materials and Equipment	Subcontracts	Laboratory Overhead Recovery	G&A Recovery	Other	Total
#ANT-0342484	260012SP	18,851	-	1,117	-	10,329	5,937	6,466	42,700
#OCE-0431095	260026SP	25,710	-	4	-	14,197	8,160	3	48,074
#OPP-0221748	260031SP	5,533	-	2,584	-	3,056	1,756	3,221	16,150
#NSF UNKNOWN	260102SP	-	-	-	-	-	-	1,540	1,540
#OCE-0426314	260188SP	-	-	-	-	-	-	8,787	8,787
#ANT-0523332	260213SP	6,550	-	34	-	3,617	2,079	32,268	44,547
#OCE-0424717	260266SP	8,697	-	28,771	-	4,739	2,724	4,598	49,528
#OCE-0222069	260287SP	-	-	-	-	-	-	76,217	76,217
#ATM-0234546	260289SP	-	-	-	-	-	-	882	882
#OCE-0431095	260304SP	9,932	-	-	-	5,485	3,153	-	18,569
#OCE-0431095	260305SP	5,666	-	98	-	3,129	1,798	4,898	15,589
#EEC-9986821	260310SP	41,892	-	26,174	-	23,076	13,264	23,392	127,798
#OCE-0137386	260312SP	13,845	-	567	-	7,645	4,395	1,381	27,833
#OCE-0505781	260320SP	352	-	60	-	194	112	-	718
#OCE-0220978	260397SP	-	-	-	-	-	-	1,155	1,155
#EAR-0440235	260459SP	-	-	-	-	-	-	2,651	2,651
#OPP-0327664	260499SP	26,714	-	1,448	299,966	14,752	8,479	29,575	380,934
#OCE-0424474	260524SP	-	-	-	-	-	-	1,684	1,684
#OCE-0453071	260591SP	274	-	800	-	151	87	299	1,611
#OCE-0431095	260602SP	-	-	-	-	-	-	7,636	7,636
#OCE-0432224	260603SP	12,091	-	-	-	6,676	3,838	(4,279)	18,325
#OCE-0418967	260605SP	11,422	-	-	-	6,307	3,625	(178)	21,176
#EF-0412129	260621SP	10,924	-	1,301	-	6,032	3,467	2,190	23,915
#OCE-0431095	260626SP	18,663	-	-	-	10,306	5,924	2,310	37,202
#EAR-0230373	260665SP	-	-	-	-	-	-	1,593	1,593
#OCE-0327283	260695SP	-	-	-	-	-	-	201	201
#418921-BA371	260752SP	-	-	-	-	-	-	1,440	1,440
#TX A&M F000773	260773SP	-	-	456	-	-	-	312	768
#CHE-0221978	260777SP	-	-	5,930	-	-	-	24,306	30,236
#OCE-0223951	260805SP	16,829	-	582	-	8,137	4,677	63,576	93,801

EXHIBIT OF ALLOWABLE COST
BY FEDERAL AWARD

Woods Hole Oceanographic Institution
Fiscal Year Ended December 31, 2006

Sub Award Number	WHOI Project Number	Salaries and Fringe Benefits	Ships and Subs	Materials and Equipment	Subcontracts	Laboratory Overhead Recovery	G&A Recovery	Other	Total
#OCE-0350543	260842SP	5,048	-	14,453	-	2,787	1,602	136,830	160,721
#OCE-0550770	261014SP	1,818	-	2,026	-	1,004	577	87	5,512
#ANT-0538414	261132SP	-	-	-	-	-	-	3,080	3,080
#OCE-0505888	261224SP	-	-	65	-	-	-	8,656	8,720
#OCE-0309966	261330SP	-	-	-	-	-	-	690	690
#OCE-0504135	261398SP	107	-	96	-	59	34	(4)	292
#OCE-0405262	261515SP	-	-	-	-	-	-	3,080	3,080
#OCE-0242034	261524SP	-	-	-	-	-	-	152	152
#OCE-0453071	261558SP	275	-	798	-	152	87	236	1,547
#TX A&M F001621	261621SP	-	-	-	-	-	-	14	14
#UNKNOWN	261634SP	650	-	-	-	359	206	(0)	1,215
#TX A&M F001724	261724SP	-	-	-	-	-	-	0	0
#TX A&M #F001822	261822SP	-	-	-	-	-	-	30	30
#TX A&M #F001827	261827SP	-	-	-	-	-	-	226	226
#TXS A&M F001846	261846SP	-	-	-	-	-	-	1,276	1,276
#OCE-0236422	262023SP	-	-	-	-	-	-	11,718	11,718
#OPP-0421431	262024SP	18,403	-	771	-	10,157	5,838	60	35,229
#OCE-0352291	262086SP	3,942	-	103	-	2,177	1,251	48	7,520
#OCE-0222650	262116SP	446	-	33	-	246	141	4,436	5,302
#OCE-0351191	262154SP	42,583	-	-	-	23,514	13,516	(19)	79,594
#OCE-0336574	262268SP	-	-	201	-	-	-	-	201
#OCE-0337888	262345SP	-	-	-	-	-	-	937	937
#EAR-0408521	262357SP	-	-	-	-	-	-	10,780	10,780
#CCF-424599	262384SP	37,486	-	2,668	-	20,700	11,898	23,961	96,713
#OPP-0326776	262591SP	-	-	-	-	-	-	3,168	3,168
#OPP-0000373	262710SP	1,459	-	5,087	-	685	394	5,248	12,873
#OCE-9729284	262780SP	468	-	1,471	-	258	149	283	2,628
#ARC-0221468	263050SP	-	-	-	-	-	-	1,200	1,200
#OCE-052039	263242SP	-	-	-	-	-	-	20,933	20,933
#OCE-0453777	263481SP	-	-	-	-	-	-	5,940	5,940

EXHIBIT OF ALLOWABLE COST
BY FEDERAL AWARD
Woods Hole Oceanographic Institution
Fiscal Year Ended December 31, 2006

Sub Award Number	WHOI Project Number	Salaries and Fringe Benefits	Ships and Subs	Materials and Equipment	Subcontracts	Laboratory Overhead Recovery	G&A Recovery	Other	Total
#OCE-0352190	263523SP	-	-	-	-	-	-	(0)	(0)
#OCE-0309966	263545SP	-	-	-	-	-	-	(81)	(81)
#OCE-0504133	263730SP	-	-	-	-	-	-	410	410
#OCE-0629707	263811SP	4,512	-	1,243	-	2,492	1,432	-	9,680
#EAR-0409622	263909SP	-	-	-	-	-	-	650	650
#OCE-0526309	263935SP	-	-	-	-	-	-	2,310	2,310
#OCE-0327283	264153SP	-	-	-	-	-	-	2,000	2,000
#OCE-0352291	264180SP	4,817	-	-	-	2,660	1,529	(7)	9,000
#OCE-0526309	264240SP	-	-	-	-	-	-	770	770
#OCE-9876565	264733SP	-	-	-	-	-	-	3,792	3,792
#DMI-0450355	264860SP	10,606	-	665	-	5,857	3,366	83	20,577
#ATM-0455328	264899SP	-	-	-	-	-	-	1,600	1,600
#OPP-0338142	265051SP	2,963	-	-	-	1,636	941	-	5,540
#MCB-0406999	265116SP	233	-	152	-	128	74	-	587
#OCE-0430724	265188SP	6,882	-	399	-	3,800	2,184	(24)	13,242
#OCE-0431095	265304SP	5,051	-	-	-	2,789	1,603	-	9,444
#OCE-0435703	265306SP	-	-	-	-	-	-	400	400
#OCE-0334792	265414SP	40,459	-	46,249	-	21,025	12,085	34,722	154,539
#OCE-0215456	265456SP	32,288	-	-	-	17,829	10,248	4,744	65,110
#EAR-0440172	265552SP	-	-	-	-	-	-	1,885	1,885
#ATM-0082900	265553SP	-	-	-	-	-	-	(3,168)	(3,168)
#EAR-9910899	265680SP	-	-	-	-	-	-	770	770
#EAR-0440131	265813SP	-	-	-	-	-	-	8,160	8,160
#OCE-0555245	265834SP	-	-	-	-	-	-	3,960	3,960
#OCE-0118036	265902SP	-	-	-	-	-	-	1,000	1,000
#OPP-0327664	265958SP	-	-	195	-	-	-	-	195
#BCS-0218511	266204SP	28,102	-	-	-	15,518	8,920	11,739	64,278
#OCE-0327544	266225SP	-	-	-	-	-	-	1,897	1,897
#NSF UNKNOWN	266236SP	-	-	-	-	-	-	2,410	2,410
#OCE-0326434	266434SP	-	-	-	-	-	-	223	223

EXHIBIT OF ALLOWABLE COST
BY FEDERAL AWARD

Woods Hole Oceanographic Institution
Fiscal Year Ended December 31, 2006

Sub Award Number	WHOI Project Number	Salaries and Fringe Benefits	Ships and Subs	Materials and Equipment	Subcontracts	Laboratory Overhead Recovery	G&A Recovery	Other	Total
#DEB-0103690	266519SP	-	-	-	-	-	-	(18)	(18)
#EAR-0420592	266683SP	5,615	-	-	-	3,100	1,782	-	10,497
#OCE-0242034	266898SP	-	-	-	-	-	-	152	152
#OCE-0313954	267139SP	7,777	-	-	-	3,653	2,100	-	13,530
#OCE-0327188	267188SP	8,606	-	175	-	4,752	2,732	2,910	19,174
#ARC-0612988	267482SP	-	-	-	-	-	-	2,896	2,896
#OCE-0527152	267502SP	-	-	-	-	-	-	1,459	1,459
#OCE-0327513	267513SP	4,205	-	13,874	-	2,322	1,335	7,873	29,608
#OPP-0138596	267540SP	-	-	-	-	-	-	3,080	3,080
#OCE-0529557	267602SP	8,807	-	1,272	-	4,863	2,795	6,293	24,031
#ATM-0427220	267607SP	-	-	-	-	-	-	8,266	8,266
#OCE-0527152	267811SP	-	-	-	-	-	-	2,150	2,150
#OCE-0451781	267813SP	-	-	-	-	-	-	444	444
#OCE-0504135	267830SP	1,809	-	-	-	725	417	-	2,951
#OCE-0504135	267975SP	272	-	-	-	150	86	583	1,843
#OCE-0504135	267998SP	-	-	751	-	-	-	2,560	2,560
#OCE-0504135	267999SP	-	-	13	-	-	-	1,429	1,442
#OCE-0504135	268000SP	-	-	-	-	-	-	870	870
#OCE-0428493	268087SP	33,173	-	875	-	18,318	10,529	7,021	69,916
#OCE-0240985 1	268103SP	-	-	-	-	-	-	4,500	4,500
#OCE-0328117	268117SP	12,844	-	590	-	7,093	4,077	17,224	41,828
#OCE-0118566	268120SP	-	-	92	-	-	-	(5)	86
#ARC-0230381	268192SP	68	-	587	-	38	22	645	1,360
#OCE-0610491	268255SP	-	-	-	-	-	-	405	405
#OCE-0430724	268286SP	12,797	-	1,609	-	7,066	4,062	8,719	34,253
#OCE-0350647	269098SP	1,754	-	7,136	-	968	557	-	10,414
#JOI JSC 4-03	269179SP	2,184	-	-	-	1,206	693	(5)	4,078
#OCE-0099245	269245SP	23,208	-	4,552	-	12,100	6,955	25,512	72,328
#OCE-0117050	269281SP	-	-	-	-	-	-	2,000	2,000
#OCE-0242902	269310SP	-	-	-	-	-	-	1,997	1,997

EXHIBIT OF ALLOWABLE COST
BY FEDERAL AWARD
Woods Hole Oceanographic Institution
Fiscal Year Ended December 31, 2006

Sub Award Number	WHOI Project Number	Salaries and Fringe Benefits	Ships and Subs	Materials and Equipment	Subcontracts	Laboratory Overhead Recovery	G&A Recovery	Other	Total
#DEB-0343604	269484SP	-	-	-	-	-	-	9,900	9,900
#OCE-0509602	269602SP	1,229	-	3,641	-	678	390	14,920	20,858
#UNKNOWN	269701SP	-	-	-	-	-	-	1,200	1,200
#OCE-0238957	269712SP	-	-	64	-	-	-	1,946	2,011
#OCE-0526309	269827SP	-	-	-	-	-	-	2,310	2,310
		\$ 608,542	\$ -	\$ 181,828	\$ 299,966	\$ 331,606	\$ 190,605	\$ 765,841	\$ 2,378,387

NAVY (ONR) SUBAWARDS

#RS06-02	150206SP	\$ 7,103	\$ -	\$ -	\$ -	\$ 3,922	\$ 2,254	\$ -	\$ 13,279
#PO 14050209	150209SP	4,423	-	-	-	2,443	1,404	(4,401)	3,869
#PO 102132	150213SP	-	-	1,971	-	-	-	529	2,500
#2500-0226-00-A	150226SP	1,554	-	-	-	858	493	2,581	5,487
#920371	150371SP	-	-	-	-	-	-	180	180
#PO 50003	150503SP	3,499	-	40	-	1,932	1,111	674	7,255
#SC0509	150509SP	170,459	-	131,884	30,557	93,379	53,674	177,672	657,625
#APS-STTR-06-01	150601SP	5,627	-	12,162	-	3,107	1,786	8,875	31,559
#ADD 0207/2	150702SP	1,033	-	180	-	570	328	1,079	3,190
#PO 20006C00946	150946SP	8,889	-	28	-	4,909	2,821	6,597	23,245
#P0071026	151026SP	998	-	1,365	-	551	317	6,084	9,316
#PO 071136	151136SP	-	-	247	-	-	-	2,096	2,343
#0000011155	151155SP	3,764	-	-	-	2,078	,195	817	7,854
#MIT 5710001421	151421SP	1,852	-	4,219	-	1,023	588	-	7,682
#PO 10142701	151427SP	27	-	41	-	15	9	(927)	(836)
#OE11512.00	151512SP	10,727	-	-	-	5,923	3,405	(33)	20,022
#PO11537.00	151537SP	3,452	-	-	-	1,906	1,096	-	6,454
#5710001556	151556SP	25,583	-	86	-	14,127	8,120	-	47,916
#OE11647.00	151647SP	227,424	-	110,670	-	125,303	72,023	79,930	615,349
#5710001649	151649SP	16,003	-	-	-	8,837	5,079	81	30,000

EXHIBIT OF ALLOWABLE COST
BY FEDERAL AWARD

Woods Hole Oceanographic Institution
Fiscal Year Ended December 31, 2006

Sub Award Number	WHOI Project Number	Salaries and Fringe Benefits	Ships and Subs	Materials and Equipment	Subcontracts	Laboratory Overhead Recovery	G&A Recovery	Other	Total
#N00039-06-C0063	151676SP	3,588	-	-	-	1,982	1,139	1,083	7,792
#2006C01826	151826SP	112,079	-	528,720	-	61,770	35,505	35,910	773,984
#061602/535495	151902SP	17,206	-	755	-	9,501	5,461	5,787	38,710
#2002-003	152003SP	22,371	-	2,668	-	12,347	7,097	241	44,723
#PO 602241	152241SP	131,003	-	23,595	-	71,958	41,361	7,443	275,359
#PO 10263125	153125SP	-	-	-	-	-	-	270	270
#2006A43353	153353SP	-	-	315	-	-	-	720	1,035
#8200083424	153424SP	5,394	-	-	-	2,978	1,712	111	10,195
#P0013981	153981SP	-	-	662	-	-	-	(11)	651
#DODONR44501SUB	154501SP	3,071	-	-	-	1,696	975	13	5,754
#PO 014541	154541SP	1,852	-	66	-	1,023	588	7,800	11,329
#PO 004722	154722SP	1,513	-	-	-	836	480	2,162	4,992
# PO 914740	154740SP	3,674	-	6,343	-	2,029	1,166	528	13,739
#UMAINE U264874	154874SP	-	-	32	-	-	-	-	32
#SURA-2005-212	155221SP	-	-	1,500	-	-	-	(1,158)	342
#03250/535495	155495SP	18,797	-	1,029	-	10,380	5,966	468	36,641
#4400105826	155826SP	11,162	-	35,240	-	6,164	3,543	16,535	72,644
#PO 0005902	155902SP	717	-	-	-	39	228	2,500	3,840
#4400095996	155996SP	12,469	-	3,292	-	6,886	3,958	2,906	29,511
N00421030025004	156015SP	2,702	-	157	-	1,492	858	795	6,004
#0006096	156096SP	-	-	-	-	-	-	1,250	1,250
#SAIC 4600006307	156307SP	426,970	-	47,280	33,393	235,773	135,520	167,718	1,046,654
#PO 06-715	156715SP	-	-	-	-	-	-	20,000	20,000
#PO 06-700-A	156893SP	-	-	-	-	-	-	19,320	19,320
#PO 4500817121	157121SP	-	-	4,124	-	-	-	2,295	6,419
#N00024-05C-6310	157153SP	860	-	-	-	475	273	967	2,576
#7000007629	157629SP	-	-	-	-	-	-	(1,548)	(1,548)
#N6601-03-D-5010	158025SP	26,202	-	11,458	-	14,406	8,280	45,477	105,823
#7000008119	158119SP	-	-	-	-	-	-	(9)	(9)
#SC 28329	158329SP	33,007	-	204	-	18,227	10,477	2,410	64,324

EXHIBIT OF ALLOWABLE COST
BY FEDERAL AWARD
Woods Hole Oceanographic Institution
Fiscal Year Ended December 31, 2006

Sub Award Number	WHOI Project Number	Salaries and Fringe Benefits	Ships and Subs	Materials and Equipment	Subcontracts	Laboratory Overhead	G&A Recovery	Other	Total
#SC 00000913	159130SP	33,251	-	2,147	-	18,361	10,554	35,929	100,241
#PO 19275	159275SP	3,319	-	-	-	1,833	1,054	2,230	8,435
#8607-62304	152304SP	44,103	-	67,960	-	24,221	13,922	10,525	160,731
		\$ 1,407,728	\$ -	\$ 1,000,441	\$ 63,950	\$ 775,615	\$ 445,817	\$ 672,499	\$ 4,366,049

NOAA SUBAWARDS

#SC06-08-016	150016SP	\$ 65,819	\$ -	\$ 24,460	\$ -	\$ 35,599	\$ 20,462	\$ 20,731	\$ 167,071
#2003-0170-34	150034SP	7,158	-	-	-	3,953	2,272	(5,670)	7,713
#P801038	150038SP	-	-	1,296	-	-	-	-	1,296
#Q400082	150082SP	-	-	-	-	-	-	15,500	15,500
#P6UZO132	150132SP	699	-	4,668	-	386	222	-	5,974
# UM SO1960	150196SP	42,677	-	5,026	-	23,566	13,546	(1,201)	83,614
#PO 610212	150212SP	-	-	-	-	-	-	1,414	1,414
#FSU R00344	150344SP	52,175	-	1,448	-	28,811	16,560	4,327	103,321
#IMC-05-NOAA-004	150504SP	8,688	-	-	-	4,798	2,758	0	16,244
#SC 06-066	150660SP	21,305	-	6,009	-	11,765	6,762	1,026	46,867
#SC 06-067	150667SP	14,915	-	1,422	-	8,236	4,734	5,452	34,759
#UNH 03-738	150674SP	-	-	-	-	-	-	4,259	4,259
#UNH 03-694	150694SP	10,098	-	437	-	5,576	3,205	1,275	20,591
#UAF 05-0072	150720SP	3,750	-	1,246	-	2,071	1,190	3,479	11,736
#GG10389.03	150839SP	-	-	-	-	-	-	7,293	7,293
#NA108H-F	151080SP	6,734	-	5,907	-	3,718	2,137	2,529	21,026
#SC 1120	151120SP	13,914	-	4,433	-	7,683	4,416	1,207	31,654
#DG13G-06SU-1378	151170SP	-	-	-	-	-	-	13,096	13,096
#UAF 040118	151173SP	1,067	-	1,153	-	589	339	93	3,241
#SMITHSONIAN SUB	151193SP	-	-	43	-	-	-	-	43
#UCONN B111233.1	151233SP	12,448	-	-	-	6,874	3,951	62	23,335
#P101491	151491SP	-	-	1,056	-	-	-	907	1,964

EXHIBIT OF ALLOWABLE COST
BY FEDERAL AWARD
Woods Hole Oceanographic Institution
Fiscal Year Ended December 31, 2006

Sub Award Number	WHOI Project Number	Salaries and Fringe Benefits	Ships and Subs	Materials and Equipment	Subcontracts	Laboratory Overhead Recovery	G&A Recovery	Other	Total
#PO11515.00	151515SP	-	-	44	-	-	-	-	44
#PO 5000011048	151593SP	299	-	800	-	165	95	-	1,360
#5710001684	151684SP	-	-	7,738	-	-	-	2,311	10,049
#PO 5000011935	151935SP	1,061	-	4,358	-	586	337	483	6,824
#5710002014	152014SP	41	-	-	-	22	13	532	608
#GG12051.00	152051SP	-	-	-	-	-	-	4,087	4,087
#PO 102192	152192SP	1,577	-	5,617	-	871	501	923	9,488
#SC 2214	152214SP	15,858	-	-	-	8,757	5,033	751	30,399
#CORNELL 642245	152245SP	5,561	-	2,705	-	3,071	1,765	7,672	20,774
#PO 2533	152533SP	2,881	-	-	-	1,591	914	2	5,388
#PO 93-000003161	153161SP	-	-	-	-	-	-	1,560	1,560
#PO 003229	153229SP	73	-	-	-	40	23	-	136
#PO 20343608	153608SP	-	-	-	-	-	-	197	197
#UNH 03-788	153788SP	-	-	-	-	-	-	(11)	(11)
#UCSB 554135	154135SP	20,537	-	2,427	-	11,340	6,518	7,964	48,787
#PO10204367	154367SP	52,276	-	9,088	-	28,867	16,593	32,103	138,927
#PO 10204368	154368SP	29,069	-	50	-	16,052	9,227	(810)	53,587
#UNH 04-801	154801SP	3,080	-	1,285	-	1,701	977	4,250	11,292
#UNH 04-802	154802SP	2,304	-	-	-	1,272	731	-	4,307
#SC 5710001992	154805SP	8,171	-	254	-	4,476	2,573	435	15,908
#UNH 04-814	154814SP	72	-	-	-	40	23	(10,745)	(10,611)
#PSA 5045	155045SP	14,451	-	21	-	7,980	4,587	1,874	28,912
#UNH 05-909	155909SP	7,611	-	21	-	4,203	2,416	66,167	80,418
#UNH 05-914	155914SP	20,295	-	-	-	11,207	6,442	1,369	39,312
#UNH 05-929	155929SP	-	-	-	-	-	-	(5)	(5)
#UNH 06-016	156016SP	21,097	-	6,866	28,797	11,650	6,696	682	75,788
#UNH 06-017	156017SP	9,088	-	5,944	4,976	5,018	2,884	509	28,420
#UNH PZ06052	156052SP	28,072	-	22	-	15,501	8,910	2,377	54,882
#PO PZ06062	156062SP	40,281	-	596	-	22,243	12,785	8,280	84,185
#008751-060098	156098SP	172	-	293	-	95	55	46	661

EXHIBIT OF ALLOWABLE COST
BY FEDERAL AWARD
Woods Hole Oceanographic Institution
Fiscal Year Ended December 31, 2006

Sub Award Number	WHOI Project Number	Salaries and Fringe Benefits	Ships and Subs	Materials and Equipment	Subcontracts	Laboratory Overhead Recovery	G&A Recovery	Other	Total
#UNH 06-123	156123SP	14,658	-	2,237	-	8,094	4,652	1,389	31,030
#PO JM524864-02	156402SP	-	-	-	-	-	-	4,620	4,620
#SC26449	156449SP	42,813	-	624	-	23,641	13,589	(1,515)	79,153
#B136963.00	156963SP	1,912	-	-	-	1,056	607	92	3,666
#NANOS4191149	157025SP	21,160	-	18,942	-	11,684	6,716	1,681	60,183
#44838-7256	157256SP	2,003	-	1,351	-	1,106	636	140	5,236
#SC 05-09-023	159023SP	-	-	101	-	-	-	(786)	(685)
#PO P799947	159947SP	3,761	-	17,353	-	2,077	1,194	180	24,564
		\$ 631,676	\$ -	\$ 147,339	\$ 33,773	\$ 348,030	\$ 200,045	\$ 214,586	\$ 1,575,448

DEPARTMENT OF ENERGY SUBAWARDS

#PO 443995	153995SP	\$ 20,687	\$ -	\$ 177	\$ -	\$ 11,423	\$ 6,566	\$ 4,889	\$ 43,742
#UCSB KK4126	154126SP	23,355	-	6,660	-	12,897	7,413	3,193	53,517
		\$ 44,042	\$ -	\$ 6,837	\$ -	\$ 24,320	\$ 13,979	\$ 8,082	\$ 97,260

NATIONAL INSTITUTE FOR HEALTH SUBAWARDS

#PO MC-201270DJW	150039SP	\$ 156,262	\$ -	\$ 40,810	\$ 27,762	\$ 86,288	\$ 49,598	\$ 11,270	\$ 371,990
#GC18197INGA	151971SP	1,154	-	132	-	637	366	619	2,909
#BU MEMORANDUM	158106SP	146,495	-	60,829	-	80,894	46,497	14,045	348,760
#SC 28285	158285SP	-	-	1,915	-	-	-	23,523	25,438
		\$ 303,911	\$ -	\$ 103,686	\$ 27,762	\$ 167,820	\$ 96,461	\$ 49,457	\$ 749,097

NASA SUBAWARDS

#MBL 21175	151175SP	\$ 30,127	\$ -	\$ 9,835	\$ -	\$ 16,636	\$ 9,562	\$ 36,826	\$ 102,987
#JPL 961425	151425SP	576	-	-	-	318	183	(34)	1,042
#Z601701	151701SP	131,820	-	118,327	-	72,791	41,840	61,297	426,075
#JPL 1283726	153726SP	20,011	-	3,180	-	11,050	6,352	1,183	41,776

EXHIBIT OF ALLOWABLE COST
BY FEDERAL AWARD
Woods Hole Oceanographic Institution
Fiscal Year Ended December 31, 2006

Sub Award Number	WHOI Project Number	Salaries and Fringe Benefits	Ships and Subs	Materials and Equipment	Subcontracts	Laboratory Overhead Recovery	G&A Recovery	Other	Total
#SC 1283727	153727SP	6,900	-	-	-	3,810	2,190	1,140	14,041
#PO 4500754301	154301SP	535	-	-	-	295	170	-	1,000
#09100/535842	155842SP	24,255	-	5	-	13,394	7,699	6,260	51,612
#NNG06GF12G	156120SP	-	-	-	-	-	-	720	720
#UNH P06UZO155	156527SP	6,094	-	2,222	-	3,365	1,934	15,798	29,412
#NNG05GN61G	157669SP	7,747	-	-	-	4,278	2,459	-	14,483
#JPL 1279179	159179SP	78,358	-	357	-	43,269	24,871	10,055	156,910
		\$ 306,422	\$ -	\$ 133,927	\$ -	\$ 169,207	\$ 97,259	\$ 133,245	\$ 840,060

ENVIRONMENTAL PROTECTION AGENCY SUBAWARDS

#PO 350317	150317SP	\$ 128	\$ -	\$ 517	\$ -	\$ 71	\$ 41	\$ -	\$ 756
#PO DNP1101209	151209SP	2,518	-	-	-	1,391	799	(8)	4,700
#LSU 940-12-51XX	151251SP	5,417	-	-	-	2,991	1,719	15	10,143
#SC-1898	151898SP	969	-	170	-	535	308	512	2,494
#03/06/394 W1	156394SP	68,960	-	4,042	112,857	38,080	21,888	223	246,050
#EPA 4W0720	156974SP	1,971	-	-	-	1,088	626	-	3,685
		\$ 79,963	\$ -	\$ 4,728	\$ 112,857	\$ 44,156	\$ 25,380	\$ 741	\$ 267,826

US GEOLOGICAL SURVEY SUBAWARD

#UAF 03-0109	150109SP	\$ 32,614	\$ -	\$ 347	\$ -	\$ 18,010	\$ 10,352	\$ 50	\$ 61,372
#14350102CA85186	152056SP	679	-	55	-	375	216	2,040	3,364
#SC 186138	156138SP	6,828	-	173	-	3,770	2,167	4	12,943
#WHOI-030306	150306SP	-	113,064	-	-	-	-	7,981	121,045

EXHIBIT OF ALLOWABLE COST
BY FEDERAL AWARD

Woods Hole Oceanographic Institution
Fiscal Year Ended December 31, 2006

Sub Award Number	WHOI Project Number	Salaries and Fringe Benefits	Ships and Subs	Materials and Equipment	Subcontracts	Laboratory Overhead Recovery	G&A Recovery	Other	Total
#CHECK 493399	153399SP	-	-	-	-	-	-	2,000	2,000
#MMS 0105CT39187	154207SP	191	-	105	-	60	288	-	644
#USGS 06HQGR0096	156028SP	1,095	-	953	-	605	348	-	3,000
#PO36891.00	156891SP	3,257	-	-	-	1,799	1,034	827	6,917
#GG11344.01	151344SP	-	-	-	-	-	-	(429)	(429)
		\$ 44,664	\$ 113,064	\$ 1,528	\$ -	\$ 24,663	\$ 14,176	\$ 12,760	\$ 210,856

DEPARTMENT OF THE AIR FORCE SUBAWARDS

#MBL 27344	157344SP	\$ 28,182	\$ -	\$ 190	\$ -	\$ 15,562	\$ 8,945	\$ (1,812)	\$ 51,067
		\$ 28,182	\$ -	\$ 190	\$ -	\$ 15,562	\$ 8,945	\$ (1,812)	\$ 51,067

DARPA SUBAWARDS

#MBL 24774	154774SP	\$ 7,275	\$ -	\$ 40	\$ -	\$ 4,017	\$ 2,309	\$ (6,819)	\$ 6,823
#PO 0005845	155845SP	-	-	37,577	-	-	-	70,642	108,219
		\$ 7,275	\$ -	\$ 37,617	\$ -	\$ 4,017	\$ 2,309	\$ 63,823	\$ 115,042

DEPARTMENT OF HOMELAND SECURITY SUBAWARDS

#PO 06-00289	150289SP	\$ 6,253	\$ -	\$ -	\$ -	\$ 3,453	\$ 1,985	\$ (76)	\$ 11,615
		\$ 6,253	\$ -	\$ -	\$ -	\$ 3,453	\$ 1,985	\$ (76)	\$ 11,615

DEPARTMENT OF THE INTERIOR SUBAWARDS

#PO D0694488	154488SP	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,916)	\$ (1,916)
#PO 4904-11 CO 1	154011SP	11,309	-	849	-	6,245	3,590	573	22,566
		\$ 11,309	\$ -	\$ 849	\$ -	\$ 6,245	\$ 3,590	\$ (1,343)	\$ 20,650

EXHIBIT OF ALLOWABLE COST
BY FEDERAL AWARD

Woods Hole Oceanographic Institution
Fiscal Year Ended December 31, 2006

Sub Award Number	WHOI Project Number	Salaries and Fringe Benefits	Ships and Subs	Materials and Equipment	Subcontracts	Laboratory Overhead Recovery	G&A Recovery	Other	Total
GSA SUBAWARDS									
#PO 2043180	154318SP	\$ 1,102	\$ -	\$ -	\$ -	\$ 608	\$ 350	\$ 7,901	\$ 9,961
		\$ 1,102	\$ -	\$ -	\$ -	\$ 608	\$ 350	\$ 7,901	\$ 9,961
DEPARTMENT OF STATE SUBAWARDS									
#PO 10897	150897SP	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,080	\$ 3,080
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,080	\$ 3,080
Grand Total		\$ 26,094,973	\$ 20,158,263	\$ 13,465,667	\$ 4,126,985	\$ 14,303,052	\$ 8,252,663	\$ 15,257,410	\$ 101,659,013



DEPARTMENT OF THE NAVY
OFFICE OF NAVAL RESEARCH
875 NORTH RANDOLPH STREET
SUITE 1425
ARLINGTON VA 22203-1985

IN REPLY REFER TO:

NEGOTIATION AGREEMENT

Institution: WOODS HOLE OCEANOGRAPHIC INSTITUTION
WOODS HOLE, MASSACHUSETTS 02543

The Indirect Cost and Fringe Benefit rates contained herein are for use on grants and contracts with all Federal Agencies of the United States of America, in accordance with the provisions and cost principles mandated by Office of Management and Budget (OMB) Circular A-122. These rates shall be used for forward pricing and billing purposes for Fiscal Year 2006. This rate agreement supersedes all previous rate agreements for Fiscal Year 2006 (FY 06).

SECTION I: RATES - TYPE: FIXED WITH CARRY-FORWARD PROVISIONS

Type	Expense Pool	Effective Period		Rate	Base	Applied To
		From	To			
<u>Indirect Cost Rates:</u>						
Fixed	Lab OH	1/1/06	12/31/06	55.22%	(a)	Research
Fixed	G&A	1/1/06	12/31/06	31.74%	(b)	All Activities
<u>Fringe Benefits Rates:</u>						
Fixed	Fringe (Reg)	1/1/06	12/31/06	52.70%	(c)	All Activities
Fixed	Fringe (Reg OT)	1/1/06	12/31/06	21.52%	(d)	All Activities
Fixed	Fringe (Casual)	1/1/06	12/31/06	9.63%	(e)	All Activities
Fixed	Fringe (Casual OT)	1/1/06	12/31/06	9.86%	(f)	All Activities

DISTRIBUTION BASE

- (a) Direct research and education salaries plus related Employee Benefits plus one half of Graduate Research Assistant salaries.
- (b) Direct salaries plus related Employee Benefits incurred for Research, Education, Ship Operations (including submersibles), Development, Housing, Oceanus Magazine and other appropriate final cost objectives.

- (c) Total assignable salaries of regular employees (direct and indirect) excluding Graduate Research Assistants and overtime salaries.
- (d) Total assignable overtime salaries of regular employees.
- (e) Total assignable salaries of casual employees (direct and indirect) excluding Graduate Research Assistants and overtime salaries.
- (f) Total assignable overtime salaries of casual employees.

SECTION II - GENERAL

A. **LIMITATIONS:** Use of the rates set forth under Section I is subject to any statutory or administrative limitations and is applicable to a given grant or contract only to the extent that funds are available. Acceptance of the rates agreed to herein is predicated upon the following conditions: (1) that no costs other than those incurred by the grantee/contractor were included in this indirect cost pool as finally accepted and that such costs are legal obligations of the grantee/contractor and allowable under governing cost principles; (2) that the same costs that have been treated as indirect costs are not claimed as direct costs; (3) that similar types of costs have been accorded consistent accounting treatment; and (4) that the information provided by the grantee/contractor which was used as a basis for acceptance of the rates agreed to herein, and expressly relied upon by the Government in negotiating and accepting the said rates is not subsequently found to be materially incomplete or inaccurate.

B. **ACCOUNTING CHANGES:** The rates contained in Section I of this agreement are based on the accounting system in effect at the time the agreement was negotiated. Changes to the method(s) of accounting for costs, which affect the amount of reimbursement resulting from the use of these rates require the prior approval of the authorized representative of the cognizant negotiation agency. Such changes include but are not limited to changes in the charging of a particular type of cost from indirect to direct. Failure to obtain such approval may result in subsequent cost disallowances.

C. **USE BY OTHER FEDERAL AGENCIES:** The rates set forth in Section I were negotiated in accordance with and under the authority set forth in OMB Circular A-122. Accordingly, such rates shall be applied to the extent provided in such Circular to grants and contracts to which OMB Circular A-122 applies, subject to any limitations in part A of this section. Copies of this document may be provided by either party to other federal agencies which have or intend to issue or award sponsored agreements using these rates or to otherwise provide such agencies with documentary notice of this agreement and its terms and conditions.

D. FIXED RATES WITH CARRY-FORWARD PROVISIONS:

1. This type of rate is considered final and not subject to adjustment in accordance with the provisions of OMB Circular A-122 and the Federal Acquisition Regulation, subject to the limitations contained in Part A of this Section; except that the difference between the estimated costs and the actual costs of the period covered by the rate is carried forward as an adjustment to the rate computation of a subsequent period as discussed in paragraph 2. below.

2. The FY 2006 rates contained in this agreement are based on estimates of the costs for FY 2006. When actual costs for FY 2006 are determined, adjustments will be applied to the next subsequent rate negotiation to recognize the differences between the estimated FY 2006 costs used to establish the FY 2006 fixed rates with carry-forward provisions and the negotiated actual FY 2006 costs.

E. LIQUIDATION OF PRIOR YEAR CARRY-FORWARD AMOUNTS: The fixed rates set forth herein include the liquidation of the following carry-forward amounts:

RateCategory	Liquidated in FY 2006 Fixed Rates	CFW Balance To Be Liquidated
INDIRECT COSTS:		
Lab Overhead – FY03 <i>Estimated</i>	\$ 264,986	\$ 264,985
Lab Overhead – FY04 <i>Estimated</i>	\$ 70,033	\$ 70,034
G&A – FY03 <i>Estimated</i>	\$ 232,560	\$ 232,559
G&A – FY04 <i>Estimated</i>	\$ (883,997)	\$ (883,997)
EMPLOYEE BENEFITS:		
Regular – FY03 <i>Estimated</i>	\$ 318,822	\$ 318,822
Regular – FY04 <i>Estimated</i>	\$ (445,450)	\$ (445,449)
Casual – FY03 <i>Estimated</i>	\$ 1,330	\$ 1,331
Casual – FY04 <i>Estimated</i>	\$ (1,469)	\$ (1,469)
Regular Overtime – FY03 <i>Estimated</i>	\$ 6,508	\$ 6,508
Regular Overtime – FY04 <i>Estimated</i>	\$ (18,246)	\$ (18,247)

*CFW = Carry-Forward; WHOI (Over) / Under Recovery

F. SPECIAL REMARKS – FRINGE RATES: From FY1986 through FY1994 the Institution set aside accrual funding to cover the estimated current and future costs of its Supplemental Employee Retirement Plan (SERP). The rates set forth herein are predicated on the Government's agreement to accept its pro rata share of the accrued expense accumulated from the inception of the Institution's SERP through 31 December 1994, provided that:

1. As of 1 January 1995 the accrued balance (including accumulated interest) in the SERP fund shall be placed in a separate account where its use will be restricted to the payment of supplemental employee retirement costs;
2. Future interest earned on the SERP fund balance will remain in the SERP fund.

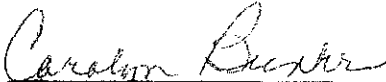
3. The Institution will use the SERP fund (including accumulated and future interest) to pay SERP costs, and will add to the fund only if it becomes exhausted due to payment of supplemental employee retirement benefits as defined in the SERP.

4. If the SERP fund becomes exhausted before all supplemental employee retirement costs have been paid, the Institution will make further payments to the SERP fund on a Pay-As-You-Go basis; and

5. The Government shall receive a pro rata refund of any balance remaining in the SERP fund at the conclusion or termination of the SERP.

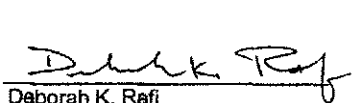
The purpose of this agreement is to establish fixed rates with carry-forward provisions for the period 1 January through 31 December 2006. These rates are based on Woods Hole Oceanographic Institution's proposal dated 30 September 2005, and the establishment of these rates by the Government based on the accounting systems and allocation methodologies contained in this proposal does not represent an agreement that these systems and methodologies are accepted for Fiscal Year 2006 or for any subsequent year's rate negotiation. The recommendations of the Defense Contract Audit Agency, Boston Branch in Audit Report #2171-2006N23000001 dated 7 November 2005 were considered in the negotiation of these rates.

WOODS HOLE OCEANOGRAPHIC
INSTITUTION:


Carolyn Bunker
Associate Director for Finance
and Administration

Dec 29 2005
Date

FOR THE U.S. GOVERNMENT:


Deborah K. Refi
Contracting Officer

JANUARY 3, 2006
Date

For information concerning
this agreement contact:

SCOTT M. BUKOVEC, Negotiator
OFFICE OF NAVAL RESEARCH
875 N RANDOLPH ST SUITE 1425
ONR 242 INDIRECT COST BRANCH
ARLINGTON, VA 22203-1995
PHONE: 703.696.2586
Email: bukoves@onr.navy.mil



WOODS HOLE OCEANOGRAPHIC INSTITUTION

August 24, 2007

Mr. John F. Gay
Branch Manager
Defense Contract Audit Agency
Boston Branch Office
495 Summer Street, Suite 336
Boston, MA 02110

Reference: DCAA Report 2171-2005N10110001

Dear Jack,

The following is Woods Hole Oceanographic Institution's report on corrective action planned/taken in response to prior audit findings presented in the referenced audit reports covering FY 2005.

05-A Grant No. N00014-00-10256 – WHOI Project No. 13025600

a. Condition:

We questioned \$34,000 in equipment costs on the basis that WHOI is in noncompliance with OMB Circular A-110 (Subpart C, section .28), OMB Circular A-122 (attachment A, part 4 Allocable Costs subpart a) and compliance requirements B (Allowable Costs/Cost Principles) and H (Period of Availability of Federal Funds compliance requirement) of the OMB Circular A-133 Compliance Supplement.

On October 6, 2005, WHOI purchased \$34,000 in equipment and charged it direct to ONR Federal Award number N00014-00-10256 (WHOI account number 130256SP). We reviewed the packing slip, which indicated that WHOI received the subject equipment item on September 29, 2005. Since the period of performance for this award ended on December 31, 2004, this meant that the receipt date of this equipment was approximately nine months after this federal award ended. Based on these dates, it is clear that this equipment did not benefit the referenced Federal award. In fact, WHOI later informed us that the equipment was actually used on a non-government project.

b. Criteria:

OMB Circular A-122, attachment A, Section A, part 4 Allocable Costs, subpart a states in part "A cost is allocable to a particular cost objective, such as a grant, contract, project, service, or other activity, in accordance with the relative benefits received." Since WHOI incurred the obligation after the funding period ended, there was obviously no benefit to this federal award. Therefore, we are questioning these costs on the basis that they are not allocable to the federal awards.

OMB Circular A-110, Subpart C, section .28 states that “Where a funding period is specified, a recipient may charge to the grant only allowable costs resulting from obligations incurred during the funding period and any pre-award costs authorized by the Federal awarding agency”. Since WHOI incurred the obligation after the funding period ended and as discussed above is unallowable per OMB Circular A-122 (see above), WHOI is in noncompliance with OMB Circular A-110.

OMB Circular A-133 Compliance Supplement – Compliance Requirement B. Costs of goods and services charged to Federal awards are allowable and in accordance with the applicable cost principles. Based on the above references, the questioned costs are not in accordance with applicable cost principles (OMB Circular A-122). This means that WHOI is in noncompliance with compliance requirement B.

OMB Circular A-133 Compliance Supplement – Compliance Requirement H. Where a funding period is specified, a non-Federal entity may charge to the award only costs resulting from obligations incurred during the funding period and any pre-award costs authorized by the Federal awarding agency. As shown above, the equipment was purchased well beyond the period of performance end date. As a result, WHOI is also in noncompliance with compliance requirement H.

c. Recommendation:

We recommend that WHOI adjust their billings for this Federal award by removing the questioned costs. Additionally, the contractor should implement a better approval process for ordering items that are charged direct to an award. This would help ensure that items will only be purchased for awards that they benefit and are purchased within the period of performance. We believe this approval process should be performed by someone outside the particular department to ensure that costs are properly charged to all awards.

d. Contractor’s Reaction:

WHOI concurs with the adjustment of \$34,000 in equipment charged to WHOI Project No. 13025600. As the award is in a closed status repayment will be made payable to the United States Treasury sent to the attention of Eric Garfield, Contract Specialist ONR.

The Assistant Controller will communicate with Grants and Contract Services as well as the Department Administrators and Department Administrative Assistants to ensure only allowable and allocable costs are charged to projects. In addition it will be reiterated that costs must only be charged during specified funding periods. The communication will entail e-mail as well as attending department meetings.

2006 Corrective Action Response:

\$34,000 returned to United States Treasury; check issued on 12/29/06, sent to Eric Garfield on the same date. WHOI considers this issue closed.

05-B Contract No. DACA 72-01-C-0011 and Grant No. NA04NMF4720405

a. Condition:

We questioned \$9,500 in equipment costs on the basis that WHOI is in noncompliance with compliance requirement B (Allowable Costs/Cost Principles) of the OMB Circular A-133 Compliance Supplement and OMB Circular A-122.

On October 21, 2005, WHOI purchased a new Yamaha F115 Four Stroke Engine for one of its boats by the name of Balena. The actual invoiced cost for the outboard motor is \$9,500. WHOI allocated the total invoiced cost between the following two final cost objectives:

<u>Federal Award Number</u>	<u>Federal Agency</u>	<u>Award Type</u>	<u>Cost</u>
DACA 72-01-C-0011	Department of Army	Contract	\$ 5,725
NA04NMF4720405	NOAA	Grant	3,775
			<u>\$ 9,500</u>

However, our review of WHOI’s purchase requisition disclosed no evidence as to the rationale WHOI used to directly allocate the costs associated with this outboard motor between the two Federal awards.

We then reviewed WHOI’s FY 2005 depreciation expense records which disclosed that WHOI had capitalized the costs of another small boat motor and depreciated it over the estimated life of the asset. In accordance with OMB Circular A-122, section B.1 “...a cost may not be assigned to an award as a direct cost if any other cost incurred for the same purpose, in like circumstance, has been allocated to an award as an indirect cost”. It is our position that the purchase of the outboard motor on October 21, 2005 is for the same purpose, in like circumstances, as the prior one and therefore, should be accounted for in a same manner (capitalized and depreciated over its useful life).

There is also an issue on the allocability of these costs to only two awards. In accordance with OMB Circular A-122, Attachment A, section A.4.a., “A cost is allocable to a particular cost objective, such as a grant, contract, project, service, or other activity, in accordance with the relative benefits received”. It is our opinion that an outboard motor for a small boat will benefit more than just the two referenced Federal awards. As such, the costs associated with that motor should be allocated accordingly.

Finally, OMB Circular A-122, Attachment B., 15, states that the purchase of equipment and other capital expenditures requires advance approval by the awarding agency for general purpose equipment. The definition of general purpose equipment is that the purchased item has to have a useful life exceeding one year, its unit cost is greater than \$5,000 and it is not limited to research, medical, scientific to other technical activities. Based on our review, we concluded that the outboard motor meets this definition and is considered general purpose equipment. However, WHOI did not receive prior approval from either Federal agency prior to purchasing this equipment.

b. Criteria:

OMB Circular A-122, Attachment A, part B.1, (Direct costs) states in part “Direct costs are those that can be identified specifically with a particular final cost objective, i.e., a particular award, project, service, or other direct activity of an organization. However, a cost may not be assigned to an award as a direct cost if any other cost incurred for the same purpose, in like circumstance, has been allocated to an award as an indirect cost...”

OMB Circular A-122, attachment A, Section A, part 4 Allocable Costs, subpart a states in part “A cost is allocable to a particular cost objective, such as a grant, contract, project, service, or other activity, in accordance with the relative benefits received.” We are of the opinion that the direct allocation of these costs to the projects is not consistent with the relative benefits received by these projects in the circumstances.

OMB Circular A-122 Attachment B, 15 Equipment and other capital expenditures subpart b (1) states “Capital expenditures for general purpose equipment, buildings, and land are unallowable as direct charges except where approved in advance by the awarding agency”.

OMB Circular A-133 Compliance Supplement – Compliance Requirement B. Costs of goods and services charged to Federal awards are allowable and in accordance with the applicable cost principles. Based on the above references, the questioned costs are not in accordance with applicable cost principles (OMB Circular A-122).

c. Recommendation:

We recommend that WHOI adjust their billings for these two Federal awards by removing the questioned costs. We also recommend that WHOI implement a policy that requires documentation to be maintained whenever the cost of a particular item is split between multiple awards.

d. Contractor’s Reaction:

WHOI concurs with the adjustment of \$5,725 in equipment charged to WHOI Project No. 49001100 as well as \$3,775 in equipment charged to WHOI Project No. 24040500. WHOI will adjust the billings for these federal awards by removing the questioned costs.

WHOI will work to develop a procedure to accurately allocate costs when a purchase is made relating to more than one project. When completed the procedure will be included with the communications to WHOI departments.

2006 Corrective Action Response:

Non Salary Transfer forms for \$5,725 and \$3,775 prepared on 12/28/06. Project 49001100 credited for \$5,725 and charged to WHOI Institution cost center 41010. Project 24040500 credited for \$3,775 and charged to WHOI Institution cost center 41010. WHOI considers this issue closed.

05-C Contract No. DACA 72-01-C-0011 – WHOI Project No. 49001100

a. Condition:

We questioned \$2,177 in airfare costs on the basis that WHOI is in noncompliance with compliance requirement B (Allowable Costs/Cost Principles) of OMB Circular A-133 Compliance Supplement, and OMB Circular A-122.

On/or about May 26, 2005 a WHOI employee (P. Tyack) traveled overseas. WHOI then charged the roundtrip airfare costs associated with this trip (\$2,177) directly to Army Federal Award number DACA72-01-C-0011,(WHOI account number 49001100). An unidentified third party paid the remainder of the employee's travel costs. During our evaluation of these costs we asked WHOI to provide us with the employee travel expense report, purpose of travel, dates of travel, identity of third party who paid the remaining travel related expenses and the employee's timesheet during the period of performance. However, WHOI was unable to provide us with any of this information. In accordance with OMB Circular A-122, attachment A, section.A.2 a cost is unallowable if it is not adequately documented. Since WHOI is unable to provide us with any documentation to support the allowability of the airfare costs, we are questioning them in accordance with the OMB Circular A-122 reference noted above.

b. Criteria:

OMB Circular A-122, attachment A, Section A, part 2 states the following:

Factors affecting allowability of costs. To be allowable under an award, costs must meet the following general criteria:

- a. Be reasonable for the performance of the award and be allocable thereto under these principles.
- b. Conform to any limitations or exclusions set forth in these principles or in the award as to types or amount of cost items.
- c. Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the organization.
- d. Be accorded consistent treatment
- e. Be determined in accordance with generally accepted accounting principles (GAAP).
- f. Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period.
- g. Be adequately documented.

OMB Circular A-133 Compliance Supplement – Compliance Requirement B. Costs of goods and services charged to Federal awards are allowable and in accordance with the applicable cost principles. Based on the above references, the questioned costs are not in accordance with applicable cost principles (OMB Circular A-122).

c. Recommendation:

We recommend that WHOI adjust their billings for this Federal award by removing the questioned costs.

d. Contractor's Reaction:

WHOI concurs with the adjustment of \$2,177 in airfare costs charged to WHOI Project No. 49001100. WHOI will adjust the billings for the federal awards by removing the questioned costs. The Assistant Controller will meet with Department Administrators and Department Administrative Assistants regarding time card and travel allocations.

2006 Corrective Action Response:

Non Salary Transfer form for \$2,177 prepared on 12/28/06. Project 49001100 credited for \$2,177 and charged to WHOI Institution cost center 41010. WHOI considers this issue closed.

05-D Grant No. N00014-03-10736 – WHOI Project No. 13073600

a. Condition:

We questioned \$2,800 in Other Outside Service costs on the basis that WHOI is in noncompliance with OMB Circular A-110 (Subpart C, section .28), OMB Circular A-122 (attachment A, part 4 Allocable Costs subpart a) and compliance requirements B (Allowable Costs/Cost Principles) and H (Period of Availability of Federal Funds compliance requirement) of the OMB Circular A-133 Compliance Supplement.

On February 28, 2005, WHOI charged \$2,800 in other outside service costs direct to ONR Federal Award number N00014-03-10736 (WHOI account number 130736SP). Since the period of performance for this award ended on December 31, 2004, this meant that the receipt date of this service was two months after this federal award ended. Based on these dates, it is clear that the outside services did not benefit the referenced Federal award. In fact, WHOI is unable to provide us with any information as to what project this service was used on.

b. Criteria:

OMB Circular A-122, attachment A, Section A, part 4 Allocable Costs, subpart a states in part “A cost is allocable to a particular cost objective, such as a grant, contract, project, service, or other activity, in accordance with the relative benefits received.” Since WHOI incurred the obligation after the funding period ended, there was obviously no benefit to this federal award. Therefore, we are also questioning these costs on the basis that they are not allocable to the federal award.

OMB Circular A-110, Subpart C, section .28 states that “Where a funding period is specified, a recipient may charge to the grant only allowable costs resulting from obligations incurred during the funding period and any pre-award costs authorized by the Federal awarding agency”. Since WHOI incurred the obligation after the funding period ended and as discussed above is unallowable per OMB Circular A-122, WHOI is in noncompliance with OMB Circular A-110.

OMB Circular A-133 Compliance Supplement – Compliance Requirement B. Costs of goods and services charged to Federal awards are allowable and in accordance with the applicable cost principles. Based on the above references, the questioned costs are not in accordance with applicable cost principles (OMB Circular A-122).

OMB Circular A-133 Compliance Supplement – Compliance Requirement H. Where a funding period is specified, a non-Federal entity may charge to the award only costs resulting from obligations incurred during the funding period and any pre-award costs authorized by the Federal awarding agency. As shown above, the equipment was purchased well beyond the period of performance end date. As a result, WHOI is also in noncompliance with compliance requirement H.

c. Recommendation:

We recommend that WHOI adjust their billings for this Federal award by removing the questioned costs. Additionally, the contractor should implement a better approval process for ordering items that are charged direct to an award. This would help ensure that items will only be purchased for awards that they benefit and are purchased within the period of performance. We believe this approval process should be performed by someone outside the particular department to ensure that costs are properly charged to all awards.

d. Contractor's Reaction:

WHOI concurs with the adjustment of \$2,800 in outside services charged to WHOI Project No. 13073600. As the award is in a closed status repayment will be made payable to the United States Treasury sent to the attention of Eric Garfield, Contract Specialist ONR.

The Assistant Controller will communicate with Grants and Contract Services as well as the Department Administrators and Department Administrative Assistants to ensure only allowable and allocable costs are charged to projects. In addition it will be reiterated that costs must only be charged during specified funding periods. The communication will entail e-mail as well as attending department meetings.

2006 Corrective Action Response:

\$2,800 returned to United States Treasury; check issued on 12/29/06, sent to Eric Garfield on same date. Assistant Controller met during November 2006 with Department Administrators reviewing each finding and reiterating correct procedures for departments to follow. WHOI considers this issue closed.

05-E Lab Overhead Cost Center 53195 Martha's Vineyard Coastal Observatory

a. Condition:

	Claimed	Questioned	Difference
Pool	\$ 93,121.00	\$ (82,108.00)	\$ 175,229.00
Base	21	0	21
Rate	<u>\$ 4,434.31</u>	<u>\$ (3,909.93)</u>	<u>\$ 8,344.24</u>

() = Increase

Our review of WHOI's MVCO rate disclosed that WHOI understated its MVCO pool costs by \$82,108. WHOI incorrectly accumulated \$82,108 in MVCO costs under its laboratory overhead cost center (53195 MVCO) instead of its MVCO cost pool. A cost breakdown of the total MVCO costs that WHOI accumulated in its laboratory overhead cost pool, by account number and description, is as follows:

<u>Account No.</u>	<u>Description</u>	<u>Amount</u>
5270	Repair parts	\$265
5360	Communications	10,689
5410	Miscellaneous	67,303
5430	Duplicating	1
5460	Electricity	3,175
5510	Technical Assistance	675
	Total	<u>\$82,108</u>

During our review of these accounts, we noted that \$67,227 of the \$67,303 in account number 5410 represents costs that WHOI transferred in from their MVCO service rate pool. We sought justification from WHOI as to the reason they transferred the \$67,227 of costs that they initially identified and accumulated under the MVCO service rate pool into the laboratory overhead cost pool. According to the contractor, the practice of transferring these costs is based upon an agreement they have with their ONR Administrative Contracting Officer (ACO). We then contacted WHOI's ACO to verify WHOI's assertion. The ACO stated the following:

- ONR considers WHOI's accounting treatment and plan to have MVCO operating cost removed from Lab Overhead over time acceptable because there has not been a material cost increase to the federal government. However, if your audit of FY05 determines that there is a material cost increase to the federal government because of the portion of MVCO costs that are included in the Lab Overhead pool, then please advise ONR.

As part of our audit, we gathered the following information to assess the cost impact to federal awards as a result of WHOI allocating \$82,108 in MVCO pool costs through its laboratory overhead rate instead of its MVCO rate.

- The federal government participation in the laboratory overhead pool is approximately 81 percent. This means that \$66,507 (81% x \$82,108) of the \$82,108 will be allocated to the Federal government through WHOI's laboratory overhead rate.
- During FY 2005, WHOI allocated the costs accumulated in its MVCO rate pool (does not include the \$82,108 in MVCO costs noted above) to five projects. One was a **suspense** (non-

Federal government) project, and the other four were Federal awards. Of the four Federal awards, two were in a cost **overrun** status as of December 31, 2005.

This means that if WHOI had correctly allocated the \$82,108 in MVCO costs through its MVCO rate, then 58,694 of the \$82,108 would have been allocated to a non-Federal government project and two government projects that are in a cost **overrun** status as of December 31, 2005 (see the schedule below). As a result, the Federal government would not have been billed \$58,694 in costs if WHOI had properly allocated all of the MVCO costs through its MVCO rate pool. The allocation of some of the MVCO costs through the laboratory overhead rate allows WHOI to recover costs that they are not entitled to recover. Hence, the contractors practice results in increased costs being paid by the Federal government.

WHOI Project No.	Gov't Agency	Grant/Contract No.	Grant/Contract Budget	Inception to Date Activity	Cost (Overrun)/Underrun	Proposed Rate	Audited Rate	Difference	Base	Increased Cost Allocation
39041300	-	Non-government				\$ 4,431.31	\$ 8,344.20	\$ (3,912.89)	3	\$(11,739)
15481400	NOAA	NA160C2740	\$ 195,768	\$ 206,785	\$ (11,017)	\$ 4,431.31	\$ 8,344.20	\$ (3,912.89)	9	\$(35,216)
13062501	ONR		\$ 188,778	\$ 203,611	\$ (14,833)	\$ 4,431.31	\$ 8,344.20	\$ (3,912.89)	3	\$(11,739)
Subtotal - Non-government & Government Overrun Projects										\$(58,694)
23040300	NASA	NNG04GLO3G	\$ 227,949	\$ 137,151	\$ 90,798	\$ 4,431.31	\$ 8,344.20	\$ (3,912.89)	3	\$(11,739)
81991500	NSF		\$ 1,379,696	\$ 1,268,288	\$ 111,408	\$ 4,431.31	\$ 8,344.20	\$ (3,912.89)	3	\$(11,739)
Subtotal - Government Underrun Projects										\$(23,478)
Rounding error										\$ 64
Totals										21 \$(82,108)

In summary, if WHOI allocates the \$82,108 in MVCO costs through their laboratory overhead rate, then \$66,507 of the \$82,108 will be allocated to the Federal government awards. If these costs are moved to the MVCO rate pool, where they belong, then the Federal government will only be allocated \$23,414 (\$82,108-\$58,694). So the true cost impact is the difference between the two methods, which is \$43,093 (\$66,507-\$23,414).

By allocating the MVCO costs in its laboratory overhead rate, WHOI is also in noncompliance with OMB Circular A-122, Attachment A, section A.4.a. In accordance with that reference “A cost is allocable to a particular cost objective, such as a grant, contract, project, service, or other activity, in accordance with the relative benefits received”. In this case, WHOI has developed a separate MVCO rate because they have determined that the MVCO costs only benefit specific awards. As a result, it is not equitable for WHOI to allocate the \$82,108 in MVCO costs through its laboratory overhead rate.

When making a determination on materiality, we refer to OMB Circular A-133, section .510(a)(3). In accordance with that section the auditor should report all questioned costs which are greater than \$10,000 for a type of compliance requirement for a major program. This impact of this issue exceeds the \$10,000 requirement and is therefore required to be reported in accordance with OMB Circular A-133.

WHOI's laboratory overhead rate is fixed with a carryforward provision. As a result, there is no impact to the FY 2005 labor overhead costs. However, the \$82,108 in MVCO costs that we are transferring from the labor overhead pool to the MVCO pool will be taken into consideration when we audit the FY 2005 carryforward amount for the laboratory overhead pool. As a note, the carryforward amount only impacts future indirect rate negotiations.

b. Criteria:

OMB Circular A-122, attachment A, Section A, part 4 Allocable Costs, subpart a states in part "A cost is allocable to a particular cost objective, such as a grant, contract, project, service, or other activity, in accordance with the relative benefits received."

c. Recommendation:

We recommend that WHOI reclassify the MVCO costs in the laboratory overhead pool to the MVCO service rate pool.

d. Contractor's Reaction:

No corrective action is planned. WHOI continues to believe that prior communication and approval (since 2003) from Debbie Rafi, Director, Indirect Cost Branch, ONR regarding acceptance of WHOI's accounting treatments for MVCO overhead support was sufficient. WHOI has been proactive in communicating their intentions regarding the overhead support.

It is the auditors position the cost impact is \$43,093 of additional costs allocated to the government. That premise is based on the fact that two government awards having MVCO costs allocated to them were over run at the end of 2005. It should be noted that both government awards 15481400 and 13062501 which the auditor listed as over run had sufficient funds at the beginning of 2005 to absorb the full costs of the service center had this agreement not been made prior to the beginning of the year. WHOI does not feel it's proper to make an adjustment at the close of the year after this treatment had been agreed to and award funds had been fully spent. In fact, had the agreement not been made the \$35,216 for 15481400 and \$11,793 for 13062501 totaling \$46,955 would have been allowable costs on both the awards.

The audit opinion states the true cost impact is as follows:

	66,507	Government portion of overhead
Less	<u>23,414</u>	Gov't projects allocated MVCO not over run at the end of 2005
	43,093	

However, the true cost impact including costs allocated to 15481400 and 13062501 is:

	66,507	Government portion of overhead
Less	<u>23,414</u>	Gov't projects allocated MVCO costs not over run end of 2005
	43,093	
Less	<u>46,955</u>	Gov't projects allocated MVCO costs not overrun at start of 2005
	<u>(3,862)</u>	

Therefore the government saved \$3,862 using the agreed to method.

e. Auditor's Response:

As documented in the Condition section above, Debbie Rafi did not give WHOI approval to continue this practice indefinitely. It all depends on the impact to the Federal government. In our opinion there is an impact to the Federal government and therefore should not be continued.

WHOI's other position that the Federal government actually saved \$3,862 is incorrect. If WHOI had allocated the MVCO costs to those Federal awards at the beginning of FY 2005, as they stated, then those Federal awards would have reached their ceiling amounts sooner. This means that WHOI would have overrun these Federal government projects by even more than they actually did. So to say the Federal government actually saved money is not a correct statement.

2006 Corrective Action Response:

Phone conversation on December 15, 2006 with Debbie Rafi and Scott Bukovec; Jeffrey Paul in attendance with Dave Stephens and Laurie Murphy. After discussion between Debbie, DCAA and WHOI Debbie commented she was not going to change anything. Going forward Debbie requested WHOI provide detailed analysis with annual submission. MVCO cost allocation submitted with 2006 submission. WHOI considers this issue closed.

05-F MBL/WHOI Library

a. Condition:

WHOI contributes to a facility referred to as the MBL/WHOI library. This is a facility that is owned by Marine Biological Laboratory (MBL) but is also utilized by WHOI as well as other unidentified users that pay a fee. MBL bills WHOI for use of this facility which is jointly operated by WHOI and MBL. These bills are for support services, books, serials, copy services, catalog services, fees & memberships and other miscellaneous expenses. In the past WHOI has also contributed to the design and purchase of a new air conditioning system for the library. When reviewing the allowability and allocability of these costs, we asked WHOI to provide us with the written agreement between the two parties in order to review the relationship between these two parties, their responsibilities and the types of costs WHOI has agreed to pay. However, WHOI informed us that there is no formal written agreement or any documentation as to the extent of their relationship. In our opinion, MBL and WHOI should have a written formal agreement, which documents their relationship as well as the costs that each party is responsible for in order to properly control the payment of costs associated with the library. The lack of such an agreement results in a significant internal control deficiency.

b. Criteria:

OMB Circular A-122, attachment A, Section A, part 2 states the following:

Factors affecting allowability of costs. To be allowable under an award, costs must meet the following general criteria:

- a. Be reasonable for the performance of the award and be allocable thereto under these principles.*
- b. Conform to any limitations or exclusions set forth in these principles or in the award as to types or amount of cost items.*
- c. Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the organization.*
- d. Be accorded consistent treatment*
- e. Be determined in accordance with generally accepted accounting principles (GAAP).*
- f. Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period.*
- g. Be adequately documented.*

If WHOI does not develop a written agreement with MBL, then they will not meet the above criteria for determining the allowability of its library costs.

c. Recommendation:

WHOI should enter into a formal written agreement with MBL regarding the MBL/WHOI Library. This agreement should specify the nature of the relationship between the parties regarding Library operations, the costs associated with the library and each organizations cost participation, the services to be provided by each party, and other relevant details

d. Contractor's Reaction:

WHOI concurs that we should enter into a formal written agreement with MBL regarding the MBL/WHOI library. This information has been communicated to the Acting Director as well as the VP for Academic Programs. For 2007 a written agreement will be established which will include appropriate cost participation and services provided.

2006 Corrective Action Response:

MBL/WHOI Memorandum of Agreement executed on January 5, 2007; sent to DCAA April 17, 2007. WHOI considers this issue closed.

Contact Person:

A handwritten signature in cursive script that reads "Laurie Murphy".

Laurie Murphy



Woods Hole Oceanographic Institution

Challenger House, MS #14
Woods Hole, Massachusetts 02543

September 6, 2007

Jack Gay
Defense Contract Audit Agency
Boston Branch Office
495 Summer Street, Suite 336
Boston, MA 02210-2109

Jack,

Below are the management responses of WHOI's OMB Circular A-133 audit
Fiscal Year 2006:

06-A Grant No. N00014-02-10145 - WHOI Project No. 13014500

Management Response

WHOI agrees with the adjustment of \$2,676 in supplies and shipping charged to WHOI Project No. 13014500. WHOI will adjust the billings for this federal award by removing the questioned costs.

The Assistant Controller will communicate with Grants and Contract Services as well as the Department Administrators and Department Administrative Assistants to ensure only allowable and allocable costs are charged to projects. The communication will entail e-mail as well as attending department meetings before year end.

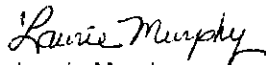
06-B. Contract No. N00014-02-10145 – WHOI Project No. 13014500

Management Response

WHOI agrees with the adjustment of \$229 in food and beverages charged to WHOI Project No. 13014500 as well as \$50 for serving help to WHOI Project No. 13014500. WHOI will adjust the billings for this federal award by removing the questioned costs.

The Assistant Controller will communicate with Grants and Contract Services as well as the Department Administrators and Department Administrative Assistants to ensure correct items are charged direct to an award as well as communicate allowable food and beverage charges for meetings.

Contact Person:



Laurie Murphy
Assistant Controller