



CASE WESTERN RESERVE UNIVERSITY

**Report on Federal Awards in Accordance
With OMB Circular A-133 for the Year Ended
June 30, 2011**

**Entity Identification
Number 1-341018992-A1**

CASE WESTERN RESERVE UNIVERSITY
REPORT ON FEDERAL AWARDS IN ACCORDANCE
WITH OMB CIRCULAR A-133

June 30, 2011

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FINANCIAL



Report of Independent Auditors

To the Board of Trustees,
Case Western Reserve University:

In our opinion, the accompanying consolidated statement of financial position and the related consolidated statements of activities and of cash flows present fairly, in all material respects, the financial position of Case Western Reserve University and its affiliated entities (the "University") as of June 30, 2011, and the changes in their net assets and their 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 University'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 University's 2010 financial statements, and in our report dated October 13, 2010, 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 audits 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 October 15, 2011 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters for the year ended June 30, 2011. 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 consolidated financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards for the year ended June 30, 2011 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 consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic consolidated financial statements taken as a whole.

PricewaterhouseCoopers LLP

October 15, 2011
Cleveland, Ohio

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

<i>In thousands of dollars</i>	For the year ended	
	June 30	
	2011	2010
ASSETS		
Cash and cash equivalents	\$ 105,900	\$ 102,998
Operating investments, at market	77,914	64,205
Accounts and loans receivable, net	121,680	95,945
Pledges receivable, net	62,190	52,662
Prepaid expenses and other assets	8,424	9,258
Investments, held for long-term purposes	1,321,428	1,161,596
Funds held in trust by others	297,768	255,729
Property, plant, equipment and books, net	745,260	770,248
TOTAL ASSETS	\$ 2,740,564	\$ 2,512,641
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 57,834	\$ 57,148
Deferred income and other liabilities	49,416	53,339
Annuities payable	40,623	42,299
Refundable advances	6,503	6,587
Accrued pension liability	22,582	31,902
Notes and bonds payable	570,179	579,298
Refundable federal student loans	19,886	16,910
TOTAL LIABILITIES	\$ 767,023	\$ 787,483
NET ASSETS		
Unrestricted	\$ 215,901	\$ 187,485
Temporarily restricted	883,118	733,784
Permanently restricted	874,522	803,889
TOTAL NET ASSETS	\$ 1,973,541	\$ 1,725,158
TOTAL LIABILITIES AND NET ASSETS	\$ 2,740,564	\$ 2,512,641

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF ACTIVITIES

with summarized financial information for the year ended June 30, 2010

<i>In thousands of dollars</i>	Unrestricted	Temporarily Restricted	Permanently Restricted	For the year ended June 30	
				2011	2010
OPERATING REVENUES					
Student tuition and fees	\$ 309,499			\$ 309,499	\$ 293,124
Less: Student aid	(121,421)			(121,421)	(118,197)
	188,078			188,078	174,927
Investment returns distributed for operations	59,756		\$ 178	59,934	66,867
FHBO returns distributed	12,070	\$ 532		12,602	12,239
Investment returns on operating investments	32,652			32,652	9,896
Grants and contracts	268,909			268,909	260,945
CCLCM grants and contracts	100,098			100,098	88,530
Gifts & Pledges	6,341	46,589	24,948	77,878	54,627
State of Ohio appropriation	3,262			3,262	3,253
Facilities and administrative cost recovery	79,742			79,742	75,705
Organized activities	11,395			11,395	11,180
Other sources	34,894		895	35,789	29,351
Auxiliary services - students	38,742			38,742	37,804
Auxiliary services - other	10,707			10,707	7,713
Net assets released from restrictions	23,020	(20,988)	(2,032)	-	-
TOTAL OPERATING REVENUES	\$ 869,666	\$ 26,133	\$ 23,989	\$ 919,788	\$ 833,037
OPERATING EXPENSES					
Instructional	261,461			261,461	253,578
Sponsored research and training	267,767			267,767	258,420
Other sponsored projects	27,090			27,090	28,191
CCLCM research and training	100,098			100,098	88,530
Libraries	22,122			22,122	21,416
Student services	21,886			21,886	20,356
University services	90,572			90,572	88,583
Auxiliary services - students	50,482			50,482	45,729
Auxiliary services - other	11,932			11,932	13,052
TOTAL OPERATING EXPENSES	\$ 853,410	-	-	\$ 853,410	\$ 817,855
NET OPERATING ACTIVITY	\$ 16,256	\$ 26,133	\$ 23,989	\$ 66,378	\$ 15,182
NON-OPERATING ACTIVITIES					
Long-term investment activities					
Investment income	\$ 47,093	24,320	177	\$ 71,590	\$ 39,024
Net appreciation	2,089	112,744	47,154	161,987	37,344
Total long-term investment activities	49,182	137,064	47,331	233,577	76,368
Long-term investment income and gains distributed for operations	(59,756)	-	(178)	(59,934)	(66,867)
Change in liabilities due under life-income agreements			(2,315)	(2,315)	(3,782)
Loss on disposal of plant assets	(6)			(6)	(162)
Pension plan changes other than periodic benefit costs	10,390			10,390	(2,317)
Other non-operating activity	293	-	-	293	(3,113)
Net assets released from restrictions	12,057	(13,863)	1,806	-	-
NET NON-OPERATING ACTIVITY	\$ 12,160	\$ 123,201	\$ 46,644	\$ 182,005	\$ 127
INCREASE IN NET ASSETS	\$ 28,416	\$ 149,334	\$ 70,633	\$ 248,383	\$ 15,309
Beginning Net Assets	187,485	733,784	803,889	1,725,158	1,709,849
ENDING NET ASSETS	\$ 215,901	\$ 883,118	\$ 874,522	\$ 1,973,541	\$ 1,725,158

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

<i>In thousands of dollars</i>	For the year ended	
	June 30	
	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 248,383	\$ 15,309
<i>Adjustments to reconcile change in net assets to net cash used for operating activities:</i>		
Depreciation	65,364	64,406
Amortization of bond issuance costs	128	98
Amortization of bond premiums	(732)	(710)
Net unrealized appreciation in the fair market value of investments	(119,688)	(37,343)
Realized gains on investments	(96,276)	(41,963)
Increase to annuities payable resulting from actuarial adjustments	2,315	6,130
Gifts of property and equipment	(495)	-
Receipt of contributed securities	(3,731)	(3,732)
Loss on disposal of plant assets	6	162
Contributions restricted for long-term investment	(18,840)	(27,028)
(Increase) decrease in accounts and loans receivable, net	(24,769)	12,269
Increase in pledges receivable, net	(9,528)	(1,314)
Decrease in prepaid expenses and other assets	706	6,156
Increase in funds held in trust by others	(42,039)	(35,073)
Increase (decrease) in accounts payable and accrued expenses	584	(2,078)
(Decrease) increase in deferred income and other liabilities	(3,923)	6,092
Decrease in refundable advances	(85)	(1,529)
(Decrease) increase in accrued pension liability	(9,320)	6,340
NET CASH USED FOR OPERATING ACTIVITIES	\$ (11,940)	\$ (33,808)
CASH FLOWS FROM INVESTING ACTIVITIES		
Student loans		
Collected	\$ 6,274	\$ 5,870
Issued	(7,240)	(6,802)
Proceeds from the sale of investments	2,962,458	1,742,302
Purchase of investments	(2,916,302)	(1,677,897)
Proceeds from the sale of plant assets	2,126	217
Purchases of property, plant, equipment and books	(41,912)	(39,143)
NET CASH PROVIDED BY INVESTING ACTIVITIES	\$ 5,404	\$ 24,547
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in federal advances for student loans	\$ 2,976	\$ 478
Contributions restricted for long-term investment	18,840	27,028
Proceeds from bond issues and long-term debt	1,452	2,361
Repayment of notes and bonds payable	(9,839)	(11,569)
Increase to annuities payable resulting from new gifts	1,258	965
Decrease to annuities payable resulting from payments	(5,249)	(4,963)
NET CASH PROVIDED BY FINANCING ACTIVITIES	\$ 9,438	\$ 14,300
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 2,902	\$ 5,039
Cash and cash equivalents, beginning of year	102,998	97,959
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 105,900	\$ 102,998
SUPPLEMENTAL SCHEDULE OF NON-CASH ACTIVITIES:		
Construction in progress payments included in accounts payable	\$ 2,000	\$ 1,899

The accompanying notes are an integral part of the consolidated financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Case Western Reserve University (the "University") is an Ohio not-for-profit corporation that operates a private research university in Cleveland, Ohio. The consolidated financial statements of the University as of June 30, 2011, and for the year then ended, have been prepared in accordance with accounting principles generally accepted in the United States of America. Accordingly, the accompanying consolidated financial statements have been prepared on the accrual basis of accounting and include the accounts of the University and all wholly-owned subsidiaries.

The University wholly owns two subsidiaries. Triangle Residential LP is a limited partnership formed in 2005 that owns and operates two apartment buildings and a parking garage located in the Ford-Euclid-Mayfield Road area. The University is the sole limited partner. The general partner is Triangle Residential LLC, also a wholly-owned subsidiary of the University, formed in 2005. The University, through Triangle Residential LP, plans to operate the properties pending finalization of plans to develop an arts, entertainment and residential complex in the area. All material transactions between the University and its subsidiaries have been eliminated.

Net Asset Categories

Standards for external financial reporting by not-for-profit organizations require that resources be classified for reporting purposes into three net asset categories according to donor-imposed restrictions:

UNRESTRICTED net assets are available for any purpose consistent with the University's mission. Unrestricted net assets and related activity include the following:

- All revenues traditionally classified as unrestricted resources of the University, including tuition and fees, unrestricted gifts, investment returns on unrestricted funds designated to function as endowment, recovery of facility and administrative costs from grants and contracts, and auxiliary services revenues.
- Revenues related to sponsored research and other sponsored program agreements which are considered exchange transactions.

- Unrestricted funds functioning similar to endowment and related investment returns.
- Gifts with donor-imposed restrictions, if the restriction is anticipated to be met within the current fiscal year of the University.
- Investments in plant assets.
- All expenses of the University.

TEMPORARILY RESTRICTED net assets include investment returns from endowments and gifts for which donor-imposed restrictions have not been met. This restriction on temporarily restricted endowment returns (income and realized and unrealized gains and losses) is released when appropriations are distributed for use and the funds have been spent. The category also includes pledges receivable and life-income gifts for which the ultimate purpose of the proceeds is not permanently restricted.

PERMANENTLY RESTRICTED net assets include gifts, trusts and pledges on which donors have imposed the restriction that the corpus is maintained in perpetuity and only the investment returns be made available for program operations. In the case of trusts, gains and losses are added to the gift amount. Gifts restricted by donors to provide loans to students are also included in permanently restricted net assets.

Expirations of temporary restrictions on net assets are reported as reclassifications between the applicable classes of net assets. Donor required matching from University funds and donor release or clarification of restrictions is also included in this category.

The Financial Accounting Standards Board ("FASB") issued Accounting Standards Codification ("ASC") 958, "Not for Profit Entities," in August 2008. The standard provides guidance on the net asset classification of donor restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") and expands disclosures about an organization's endowment (both donor restricted and board designated funds). The University's Board of Trustees ("Board") has interpreted UPMIFA as requiring

the preservation of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulation to the contrary. As a result of this interpretation, the University classifies as permanently restricted net assets, (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the University in a manner consistent with the standard of prudence prescribed by UPMIFA.

Contributions

Contributions, including unconditional pledges to give and irrevocable trusts held by others with the University as the beneficiary, are recognized as revenues in the period received or promised. They are classified as unrestricted, temporarily restricted, or permanently restricted net assets depending upon the donor's intent. Conditional pledges become revenue when the conditions are substantially met. Gifts whose restrictions are met in the same fiscal year in which they are received are reported with unrestricted contribution revenues.

Contributions restricted for the acquisition of land, buildings and equipment are reported as temporarily restricted revenues. These contributions are reclassified to unrestricted net assets when the assets are placed in service. Promises to give that are subject to donor-imposed stipulations that the corpus be maintained in perpetuity are recognized as increases in permanently restricted net assets.

Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions of assets other than cash are reported at their estimated fair value at the date of gift. Contributions scheduled to be received after one year are discounted using a market rate (Note 3).

Grants and Contracts (Government and Private)

Revenues from government and private grants and contracts are recognized as earned in accordance with the terms of the grant or contract. Any government payment received before it has been expended is recorded as a refundable advance. Projects funded by government grants that incur expenses prior to payment receipt are recorded as revenue with a corresponding receivable.

Investment Returns on Operating Investments

Beginning in fiscal 2011, the University invested excess operating funds and certain board designated funds with the University's investment pool. The operating funds were unitized and received a pro-rata portion of income, expenses, gains, and losses within the pool.

Cash and Cash Equivalents

The University considers all highly liquid investments with an original maturity of 90 days or less when purchased as cash and cash equivalents, except those amounts managed by investment managers as part of the investment pool that do not belong to operations, or unspent bond proceeds, which are classified as investments.

Operating Investments, at Market

Operating investments include all other current investments with original maturities greater than three months that are used to support operations. These investments include obligations of triple A rated banks, various United States Government agencies, and internal operating funds invested in the University's investment pool. Although the pool primarily invests in mid to long term investments, the pool maintains a sufficient investment mix that allows operating assets to be liquidated upon demand.

Investments

Investments are made within guidelines authorized by the Board. Investments are initially recorded at cost at date of acquisition or fair value at date of donation in the case of gifts. Ownership of marketable securities is recognized as of the trade date. Endowment returns are calculated net of internal and external investment management expenses.

Investments are stated at fair value as defined by ASC 820, "Fair Value Measurements and Disclosures." Fair value is defined under ASC 820 as the exchange price that would be received for an asset or paid to transfer a liability, i.e., an exit price, in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

The fair value of all debt and equity securities with readily determinable fair value are based on quotations obtained from national securities exchanges. The alternative investments, which are not readily marketable, are carried at estimated fair values as provided by the investment managers. The University reviews and evaluates the values provided by the investment managers and agrees with the valuation methods and assumptions used in determining the fair value of the alternative investments. Those estimated fair values may differ significantly from the values that would have been used had a ready market for these securities existed. Realized gains and losses on investments are included in investment income. Average cost is generally used to determine gains or losses on securities sold. Unrealized changes in the fair market value of investments are shown as net unrealized appreciation or depreciation.

The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used by the University for financial instruments measured at fair value on a recurring basis (Note 6). The three levels of inputs are as follows:

Level 1— Quoted unadjusted prices in active markets for identical assets or liabilities. An active market is one in which transactions occur with sufficient frequency and volume to produce pricing information on an ongoing basis. Market price data are generally obtained from exchange or dealer markets.

Level 2— Pricing inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the same term of the assets or liabilities. Inputs are obtained from various

sources including market participants, dealers and brokers.

Level 3— Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Collections

The University's collections of historically significant artifacts, scientific specimens, and art objects are held for education, research, scientific inquiry, and public exhibition. Their value is not reflected in the University's consolidated financial statements.

Funds Held in Trust by Others

Funds held in trust by others are assets held and administered by outside trustees from which the University derives income or residual interest. Funds held in trust by others are reported at their fair value as of June 30, 2011 and 2010, which approximates the present value of the future income flows from these funds.

Income received from funds held in trust by others is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the University. Income appropriated within the same year is classified as unrestricted. Unrealized changes in the fair market value of investments are shown as net unrealized appreciation or depreciation in permanently restricted net assets.

Asset Retirement Obligations

The University accounts for asset retirement obligations in accordance with ASC 410, "Asset Retirement Environmental Obligations." The University accrues for asset retirement obligations in the period in which they are incurred if sufficient information is available to reasonably estimate the fair value of the obligation. Over time, the liability is accreted to its settlement value. Upon settlement of the liability, the University will recognize a gain or loss for any difference between the settlement amount and liability recorded.

Allocation of Certain Expenses

The consolidated statement of activities presents expenses by function. Some expenses — such as

depreciation, amortization, and expenses related to the operation of the physical plant — are allocated by square footage. Interest expense is allocated to the functions that derive the greatest benefit from the facilities financed.

Retirement Plans

The University accounts for its defined benefit postretirement plan in accordance with ASC 715 “Compensation - Retirement Plans.” The University recognizes the overfunded or underfunded status of a defined benefit postretirement plan as an asset or liability in its consolidated statement of financial position in the year in which the change occurs, with an offsetting impact to unrestricted net assets.

Use of Estimates

Financial statements using accounting principles generally accepted in the United States of America rely on estimates. At June 30, management makes certain estimates and assumptions, which affect assets and liabilities, disclosures of contingent assets and liabilities, and reported revenues and expenses during the period. Actual results may differ from these estimates.

Comparative Information

The consolidated statement of activities includes prior year summarized comparative information in total, but not by net asset category. Such information does not include enough 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 University’s consolidated financial statements for the year ending June 30, 2010, from which it was derived.

Income Taxes

The University is exempt from federal income tax to the extent provided under section 501(c)(3) of the Internal Revenue Code. The University is classified as an organization that is not a private foundation under section 509(a) of the Internal Revenue Code because it is described in sections 509(a)(1) and 170(b)(1)(A)(ii) and, as such, gifts to the University qualify for deduction as charitable contributions. The University is exempt from federal income tax, however; it is required to pay federal income tax on unrelated business income. The University did not have any material income tax liabilities for the years ended June 30, 2011 and 2010. ASC 740, “Income Taxes,” prescribes a recognition threshold and measurement requirements for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. In addition, ASC 740 provides guidance on recognition, classification and disclosure requirements for uncertain tax provisions. The University has no financial reporting requirements associated with ASC 740 for the years ended June 30, 2011 and 2010.

Reclassifications

Certain amounts in the 2010 consolidated financial statements have been reclassified to conform to the 2011 presentation.

2. ACCOUNTS AND LOANS RECEIVABLE

Accounts and loans receivable of the University at June 30, 2011 and 2010, in thousands of dollars, were as follows:

	2011	2010
Accounts receivable, net		
Grants, contracts and others	\$ 69,051	\$ 43,502
Students	2,697	2,852
Student loans, net	49,932	49,591
ACCOUNTS AND LOANS RECEIVABLE, NET	\$ 121,680	\$ 95,945
Allowances for doubtful accounts:		
Accounts receivable	\$ 3,322	\$ 3,437
Loans receivable	\$ 1,751	\$ 1,432

Management regularly assesses the adequacy of the allowance for doubtful accounts by performing ongoing evaluations of the various components of the accounts receivable and student loan portfolios, including such factors as the differing economic risks associated with each category, the financial condition of specific borrowers, the economic environment in which the borrowers operate, the level of delinquent loans, and the past history of the various borrowers and the University.

Factors also considered by management when performing its assessment, in addition to general economic conditions and the other factors described above, included, but were not limited to, a detailed review of the aging of the various receivables and loans detail and a review of the default rate by loan category in comparison to prior years. The level of the allowance is adjusted based on the results of management's analysis.

Considering the other factors already discussed herein, management considers the allowance for doubtful accounts losses to be prudent and reasonable. Furthermore, the University's allowance is general in nature and is available to absorb losses from any loan category. Management believes that the allowance for doubtful accounts at June 30, 2011 is adequate to absorb credit losses inherent in the portfolio as of that date.

3. PLEDGES RECEIVABLE

Unconditional promises to give are included in the consolidated financial statements as pledges receivable and revenue of the appropriate net asset category. Multi-year pledges are recorded after discounting to the present value of expected future cash flows.

Unconditional promises to give at June 30, 2011 and 2010, are expected to be realized in the following periods:

	2011	2010
In one year or less	\$ 9,327	\$ 8,834
Between one year and five years	45,567	35,213
More than five years	18,521	17,205
	73,415	61,252
Less: Discount	(7,584)	(5,460)
Less: Allowance	(3,641)	(3,130)
PLEDGES RECEIVABLE, NET	\$ 62,190	\$ 52,662

Management follows a similar approach as described in Note 3 for accounts and loans receivable in evaluating the adequacy of the allowance for doubtful accounts for pledges receivable. Management considers the allowance for doubtful accounts losses to be prudent and reasonable. Management believes that the allowance for

doubtful accounts at June 30, 2011 is adequate to absorb any uncollectible pledges as of that date.

Pledges receivable at June 30, 2011 and 2010, had the following restrictions:

	2011	2010
Department programs and activities	\$ 26,011	\$ 25,111
Endowments for scholarships and department programs and activities	17,337	14,606
Building construction	18,842	12,945
PLEDGES RECEIVABLE, NET	\$ 62,190	\$ 52,662

Pledges have been discounted at the market rate. Uncollectible pledges totaling \$2,314 (2011) and \$2,415 (2010) were written off against the allowance for uncollectible pledges.

The University had conditional pledge commitments totaling \$40,891 (2011) and \$27,152 (2010).

4. LONG TERM INVESTMENTS

The University holds long term investments for permanently restricted endowment funds, donor restricted funds, annuity assets, Board designated funds and excess operating assets that are able to be invested in longer term investments. The University invests

through traditional investments as well as operating an investment pool that works similar to a mutual fund (see note 6). The University's long term investments at June 30, 2011 and 2010, were as follows:

	2011	2010
Operating investments, at market	\$ 77,914	\$ 64,205
Investments, held for long term	1,321,428	1,161,596
TOTAL INVESTMENTS	\$ 1,399,342	\$ 1,225,801

	2011		2010	
	Fair Market Value	Cost	Fair Market Value	Cost
Cash & cash equivalents	\$ 207,530	\$ 207,530	\$ 158,868	\$ 158,868
Certificates of deposit	-	-	6,000	6,000
Domestic stocks	56,716	50,620	26,132	27,985
International securities	41,686	39,679	29,734	31,313
Bonds				
Government and municipal	13,816	13,800	25,865	25,801
Corporate	30,164	29,976	16,795	16,124
Mutual funds	186,435	165,662	252,192	235,489
Derivatives	1,150	339	(21,624)	8,406
Limited partnerships and other				
Venture capital	77,945	62,613	65,841	58,053
Private equity	278,205	243,226	226,315	225,390
Hedge funds	359,101	284,324	321,210	276,342
Other	44,244	38,577	27,647	19,031
Equity real estate	102,350	114,621	90,826	108,885
TOTAL INVESTMENTS	\$ 1,399,342	\$ 1,250,967	\$ 1,225,801	\$ 1,197,687

The investments were held for the following purposes:

	2011	2010
Endowment	\$ 964,548	\$ 886,588
Donor restricted funds	295,186	214,852
University investments	78,661	67,209
Annuities	52,673	49,211
Funds held for the benefit of others	7,971	7,649
Agency funds	303	292
INVESTMENTS	\$ 1,399,342	\$ 1,225,801

5. ENDOWMENT AND SIMILAR FUNDS

Endowment Funds

The purpose of endowment funds is to generate in perpetuity operating revenue to support specific activities or for general institutional use. Endowments represent only those net assets that are under the control of the University. Gift annuities, interests in funds held in trust by others and pledges designated for the endowment but not yet received are not considered components of the endowment.

Effective June 1, 2009, the state of Ohio adopted legislation that incorporates the provisions outlined in the Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA stipulates that unless directed otherwise in the gift instrument, donor-restricted assets in an endowment fund are restricted assets until appropriated for expenditure by the institution. Accordingly, the following items are recorded as permanently restricted net assets:

- The original value of initial gifts donated to the permanent endowment.
- The original value of subsequent gifts to the permanent endowment.
- For those endowment funds with donor-specified reinvestment provisions, accumulations to the

permanent endowment made in accordance with the gift instrument at the time the accumulation is added to the fund.

The remaining portion of donor-restricted endowment funds that are not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated and spent in accordance with the endowment purpose by the University.

Similar Funds

The University has made the decision to co-invest and treat in a similar fashion as endowment funds, certain funds that have been purpose-restricted by donors. These funds were not given to the University with the understanding that the gift amount would be maintained in perpetuity; however, the Board has moved to treat these funds in the same fashion as an endowment fund. Accordingly, the Board, at its option, may elect to change that treatment and spend these funds in accordance with donor wishes without the constraints of the University endowment spending formula. These funds follow the same rules as above; however, no portion is permanently restricted.

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
				2011	2010
Donor restricted endowment funds	\$ (8,018)	\$ 514,300	\$ 510,100	\$ 1,016,382	\$ 887,281
Donor temporarily restricted funds	-	283,637	-	283,637	266,874
ENDOWMENT AND SIMILAR FUNDS	\$ (8,018)	\$ 797,937	\$ 510,100	\$ 1,300,019	\$ 1,154,155

Investment Pool

The Board's interpretation of its fiduciary responsibilities for endowment and similar funds is to preserve intergenerational equity to the extent possible. This principle holds that future beneficiaries should receive at least the same level of economic support that the current generation enjoys. To that end, investment goals are formulated to earn returns over the long-term that equal or exceed the board-approved distribution rates plus the impacts of inflation. The University's endowment and similar funds are invested in a broadly diversified portfolio designed to produce long-term rates of return that sustain or increase the real spending contribution

from endowed and similar assets and to mitigate downturns in a single sector.

Unless otherwise directed in the gift instrument, both endowment and similar funds are pooled for efficient investment purposes.

A unit market value for the pool is used to account for pooled transactions. The unit market values are \$41.68 (2011) and \$36.42 (2010). The total investment return for the pooled investments, net of external manager fees, approximated 18.82% (2011) and 7.19% (2010).

Spending Policy

The Board has approved an endowment spending policy for pooled investments based on a hybrid formula. The objective of this two-pronged approach is to provide support for operations, preserve intergenerational equity, and insulate programming supported by endowment and similar funds from short-term fluctuations in the investment markets. The two components are:

- A constant growth component seeks to provide growth in annual spending equal to the rate of academic inflation as measured by the Higher Education Price Index.
- A market value component based on 5% of the average of the three previous calendar year-end market values.

Specific appropriation for expenditure of funds under the policy occurs each spring when the Board approves the operating budget for the following year. The fiscal 2011 pooled endowment and similar funds spending allocation was \$2.015 per unit totaling \$63,846. For fiscal 2010, pooled endowment and similar funds spending allocation was \$2.160 per unit totaling \$69,536.

While the policy provides guidance for the level of spending permitted (allocation), the actual spending will vary from the spending allocation based on the timing of actual expenditures. Funds are transferred from the investment pool to the University's operating account after they have been spent in accordance with the

endowment and similar funds requirements. The physical movement of cash and investments between the investment pool and operating accounts occurs on a periodic basis as determined by the University and its process to maintain the proper balance between liquidity and remaining invested.

For years where actual investment return exceeds actual approved spending, the difference remains in temporarily restricted net assets; years in which the actual endowment and similar funds return is less than distributions under the policy, the shortfall is covered by realized returns from prior years. The fiscal 2011 pooled endowment and similar funds distribution was funded from current year investment income. For fiscal 2010, pooled endowment and similar funds distribution was funded from a combination of current year investment income and prior year accumulated realized gains.

In addition to the general distribution described above, the Board has authorized a temporary supplemental distribution of previously reinvested income and realized appreciation to support certain development-related activities. This distribution, which is slated to phase out by 2015, totaled \$7,900 (2011) and \$7,869 (2010).

Changes in endowment and similar funds net assets for fiscal year 2011 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
				2011	2010
Endowment and similar funds net assets, beginning of year	\$ (13,601)	\$ 678,500	\$ 489,256	\$ 1,154,155	\$ 1,150,122
Investment income	-	16,078	178	16,256	10,301
Realized and unrealized gains	-	182,702	-	182,702	64,052
TOTAL INVESTMENT RETURN	-	198,780	178	198,958	74,353
Contributions	-	2,730	20,666	23,396	11,149
Current year withdrawals	-	(6,532)	-	(6,532)	(6,525)
Current year expenditures	-	(69,958)	-	(69,958)	(74,944)
Recovery of prior year deficits of underwater endowments	5,583	(5,583)	-	-	-
ENDOWMENT AND SIMILAR FUNDS NET ASSETS, END OF YEAR	\$ (8,018)	\$ 797,937	\$ 510,100	\$ 1,300,019	\$ 1,154,155

Occasionally, the fair market value of assets associated with individual donor-restricted endowment funds may fall below the value of the original gift amounts. When deficits exist in donor-restricted funds, they are classified as a reduction of unrestricted net assets. Deficits of this nature reported in unrestricted net assets were \$8,018 (2011) and \$13,601 (2010). These deficits resulted from unfavorable market fluctuations that occurred after the

investment of recently established endowments, and authorized appropriation that was deemed prudent. Of the amount classified as temporarily restricted endowment net assets, \$514,300 (2011) and \$411,626 (2010) represents the portion of perpetual endowment funds subject to time and purpose restrictions under Ohio's enacted version of UPMIFA.

6. FAIR VALUE MEASUREMENTS

Financial instruments carried at fair market value as of June 30, 2011 by the ASC 820 valuation hierarchy are as follows:

	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
INVESTMENTS				
Cash & cash equivalents	\$ 48,432	\$ 159,098	\$ -	\$ 207,530
Certificates of deposit	-	-	-	-
Domestic stocks	28,928	11,263	16,525	56,716
International securities	96	31,037	10,553	41,686
Bonds				
Government and municipal	5	13,811	-	13,816
Corporate	4,956	25,208	-	30,164
Mutual funds	156,791	29,488	156	186,435
Derivatives	-	1,150	-	1,150
Limited partnerships and other				
Venture capital	-	-	77,945	77,945
Private equity	-	-	278,205	278,205
Hedge funds	-	101,289	257,812	359,101
Other	146	74	44,024	44,244
Equity real estate	213	-	102,137	102,350
INVESTMENTS	\$ 239,567	\$ 372,418	\$ 787,357	\$ 1,399,342
FUNDS HELD IN TRUST BY OTHERS	-	-	\$ 297,768	\$ 297,768
PENSION PLAN ASSETS (Note 9)				
Cash & cash equivalents	\$ 1,759	\$ -	\$ -	\$ 1,759
Mutual funds	42,619	-	-	42,619
Limited partnerships and other				
Hedge funds	-	-	53,358	53,358
Other	-	-	2,215	2,215
Equity real estate	-	-	4,334	4,334
PENSION PLAN ASSETS (Note 9)	\$ 44,378	\$ -	\$ 59,907	\$ 104,285
ASSETS AT FAIR MARKET VALUE	\$ 283,945	\$ 372,418	\$ 1,145,032	\$ 1,801,395
Interest rate swaps payable	\$ -	\$ 20,571	\$ -	\$ 20,571
LIABILITIES AT FAIR MARKET VALUE	\$ -	\$ 20,571	\$ -	\$ 20,571

Level 2 Investment Information

Investments included in Level 2 consist primarily of the University's ownership in assets through "fund of funds" investments. In these types of arrangements, the University invests in investment pools or mutual fund type arrangements through banks, dealers, brokers and other intermediaries. While the asset value of the direct investments in the pool or mutual fund is not published, the underlying investments within those funds are observable and obtained through the fund in which the University invests.

Level 3 Investment Information

Investments included in Level 3 consist primarily of the University's ownership in alternative investments (principally limited partnership interests in hedge funds, private equity, real estate, real assets and other similar funds), beneficial interests in funds held in trust by others, and portions of investments in the pension assets. Level 3 investments are more difficult to value due to the following:

- The value of certain alternative investments represents the ownership interest in the net asset value of the respective partnership.

- The fair values of the securities held by limited partnerships that do not have readily determinable fair values are determined by the general partner based on appraisals or other estimates that require varying degrees of judgment.
- If no public market exists for the investment securities, the fair value is determined by the general partner taking into consideration, among other things, the cost of the securities, prices of recent significant placements of securities of the same issuer, subsequent developments concerning the companies to which the securities relate, or other estimates requiring varying degrees of judgment. The University regularly reviews, evaluates and performs significant due diligence around these investments to ensure that the values provided by the investment managers are appropriate measures of fair value. The University agrees with the valuations and assumptions used in determining the fair value of these investments.

A roll forward of the consolidated statement of financial position amounts for financial instruments classified by the University within Level 3 of the fair value hierarchy is as follows:

	Mutual Funds & Domestic Stocks	Cash & Derivatives	Int'l Securities	Venture Capital	Private Equity	Hedge Funds	Equity Real Estate	Other & Funds Held by Others	Total
Beginning balance, July 1, 2010	\$ 15,160	\$ 2,743	\$ -	\$ 65,841	\$ 226,315	\$ 302,678	\$ 92,902	\$ 283,746	\$ 989,385
Realized gains (losses) and investment income	6,324	4,727	-	3,007	28,244	(3,487)	(580)	712	38,947
Unrealized gains (losses)	2,034	165	553	7,545	33,481	39,188	6,332	39,091	128,389
Net purchases, issuances and settlements	3,562	(7,635)	10,000	1,552	(9,835)	50,125	7,817	20,493	76,079
Transfers out of Level 3	(10,399)	-	-	-	-	(77,334)	-	(35)	(87,768)
ENDING BALANCE, JUNE 30, 2011	\$ 16,681	\$ -	\$ 10,553	\$ 77,945	\$ 278,205	\$ 311,170	\$ 106,471	\$ 344,007	\$1,145,032

The net realized and unrealized gains and losses in the table above are included in the University's consolidated statement of activities in one of two financial statement lines: *Investment income* or *Net appreciation*. In the case of pension assets, net realized and unrealized gains and losses are recognized in the financial statement line *Pension plan changes other than periodic benefit costs*.

The pricing inputs and methods described above could produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values.

Furthermore, while the University believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

As a practical matter, the University is permitted under U.S. generally accepted accounting principles ("US GAAP") to estimate the fair value of an investment at the measurement date using the reported net asset value

("NAV") without further adjustment unless the entity expects to sell the investment at a value other than NAV or if the NAV is not calculated in accordance with US GAAP. The University's investments in private equity, real estate and certain hedge funds in the absolute return portfolio are fair valued based on the most current NAV

The University performs additional procedures including due diligence reviews on its investments in investment companies and other procedures with respect to the capital account or NAV provided to ensure conformity with US GAAP. The University has assessed factors including, but not limited to, managers' compliance with Fair Value Measurement standard, price transparency and valuation procedures in place, the ability to redeem

at NAV at the measurement date, and existence of certain redemption restrictions at the measurement date.

The guidance also requires additional disclosures to enable users of the financial statements to understand the nature and risk of the University's investments. Furthermore, investments which can be redeemed at NAV by the University on the measurement date or in the near term are classified as Level 2. Investments which cannot be redeemed on the measurement date or in the near term are classified as Level 3. The new guidance did not materially affect the University's consolidated financial statements.

Category	Fair Market Value	Unfunded Commitments	Redemption Frequency	Notice Period
Limited partnerships and other				
Venture capital (a)	\$ 77,945	\$ 25,252	n/a	
Private equity (b)	278,205	59,079	n/a	
Hedge funds (c)	257,812	-	varies	30 - 60 days
Other (d)	44,024	40,855	n/a	
Equity real estate (e)	102,137	46,933	n/a	
LEVEL 3 UNFUNDED COMMITMENTS	\$ 760,123	\$ 172,119		

(a) Venture capital includes several private equity funds that invest primarily in technology, health care or clean technology industries. While the portfolio is U.S. centric, there are small allocations to companies in foreign markets. The funds typically provide money and resources to entrepreneurs to finance a start-up company or product, with the hope that the company experiences exceptional growth and therefore would produce a successful investment. The funds invest at different stages of a company's growth, some very early and others at a later stage where the company may already produce revenues. The valuations for these investments have been estimated using the manager's fair market values, which have been vetted to make sure they meet the ASC 820 guidelines. These investments can never be redeemed with the funds. As these investments age in duration, distributions will be received from these funds as the underlying portfolio companies are sold in the market. It is estimated that the underlying investments within the funds would be fully liquidated over the next 7-12 years.

(b) Private equity includes several private equity funds that invest across all industries. While the portfolio is U.S. centric, there has been an increasingly larger allocation to companies in foreign markets. The funds typically invest capital into more mature companies for a minority or majority of ownership and through operational and financial expertise, generate a return of capital greater than the original amount invested. The valuations for these investments have been estimated using the manager's fair market values, which have been vetted to make sure they meet the ASC 820 guidelines. These investments can never be redeemed with the funds. As these investments age in duration, distributions will be received from these funds as the underlying portfolio companies are sold in the market. It is estimated that the underlying investments within the funds would be fully liquidated over the next 7-12 years.

(c) **Hedge funds** includes hedge fund investments across a multitude of strategies including long/short equity, long/short commodity, global macro, multi-strategy, event-driven, credit, fund of hedge funds, and emerging markets. The vast majority of these investments are U.S. based, but some may invest internationally. Investment managers may make investment decisions based on top down macroeconomic analysis or bottom up company or theme specific analysis; managers may shift portfolios from net long to net short positioning but on balance tend to carry a net long exposure within their portfolios. The estimated fair values of the investments are received on a monthly basis from the fund administrators. Final valuations are typically received around mid-month for most funds but in some instances funds will report final valuations on a quarterly basis in accordance with the reporting period specified in the fund legal documents. Fund liquidity varies across the hedge fund category from monthly, quarterly, annually, and up to a maximum period of three years.

(d) **Other** includes various direct private investments as well as private funds that do not fall within the other categories listed. Examples would include an Eastern Europe agriculture fund, some private U.S. oil and gas partnerships and various stakes in local private organizations. For the funds, the valuations have been estimated using manager's fair market values, which have been vetted to make sure they meet the ASC 820 guidelines. These investments can never be redeemed with the funds. As these investments age in duration, distributions will be received from these funds as the underlying portfolio companies are sold in the market. It is estimated that the underlying investments within the funds would be fully liquidated over the next 7-10 years.

(e) **Equity real estate** includes private real estate funds that invest primarily in the United States. Some of these private partnerships also make investments internationally, primarily in Europe, India and Brazil. The private funds make investments in various real estate types, such as office, industrial, retail and multi-family properties. The valuations for these investments have been estimated using the

manager's fair market values, which have been vetted to make sure they meet the ASC 820 guidelines. These investments can never be redeemed with the funds. As these investments age in duration, distributions will be received from these funds as the underlying properties are sold in the market. It is estimated that the underlying investments within the funds would be fully liquidated over the next 5-7 years

Derivative Information

The use of financial derivative instruments is governed by the University's Investment Policy Statement, which is approved and overseen by the Investment Committee of the Board of Trustees. The University assumes many risks as a result of its investment decisions and investment holdings. Many risks are discussed in the Investment Policy Statement:

Manager risk - the risk that a manager underperforms similar managers, benchmarks, or appropriate indices.

Benchmark risk - the risk of harm caused by constructing, selecting, or managing to an inappropriate benchmark.

Peer risk - the risk that one's peers generate better investment performance, thereby boosting the relative size of their endowments and enhancing their competitive advantage.

Market risk - the risk that the value of an investment will decrease due to market moves.

Interest rate risk - the risk that an investment's value will change due to a change in the absolute level of interest rates, the spread between two rates, the shape of the yield curve, or any other interest rate relationship.

Concentration - the risk of being too concentrated in one particular security, manager, strategy, sector or asset class, thus being vulnerable to poor performance stemming from lack of diversification.

Absolute return risk - the ability to generate positive absolute returns, not just in favorable markets, but also in uncertain and negative phases measured over a business cycle.

Currency risk - the risk that currency fluctuations or trends reduce the value of investments in non-U.S. markets.

Commodity risk - refers to the uncertainties of future market values and the size of future income caused by

fluctuation in the prices of commodities (energy, agricultural, precious and industrial metals) due to demand/supply imbalances.

Leverage - the risk that significant volatility or losses will be generated by the use of debt designed to magnify returns.

Counterparty risk - the risk that one party to a transaction does not make complete or timely payment of margin, swap cash flow, bond proceeds, or other similar payments.

Credit risk - the possibility that a bond issuer will default by failing to pay interest or repay principal in a timely manner.

Tail risk - a form of portfolio risk that arises when the possibility that an investment will move more than three standard deviations from the mean is greater than what is shown by a normal distribution.

Liquidity risk - the inability to sell or trade securities at fair market value within a short period of time; also, the risk that sufficient cash is not maintained, or cannot be accessed, to meet short-term obligations.

Inflation risk - the risk that rising prices significantly erode the effective purchasing power of the portfolio, as measured by the University's cost inflation.

Shortfall risk - the risk that investment returns will be lower than expected, causing a failure to accomplish investment or financial objectives.

The University seeks to mitigate these risks by using derivative transactions. At the macro level of the investment portfolio, derivative transactions also create cost-effective beta exposure that may replace a fund or investment manager, add alpha, support liquidity management, and reduce the impact of extreme negative market conditions. The derivative instruments used include futures, total return swaps, and over-the-counter options.

Futures: An Equity Index Future is a standardized obligation to buy or sell a market index, at a certain date in the future (settlement date), at a specified price (futures price). Equity Index Futures are typically cash-settled. Trading Medium: Exchange A single clearing house (e.g., Options Clearing Corporation, for the Chicago Board Options Exchange) is the counterparty to both parties involved in the contract. Futures trade a premium or discount to the cash index level based on the

following theoretical formula: Futures Fair Value = Cash Index Value + Expected Interest Income prior to contract expiry - Expected Dividend Income prior to contract expiry - Expected Lending Income prior to contract expiration. The value of a futures contract converges to that of the underlying index at expiration. The investor posts an initial margin and a maintenance margin which represents a small portion of the overall notional value (usually 12%-18% of the notional value). Collateral between the counterparties is exchanged daily based on the mark to market performance of the futures contract. Used to gain beta exposure to an index on the long side and to hedge out beta exposure on the short side. Used primarily as a manager replacement strategy.

Total Return Swap (TRS): A TRS is a non-standardized agreement whereby one party makes periodic cash payments based on a set rate (e.g., LIBOR) while another party makes periodic cash payments based on the total return of an underlying index. The total return payer agrees to pay the total return of the underlying index to the total return receiver. The total return receiver agrees to receive future total return, and pay periodic payments to the total return payer. Trading Medium: Over-The-Counter (OTC). Total Return Swaps offer synthetic exposure to beta returns while avoiding the transaction and administrative costs of owning the actual underlying equity shares. Subject to counterparty credit risk; if collateral is posted between parties, counterparty credit risk can be mitigated. Transacted via ISDA/CSA agreement between counterparties. There is no initial or maintenance margin posting. Collateral between the counterparties is exchanged daily based on the mark to market performance of the swap. Used to gain beta exposure to an index on the long side and to hedge out beta exposure on the short side. The swap resets on a periodic basis (monthly or quarterly), at which point the LIBOR rate is reset and the gains/losses cash settled. A new notional value reflecting the settled gains/losses is established at this point. The next measurement begins with the new notional value. There may be a breakup fee if the swap is terminated earlier than its expiration date. Used primarily as a manager replacement strategy.

Options: Options or Option structures are non-standardized agreements whereby one party makes periodic cash payments based on a set rate (e.g., LIBOR)

while another party makes periodic cash payments based upon a predefined, linear or non-linear payoff profile based on an individual option or a combination of individual options. Trading Medium: Over-The-Counter (OTC). Transacted via ISDA/CSA agreement between counterparties. Subject to counterparty credit risk; if collateral is posted between parties, counterparty credit risk can be mitigated. Options/Option structures allow investors to customize the risk/return profile of existing portfolios. For example: Investors who are underweight equities and have a moderately positive outlook can obtain enhanced equity exposure by capping returns with or without a leveraged payoff. More bearish investors can opt for downside protection to reduce risk. Collateral between the counterparties is exchanged daily based on the mark to market performance of the Option or Option

Structure. At maturity the Option or Option structure is cash settled. Prior to maturity, Options/Option structures may trade above or below their intrinsic value due to various factors such as time, volatility, interest rates, skew, delta, gamma etc. The value eventually converges to intrinsic value at maturity. Used for beta replacement strategies, alpha strategies or hedging strategies.

The following table provides detailed information on the derivatives included in the investment portfolio as of June 30 and where they are located in the consolidated statements of financial position.

Location	Derivative Type	Notional Amount	2011		
			Level 1 Fair Value	Level 2 Fair Value	Level 3 Fair Value
Investments					
	Total return swaps	\$ 32,230	\$ -	\$ (19)	\$ -
	Options (over-the-counter)	383,094	-	1,169	-
DERIVATIVES, 2011			\$ -	\$ 1,150	\$ -

Location	Derivative Type	Notional Amount	2010		
			Level 1 Fair Value	Level 2 Fair Value	Level 3 Fair Value
Investments					
	Total return swaps	\$ 109,972	\$ -	\$ (7,766)	\$ (166)
	Interest rate swaps	74,811	-	(73)	-
	Options (over-the-counter)	222,598	268	(13,887)	-
DERIVATIVES, 2010			\$ 268	\$ (21,726)	\$ (166)

The following table provides detailed information on the effect the derivatives had on the overall performance of

the investment portfolio which is reflected in the consolidated statement of activities:

Location	Derivative Type	2011	2010
Investment Income			
	Options (over the counter)	\$ 48,254	\$ 38,328
	Futures contracts	27,029	(8,188)
		\$ 75,283	\$ 30,140
Unrealized gains (losses)			
	Options (over the counter)	\$ (1,133)	\$ (19,068)
	Total return swaps	230	(10,962)
		\$ (903)	\$ (30,030)
EFFECT OF DERIVATIVES		\$ 74,380	\$ 110

7. PROPERTY, PLANT, EQUIPMENT, AND BOOKS

Property, plant, equipment and books are stated at cost, less accumulated depreciation. Depreciation is computed on the straight-line method over the estimated useful life of 28 years for buildings, 5 to 12 years for equipment, and 10 years for books.

Components of property, plant, equipment and books are as follows:

	2011	2010
Land and land improvements	\$ 38,875	\$ 39,009
Building and building improvements	1,129,256	1,087,177
Equipment and software	284,847	266,510
Library books	35,865	34,303
Construction-in-progress	7,898	37,011
	<u>1,496,741</u>	<u>1,464,010</u>
Less: accumulated depreciation	(751,481)	(693,762)
PROPERTY, PLANT, EQUIPMENT AND BOOKS, NET	\$ 745,260	\$ 770,248

The above assets include \$492,376 leased from the Ohio Higher Education Facility Commission (OHEFC). The University may purchase each of the leased assets for a nominal amount at the end of the lease period.

Therefore, these assets have been capitalized and are included in the above listing. Also included in the University's consolidated financial statements is the obligation for related bonds issued by the OHEFC.

8. NOTES AND BONDS PAYABLE

Notes and bonds payable are as follows:

		Interest Rate	Maturity	2011	2010
Ohio Higher Education Facility Commission revenue notes and bonds:	Series 1988	7.85 - 7.90%	2011-2013	\$ 17,821	\$ 22,899
	Series 1990	6.50 - 7.13%	2011-2020	11,650	11,650
	Series 1994	6.00 - 6.25%	2014-2018	20,000	20,000
	Series 1997	4.90 - 6.25%	2011-2014	6,525	7,785
	Series 2001	Variable	2011-2022	12,615	12,975
	Series 2002A	Variable	2023-2031	64,875	64,875
	Series 2004A	3.625 - 5.00%	2016-2034	75,670	75,670
	Series 2006	3.75 - 5.25%	2012-2044	82,490	82,490
	Series 2008A	Variable	2030-2044	60,000	60,000
	Series 2008B	Variable	2030-2044	67,500	67,500
	Series 2008C	4.00 - 5.00%	2014-2033	50,490	50,490
U.S. Government housing bonds:	Series 1966	3.00 - 3.50%	2011-2016	665	690
	Series 1971	3.00%	2011-2016	535	785
Ohio Higher Education Facility Commission commercial paper:		.25 - .43%	not to exceed 270 days	63,000	63,000
Ohio Higher Education Facility Commission capital lease:		6.75%	2011-2018	543	614
		4.12%	2011-2018	5,890	6,548
Compass Group USA, Inc.		-n/a-	2011-2019	2,850	3,300
HUD Loan:	Part A	4.96%	2011-2041	12,268	12,448
	Part B	5.33%	2011-2041	4,224	4,280
LIABILITY				559,611	567,999
Unamortized Bond Premium					
Ohio Higher Education Facility Commission:	Series 2004A			1,860	2,017
	Series 2006			6,909	7,314
	Series 2008C			1,799	1,968
UNAMORTIZED BOND PREMIUM				10,568	11,299
NOTES AND BONDS PAYABLE				\$ 570,179	\$ 579,298

The fair market value of the University's notes and bonds payable is approximately \$575,020 (2011) and \$589,298 (2010). These values were estimated utilizing the discounted future cash outflows at rates for similar debt.

The U.S government housing bonds are collateralized by securities and pledges of net revenues from the University's student housing and dining facilities.

The Ohio Higher Education Facility Commission (OHEFC) authorized a \$63,000 tax-exempt commercial paper program in February 2000 to provide construction funds for several approved capital projects and to refinance earlier projects. In November 2008, the OHEFC authorized a \$27,000 expansion of that program, to a total size of \$90,000, to provide funding for future projects. The University has issued no additional

commercial paper pursuant to the \$27,000 of new authority, and the amount outstanding under this program as of June 30 is \$63,000, with maturities not exceeding 270 days from the issuance date. All commercial paper issued under the terms of the program must mature no later than February 1, 2030. The annualized interest cost for this program was .34% (2011) and .38% (2010).

Year	Scheduled Principal Payments	Outstanding VRDO's	Maximum Principal Payments
2012	\$ 9,989	\$ 64,748	\$ 74,737
2013	10,983	96,248	107,231
2014	10,805	48,998	59,803
2015	11,820	28,998	40,818
2016	12,658	28,998	41,656
Thereafter	503,356	(267,990)	235,366
TOTAL	\$ 559,611	\$ -	\$ 559,611

The University has total revolving lines of credit in the amount of \$60,000 with two financial institutions of \$30,000 each to finance working capital. Both lines are subject to review and renewal annually. There were no amounts outstanding at June 30, 2011.

In May 2008, the OHEFC series 2008 bonds were issued to refinance the OHEFC series 2004B bonds. The amount refinanced was \$177,826. The variable portion of the debt is supported by two lines of credit with financial institutions. The unamortized balance of deferred financing fees is included in prepaid expenses and other assets. The balance was \$1,284 (2011) and \$1,355 (2010).

Principal payment requirements for bonds, notes, and capital lease obligations for the next five years and thereafter are as follows:

The University has letter of credit agreements, standby bond purchase agreements and a liquidity agreement with various financial institutions to purchase the University's variable rate demand obligations ("VRDO's") and commercial paper if they cannot be remarketed. Outstanding VRDO's in the above table represent amounts payable in the event that bonds are tendered but not successfully remarketed.

Interest payments for fiscal year 2011, including payments for variable rate debt, were \$15,334. Interest payments under interest rate swap agreements during fiscal 2011 totaled \$6,038. See Note 12.

Certain borrowing agreements require that the University comply with certain covenants. The University is in compliance with these provisions as of June 30, 2011.

9. RETIREMENT PLANS

The University has both defined benefit and defined contribution pension plans for its employees. In accordance with provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"), the University has established a trust to hold plan assets for its defined benefit plan. The funded status of the University's defined benefit plan is as follows:

	2011	2010
Benefit obligation at June 30	\$ 126,867	\$ 118,267
Fair value of plan assets at June 30	104,285	86,365
FUNDED STATUS AT JUNE 30	\$ (22,582)	\$ (31,902)
Accumulated benefit obligation	\$ 125,983	\$ 117,137

Benefit plan costs for the defined benefit plan are as follows:

	2011	2010
Net periodic benefit cost	\$ 5,486	\$ 4,023
Employer contributions	4,416	442
Benefits paid	5,192	3,128

Estimated benefits expected to be paid under the defined benefit plan for the next five years are as follows:

Fiscal 2012	\$ 4,865
Fiscal 2013	\$ 5,036
Fiscal 2014	\$ 5,677
Fiscal 2015	\$ 5,291
Fiscal 2016	\$ 6,208

Amounts expected to be paid between 2017 and 2021 total \$39,153. The University's estimated employer contribution for the defined benefit plan in fiscal 2012 will depend on the results of the July 1, 2011 actuarial valuation.

Weighted-average assumptions used to determine the benefit obligation and benefit plan costs are as follows:

	2011	2010
BENEFIT OBLIGATION		
Discount rate	6.00%	6.25%
Rate of compensation increase	4.25%	4.25%
Measurement date	6/30/11	6/30/10
Census date	7/1/10	7/1/09
NET PERIODIC BENEFIT COST		
Discount rate	6.25%	6.50%
Expected return on plan assets	8.50%	8.50%
Rate of compensation increase	4.25%	4.50%

The expected long-term rate of return for the defined benefit plan was estimated using market benchmarks for equities and bonds applied to the plan's target asset allocation. The expected return on equities was computed utilizing a valuation framework that projected future returns based on current equity valuations rather than historical returns. Management estimated the rate by which the plan assets would outperform the market in the future based on historical experience adjusted for changes in asset allocation and expectations for overall lower future returns on equities compared to past periods.

The investment objective for the defined benefit plan is to maximize total return with tolerance for slightly above average risk, in order to meet the obligations that the University has to its plan beneficiaries. To accomplish this objective, the University has established a broadly-diversified asset allocation strategy that includes absolute return strategies (50%), equity investments (30%), real estate (10%), and inflation-indexed bonds

and cash (10%). The weightings of the investments relative to each other in the total portfolio fluctuate as market conditions vary; they are adjusted regularly to remain within acceptable ranges.

The weighted-average asset allocation for the defined benefit plan is as follows:

	2011	2010
Equity securities	63.00%	62.00%
Fixed income securities	31.00%	33.00%
Real estate	4.00%	3.00%
Other	2.00%	2.00%
ASSET ALLOCATION	100.00%	100.00%

The amounts recognized in the University's consolidated statements of financial position and in unrestricted net assets related to the defined benefit plan are as follows:

	2011	2010
STATEMENT OF FINANCIAL POSITION		
NET BALANCE SHEET LIABILITY	\$ (22,582)	\$ (31,902)
UNRESTRICTED NET ASSETS		
Prior service costs	\$ 398	\$ 684
Actuarial losses	27,662	37,766
AMOUNT RECOGNIZED AS REDUCTION OF UNRESTRICTED NET ASSETS	\$ 28,060	\$ 38,450

The estimated amortization of prior year service costs expected in fiscal 2012 totals \$336.

Components of the net periodic benefit cost and other changes in plan assets that are recognized in the consolidated statement of activities for fiscal year 2011 are as follows:

Change in actuarial losses	\$ (10,104)
Amortization of prior service cost	(286)
TOTAL GAIN RECOGNIZED, UNRESTRICTED NET ASSETS	(10,390)
Net periodic benefit cost	5,486
Employer contributions	(4,416)
TOTAL GAIN RECOGNIZED, STATEMENT OF ACTIVITIES	\$ (9,320)

Benefit plan costs for the defined contribution plan are \$18,833 (2011) and \$18,494 (2010).

10. COMMITMENTS AND CONTINGENCIES

In its normal operations, the University is subject to various claims and lawsuits. In management's opinion, the resolution of these contingencies will not have a significant adverse effect on the University's financial position, operations, or cash flows.

In April 2006, the Boards of University Hospitals Health System and the University approved a new affiliation agreement between the School of Medicine and University Hospitals of Cleveland ("UHC"). This agreement significantly strengthened the historical relationship between the entities through the creation of the Case Medical Center, a virtual entity that encompasses certain teaching, research and clinical activities of the School of Medicine and UHC.

In May 2002, the University entered into an agreement with the Cleveland Clinic Foundation ("CCF") to form a new medical education and research program, the Cleveland Clinic Lerner College of Medicine ("CCLCM").

Beginning in 2004, research grants from the National Institutes of Health to support work by CCF-based investigators were awarded to and administered through the University by CCLCM, which operates as an academic unit of the School of Medicine. Expenditures for research conducted under this joint agreement totaled \$100,098 (2011) and \$88,530 (2010).

The University is self-insured for workers compensation and employee and student medical coverage. Property is commercially insured with an aggregate deductible of \$700. The University also carries general liability insurance with a deductible of \$100 per occurrence. The University believes its reserves for self-insured risks and the deductible portion of insured risks are sufficient.

The expected cost to complete construction in progress is approximately \$16,762.

11. RELATED PARTY TRANSACTION

In 1998, the University entered into a thirty-year agreement with the Medical Center Company (a cooperative utility company formed by and serving institutions in the University Circle area) to purchase chilled water and other utilities for several University

buildings. The amounts purchased were \$23,108 (2011) and \$23,412 (2010). No obligation associated with this agreement is recorded in the accompanying consolidated financial statements.

12. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

The University uses floating-to-fixed interest rate swap agreements of various durations to manage both its funding cost and the interest rate risk associated with variable rate debt. Under these swap agreements, the University pays a fixed rate and receives from its counterparty a variable rate payment, each calculated by reference to specified notional principal amounts during the agreement period. Operations are charged the variable rate interest on the corresponding bonds; the difference between the fixed and variable interest amounts under the swap agreements is recorded in non-

operating revenues and expenses as investment and other income.

The University follows accounting guidance that defines fair value, establishes a framework for measuring fair value and expands disclosure requirements about fair value measurements, including derivatives. The University's interest rate swaps are valued by an external swap consultant that uses the mid-market levels, as of the close of business, to value the agreements. The valuations provided are derived from proprietary models

based upon well-recognized financial principles and reasonable estimates about relevant future market conditions and the University's credit worthiness. The University's interest rate swap arrangements have inputs that can generally be corroborated by market data and are classified as Level 2 in the fair value hierarchy.

At June 30, 2011 the University has six interest rate swap agreements to exchange variable-rate debt for fixed-rate obligations without the exchange of the underlying principal amount. Net payments or receipts under the swap agreements are recorded as adjustments to investment and other income and the incremental expense is disclosed in the table below. Under two agreements in effect at June 30, 2011, the counterparty

pays the University a variable interest rate equal to the Securities Industry and Financial Markets Association (SIFMA) index, and under four other agreements, the counterparty pays a variable interest rate equal to a percentage of the one month London Interbank Offered Rates (LIBOR). The following table provides detailed information on the interest rate swaps at June 30, 2011, with comparative fair values for June 30, 2010. The number of swaps is reported based on notional amount. Information related to the interest rate swap agreements to which the University is a party, including the associated OHEFC borrowing, where applicable, and the liability recognized in the consolidated statements of financial position are as follows:

Notional Amount	Interest Rate	Commencement	Termination Date	Basis	2011	2010
					Level 2 Fair Value	Market Value
\$ 12,615	4.34%	Aug. 12, 2004	Oct.1, 2022	LIBOR	\$ (1,507)	\$ (2,331)
15,000	4.43%	Jun. 5, 2002	Jun. 5, 2022	LIBOR	(2,945)	(3,509)
15,000	3.60%	Sept. 25, 2002	Sept. 25, 2022	LIBOR	(1,799)	(2,237)
35,000	3.81%	Aug. 4, 2004	Aug. 1, 2034	LIBOR	(5,615)	(7,717)
100,000	3.37%	Jan. 2, 2007	Jan. 1, 2012	SIFMA	(1,850)	(4,336)
100,000	3.37%	Jan. 1, 2012	Jan. 1, 2017	SIFMA	(6,855)	(4,708)
TOTAL INTEREST RATE SWAP AGREEMENT LIABILITY					\$ (20,571)	\$ (24,838)

Changes in the fair value of derivative instruments are recorded in non-operating revenues and expenses as investment and other income. The provisions of the swap agreements require that on a weekly basis the University place into an escrow fund collateral sufficient to limit the counter-party's financial exposure to the University to no more than \$20,000. The University had placed \$2,472 (2011) and \$4,767 (2010) into such a fund, which is

shown in Cash and cash equivalents on the consolidated statements of financial position.

Interest expense recorded for the swap agreements in the non-operating activities for the year ended June 30 was \$6,038 in 2011 and \$6,041 in 2010.

13. SUBSEQUENT EVENTS

The University has performed an evaluation of subsequent events through October 15, 2011, the date on which the consolidated financial statements were issued.

CASE WESTERN RESERVE UNIVERSITY
Schedule of Expenditures of Federal Awards

For the year ended June 30, 2011

FEDERAL GRANTOR/PROGRAM TITLE	Catalog of Federal Domestic Assistance Number	Pass Through Entity Identifying Number	Expenditures
Research and Development and Research Training Cluster - University			
Research and Development - University			
Department of Agriculture			
Direct Programs			
Other Department of Agriculture Programs	10.000		\$ 2
Scientific Cooperation and Research	10.961		3,087
Department of Agriculture Subtotal			3,089
Department of Commerce			
Direct Programs			
Measurement and Engineering Research and Standards	11.609		95,538
Pass Through Programs			
Ohio State University Research Foundation	11.431	RF01148473	5,742
University of Michigan	11.432	3001071084	994
University of Michigan	11.432	3001262960	34,628
			<u>41,364</u>
Department of Commerce Subtotal			136,902
Department of Defense			
Direct Programs			
Basic and Applied Scientific Research	12.300		1,345,927
Military Medical Research and Development	12.420		1,881,040
Basic Scientific Research-ARRA	12.431		322,073
Air Force Defense Research Sciences Program-ARRA	12.800		1,149,706
Mathematical Sciences Grants Program	12.901		32,980
Research & Technology Development	12.910		653,757
Pass Through Programs			
University of California, Berkeley	12.000	4714-10417	178,274
Ohio Aerospace Institute	12.300	R-300-100197-10000	(535)
University of Washington	12.300	429159	16,133
Ardiem Medical, Inc.	12.420	W81XWH0720044	348,916
Black Forest Engineering	12.420	BFE2010AR327	39,995
Cleveland Clinic Foundation	12.420	W81XWH-10-0270	47,683
Rutgers University	12.420	S1072764	71,579
Rutgers University	12.420	S1072764	179,661
Science Applications International Corp	12.420	P010043948	10,000
University of Chicago	12.420	45846	15,030
Advanced Technology Institute-ARRA	12.431	2006-386	11,182
Indiana University-ARRA	12.431	IN4395008CWURU	16,694
Johns Hopkins University-ARRA	12.431	W81XWH1020090	49,239
Henry M. Jackson Foundation	12.800	680044	22,226
National Tsing Hua University	12.800	AOARD-104055	32,092
Princeton University	12.800	00001440	(2,050)
University of Dayton	12.800	RSC10048	175,317
Giner, Inc.	12.910	W911NF-08-C0062	36,273
Johns Hopkins University	12.910	2001175091	8,617
Southern Methodist University	12.910	G001055-7520	92,084
University of Utah	12.910	10013049	19,331
University of Virginia	12.910	GG11379-136861	13,483
Department of Defense Subtotal			6,766,707
Department of Housing and Urban Development			
Direct Programs			
General Research and Technology Activity	14.506		24,723
Transformation Initiative Research Grants: Natural Experiments	14.524		364,445
Department of Housing and Urban Development Subtotal			389,168
Department of Transportation			
Direct Programs			
Highway Planning and Construction-ARRA	20.205		17,843

CASE WESTERN RESERVE UNIVERSITY
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For the year ended June 30, 2011

FEDERAL GRANTOR/PROGRAM TITLE	Catalog of Federal Domestic Assistance Number	Pass Through Entity Identifying Number	Expenditures
Pass Through Programs			
University of Akron	20.701	DTRT06-G-0037	33,828
Department of Transportation Subtotal			51,671
National Aeronautics and Space Administration			
Direct Programs			
Aerospace Education Services Program	43.001		771,598
Technology Transfer	43.002		546,667
Pass Through Programs			
California Institute of Technology	43	44E-1083742	336,242
Ohio Aerospace Institute	43.001	WE-500077	197,831
University of Michigan	43.001	3001229609	22,521
National Aeronautics and Space Administration Subtotal			1,874,859
National Endowment for the Arts			
Direct Programs			
Promotion of the Humanities Fellowships and Stipends	45.160		78,399
American Antiquarian Society	45.161		45,642
National Endowment for the Arts Subtotal			124,041
National Science Foundation			
Direct Programs			
Engineering Grants	47.041		1,598,978
Mathematical & Physical Sciences	47.049		8,029,737
Geosciences	47.050		309,262
Computer and Information Science & Engineering	47.070		1,208,712
Biological Sciences	47.074		1,042,429
Social, Behavioral and Economic Sciences	47.075		314,208
Education and Human Resources	47.076		347,658
Polar Programs	47.078		60,659
International Science and Engineering (OISE)	47.079		(1,386)
Trans-NSF Recovery Act Research Support-ARRA	47.082		1,699,359
Pass Through Programs			
Precision Made Parts, LLC	47.041		14,434
Scattering Solutions, LLC	47.041	IIP-0740033	(500)
University of Alabama	47.041	06-067	6,763
University of Iowa	47.041	420-60-44A	119,042
University of Texas Health Science Center	47.041	2610009561	39,717
University of Utah	47.041	10012597-CWRU	76,770
Yale University School of Medicine	47.049	Y-08-18	352
University of Southern California	47.050	119935	2,690
Rehabilitation Institute Research Corp.	47.070	PRIME CNS-0932263	25,729
University of Iowa	47.074	420-40-32A	133,654
University of California, Santa Barbara	47.075	KK1051 / SES-1025846	106,396
State University of New York Research Foundation	47.076	R690341	99,500
University of Chicago	47.078	ANT-0638937	229,153
ADA Technologies, Inc.	47.082	10-0004S	53,324
National Science Foundation Subtotal			15,516,640
Environmental Protection Agency			
Pass Through Programs			
Buffalo State College	66.469	GL00E7530-CWR	4,602
Buffalo State College	66.469	GL-00E00503-CWR	11,526
Environmental Protection Agency Subtotal			16,128
Department of Energy			
Direct Programs			
Office of Science Financial Assistance Program-ARRA	81.049		370,923
Renewable Energy Research and Development-ARRA	81.087		1,530,265

CASE WESTERN RESERVE UNIVERSITY
Schedule of Expenditures of Federal Awards

For the year ended June 30, 2011

FEDERAL GRANTOR/PROGRAM TITLE	Catalog of Federal Domestic Assistance Number	Pass Through Entity Identifying Number	Expenditures
Advanced Research and Projects Agency Energy Financial Assistance Program	81.135		923,464
Pass Through Programs			
Advanced Technology Institute	81.000	ATI 2005-301	73,061
3M Company	81.049	USMMM040W3	166,533
Stanford University-ARRA	81.049	DE-FG02-05ER64136	(7,872)
BASF Fuel Cell, Inc.-ARRA	81.087	DE-EE0001361	166,643
North American Die Casting Assoc-ARRA	81.117	DE-EE0001100	100,893
Univenture, Inc.-ARRA	81.135	DE-AR0000037	75,842
Department of Energy Subtotal			3,399,752
Department of Education			
Pass Through Programs			
New York City College of Technology	84.116	46333-A	2,342
Cincinnati Children's Hospital	84.133	107354	120,314
Thomas Jefferson University	84.133	100223371	3,570
Western Oregon University	84.133	H133A060075	5,466
University of Pittsburgh	84.133E	H133E070024	104,933
Brecksville-Broadview Heights	84.184A	BRECKSVILLE HTS.	(5,743)
Department of Education Subtotal			230,882
Department of Health & Human Services			
Direct Programs			
Maternal & Child Health Federal Consolidated Programs	93.110		127,631
Environmental Health	93.113		36,409
Oral Diseases & Disorder Research	93.121		5,691,656
Centers for Research and Demonstration for Health Promotion and Disease Prevention	93.135		779,253
Human Genome Research	93.172		1,259,633
Research Related to Deafness & Communications Disorders	93.173		1,475,457
Immunization Research, Demonstration, Public Information and Education Training and Clinical Skills Improvement Projects	93.185		238,095
Research and Training in Complementary and Alternative Medicine	93.213		703,792
Research on Healthcare Costs, Quality and Outcomes	93.226		261,127
National Center on Sleep Disorders Research	93.233		1,135,602
Mental Health Research Grants	93.242		3,124,958
Occupational Safety and Health Program	93.262		7,602
Alcohol Research Programs	93.273		37,212
Drug Abuse and Addiction Research Programs	93.279		3,534,526
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283		2,236,210
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286		4,826,923
Minority Health and Health Disparities Research	93.307		1,520,919
Trans-NIH Research Support	93.310		1,129,173
Nursing Research	93.361		1,890,651
National Center for Research Resources	93.389		11,472,712
Cancer Cause & Prevention Research	93.393		4,604,758
Cancer Detection and Diagnosis Research	93.394		2,690,754
Cancer Treatment Research	93.395		3,180,667
Cancer Biology Research	93.396		3,145,345
Cancer Centers Support Grants	93.397		7,621,921
Cancer Research Manpower	93.398		996,129
Cancer Control	93.399		2,034
Refugee and Entrant Assistance Wilson/Fish Program	93.583		8,575
Trans-NIH Recovery Act Research Support-ARRA	93.701		20,410,934
Cardiovascular Diseases Research	93.837		12,793,455
Lung Diseases Research	93.838		2,908,136
Blood Diseases and Resources Research	93.839		3,104,102
Arthritis, Musculoskeletal, and Skin Diseases Research	93.846		5,033,626
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847		13,225,654
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		10,330,582
Allergy, Immunology and Transplantation Research	93.855		16,478,704
Microbiology and Infectious Diseases Research	93.856		191,788
Biomedical Research and Research Training	93.859		6,650,220
Child Health and Human Development Extramural Research	93.865		4,751,228

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Aging Research	93.866		5,849,203
Vision Research	93.867		9,238,999
Medical Library Assistance	93.879		19,786
Health Care and Other Facilities	93.887		913,761
International Research and Research Training	93.989		850,498
Assistance to Firefighters Grant	97.044		313,201
Pass Through Programs			
University of California, San Francisco	93.000	557445-25784	(839)
University of Florida	93.103	UF06127	70,606
Hemophilia Foundation of Michigan	93.110	5H30-10-001	11,390
Boston University	93.172	7426-5	(13)
University of North Carolina	93.172	5-31034	16,028
University of North Carolina	93.172	5-31041	234,521
University of Pennsylvania	93.172	555747	22,334
Cornell University	93.173	56083-8774	72,083
Vanderbilt University	93.173	VUMC32871-R	(5,298)
Kent State University	93.213	443149-CWRU	16,855
University of Cincinnati	93.213	AT004454	336,423
Brigham and Women Hospital	93.233	106086	278,408
California Pacific Medical Center	93.233	2803209-S105	(19,954)
Washington University	93.233	WU-06-76	96
Cincinnati Children's Hospital	93.242	CHMC 102316 M4	175,141
Emory University	93.242	5-41045-G3	96,804
University of California, San Diego	93.242	10313885-SUB	36,464
Vanderbilt University	93.242	VUMC33819	222,007
Mental Health Services	93.243	SPILSBURY	10,395
Thomas Jefferson University	93.273	080-04000-R82301	83,819
The University of British Columbia	93.279	DA021525	241,817
University of North Carolina	93.279	5-30857	237,672
City of Cleveland	93.283	CITY OF CLEVELAND	(86)
Hemophilia Foundation of Michigan	93.283	U01/DD000203	8,839
Massachusetts Institute of Technology	93.286	5710002285	83,420
University of California, San Francisco	93.286	5365SC	17,973
University of the Virgin Islands	93.307	CALLWOOD-2008-1	13,980
University of Medicine & Dentistry, NJ	93.310	NS 067668-01	32,213
Wake Forest University	93.361	WFUHS10104	7,973
Massachusetts Institute of Technology	93.389	5710001819	33,646
Nanocomponent, Inc.	93.389	R41 RR022505	(16,406)
University of Alabama	93.389	000319519-003	75,907
University of Mississippi	93.389	RR017701; 66209-CWRU	217,377
University of Utah	93.389	10006464-03	32,341
American College of Radiology	93.393	CA021661	57,756
Duke Univ. Comprehensive Cancer Center	93.393	203-0309	214,349
George Washington University	93.393	09-M33	99,724
Huntsman Cancer Institute	93.393	10014775-01	31,657
Moffitt Cancer Center	93.393	10-14922-99-04-G5	12,447
National Childhood Cancer Foundation	93.393	020859	18,944
SAIC-Frederick, Inc.	93.393	S08-273	(236)
University of Minnesota	93.393	H001238301	3,343
University of South Carolina	93.393	PO:22060 SUB:10-1773	86,824
University of Texas- MD Anderson Cancer	93.393	32772/98012595	9,676
University of Texas- MD Anderson Cancer	93.393	34134/98210590	180,540
Virginia Commonwealth University	93.393	PD300205-SC101314	99,022
Virginia Commonwealth University	93.393	PT102388-SC101313	400,604
American College of Radiology	93.394	CA80098	13,646
BioInVision, Inc.	93.394	CA124270	216,930
Burnham Institute	93.394	CA071932	19,938
ContraDyn, Inc.	93.394	CA128130	7,746
Fred Hutchinson Cancer Research Ctr	93.394	0000697785	169,370
American College of Obstetricians & Gyne	93.395	27469-094	128,248
American College of Radiology	93.395	U10CA021661	166,126
Frontier Science Technology Research Fou	93.395	DTC036NM-00	10,989
Gynecologic Oncology Group	93.395	27469-94	6,888
Lentigen Corporation	93.395	CA128269-LENTINGEN	40,098

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FEDERAL GRANTOR/PROGRAM TITLE	Catalog of Federal Domestic Assistance Number	Pass Through Entity Identifying Number	Expenditures
Medical University of South Carolina	93.395	MUSC07-030	17,765
National Childhood Cancer Foundation	93.395	18548	103,860
National Surgical Adjuvant Breast & Bowe	93.395	TFED41-728	135,507
Ohio State University Research Foundatio	93.395	60030838	38,069
Surfagen, Inc	93.395	CA135785	6,016
Wayne State University	93.395	WSU05014	54
Hyper Tech Research Inc	93.397	11000024H	34,604
National Surgical Adjuvant Breast & Bowe	93.399	PFED25-IRE-01	24,529
National Surgical Adjuvant Breast & Bowe	93.399	TIND-728	59,199
Southwest Oncology Group	93.399	CA037429	5,174
Burnham Institute-ARRA	93.701	CA071932-12S2	1,973
California Pacific Medical Center-ARRA	93.701	2803261-S113	3,436
Children's Research Institute-ARRA	93.701	812009	54,317
Duke University-ARRA	93.701	165191	40,222
Duke University-ARRA	93.701	303-4985	112,183
George Washington University-ARRA	93.701	10-D02	10,931
Indiana University-ARRA	93.701	HL081819	95,122
Jaeb Center for Health Research- Contrac-ARRA	93.701	EY012358-11S1-CWRU	159,558
Johns Hopkins University-ARRA	93.701	2000784928	136,704
Johns Hopkins University-ARRA	93.701	2000879393	219,732
Medical College of Georgia-ARRA	93.701	23789-1	99,865
Medical College of Georgia-ARRA	93.701	DK076169	28,086
Seattle Children's Hospital-ARRA	93.701	AR09762	1,461
University of Alabama, Birmingham-ARRA	93.701	000240501-118	141
University of Alabama, Birmingham-ARRA	93.701	000259927-014	112,389
University of California, San Diego-ARRA	93.701	114-CWRU ADNI-GO	7,854
University of Massachusetts Boston-ARRA	93.701	10 005692 B 00	3,132
University of Medicine & Dentistry, NJ-ARRA	93.701	GM084039	40,277
University of Miami-ARRA	93.701	EY020297	19,084
University of Minnesota-ARRA	93.701	N001005501	32,519
University of North Carolina-ARRA	93.701	5-30249	238,513
University of Pennsylvania-ARRA	93.701	553520	6,645
University of Rochester-ARRA	93.701	100038-D	66,559
University of Texas Health Science Center-ARRA	93.701	129843/129838	49,323
Weill Medical College of Cornell University-ARRA	93.701	09111781	16,571
Massachusetts General Hospital-ARRA	93.715	217197	131,463
University of Pittsburgh-ARRA	93.715	9006323	18,193
Ohio Health Information Partnership-ARRA	93.718	90RC001201	959,378
Cleveland Clinic Foundation	93.837	U01 HL087314	74,772
Duke University	93.837	203-0483	410,336
DVX, llc	93.837	HL071359	10,654
Kent State University	93.837	443165-CWRU	301,486
Loyola University Chicago	93.837	HL053353	28,601
Molecular Targeting Technologies, Inc.	93.837	2R44HL062770	6,987
Nanomimetics Inc.	93.837	HL092672	21,276
NIH-National Heart, Lung, and Blood Inst	93.837	HL092933	342,157
Northwestern University	93.837	PROJ0001040	42,590
St. Lukes's Roosevelt Institute for Heal	93.837	HL062509	4,171
University of California, Los Angeles	93.837	1568 G KB381	11,378
University of Maryland	93.837	SR00000925	463,465
University of Michigan	93.837	3001346374	51,595
University of Michigan	93.837	HL094345	3,418
University of Pittsburgh	93.837	0013443	86,166
University of Pittsburgh	93.837	HL098177	8,865
University of Texas Southwestern Medical	93.837	0007173A	147,717
University of Toledo	93.837	2008-007	11,605
Wake Forest University	93.837	HHSN268201100027C	355,937
Duke University	93.838	9100	(5)
The Broad Institute, Inc.	93.838	571002293-02	4,689
University of Chicago	93.838	37781	154,125
University of North Carolina	93.838	5-34400	226,160
University of North Carolina	93.838	5-51358	33,856
Vanderbilt University	93.838	HL079937	55,206
St. Jude Medical, Inc.	93.839	111513010-7365561	39,555

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Brigham and Women Hospital	93.846	105543	15,870
Burnham Institute	93.846	AR056273	90,171
Cornell University	93.846	AR057362	12,069
Drexel University	93.846	232222-3850/11012367	47,144
Duke University	93.846	APPLE SITE 16	9,685
Mount Sinai School of Medicine of the NE	93.846	0255-6334-4609	3,266
University of Rochester	93.846	5-29797	20,953
Weill Medical College of Cornell University	93.846		34,665
Cincinnati Children's Hospital	93.847	102243	25,507
Cleveland Clinic Foundation	93.847	4655430	135,134
Cleveland Clinic Foundation	93.847	102SUBI	9,959
George Washington University	93.847	10-D02	554,078
George Washington University	93.847	DK061230	1,490
Kaiser Permanente	93.847	8354	19,370
Medical College of Georgia	93.847	07-20497-1	519,701
Medical College of Georgia	93.847	20497-21	27,572
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	DK42191	56,089
Thermalin Diabetes Incorporated	93.847	DK081292	31,243
Thermalin Diabetes Incorporated	93.847	DK088506-01	30,019
Thermalin Diabetes Incorporated	93.847	DK089831	38,698
University of California, San Francisco	93.847	4510SC	96,797
University of Chicago	93.847	DK089934	180,525
University of Michigan	93.847	3001822742	16,138
University of Michigan	93.847	DK083912	3,328
University of Pittsburgh	93.847	0010021	81,528
University of Washington	93.847	704053	36,022
University of Wisconsin - Madison	93.847	304K975	51,250
University of Maryland	93.848	DK046461	67,738
University of Virginia	93.848	GC11314-134336	9,838
University of Virginia	93.848	GC11314-134338	21,771
Vanderbilt University	93.848	VUMC33829-R	50,637
Children's Mercy Hospital	93.849	04-0032	1,508
Los Angeles Biomedical Research Institute	93.849	DK069844	93,914
University of Alabama, Birmingham	93.849	DK074038	(665)
University of Michigan	93.849	DK079912	7,059
University of Pennsylvania	93.849	5-44131	18,602
Wayne State University	93.849	WSU09056	1,821
Children's Hospital and Regional Medical	93.853	CHMC 380	2,421
Drexel University	93.853	232475-5826	110,279
Johns Hopkins University	93.853	2000793423	26,833
Medical University of South Carolina	93.853	MUSC08-063	25,576
The University of British Columbia	93.853	F09-04946	26,545
University of Alabama, Birmingham	93.853	NS042685-071	625
University of Cincinnati	93.853	COEUS 003525	14
University of Kentucky	93.853	NS066250	98,236
University of North Carolina	93.853	NS042167	8,488
University of Texas Health Science Center	93.853	122267-122182	(1,331)
University of Utah	93.853	10001299	28,184
Washington University	93.853	WU-10-332	24,139
Yale University School of Medicine	93.853	A08082	41,659
Brigham and Women Hospital	93.855	101535	31,322
Brigham and Women Hospital	93.855	105985	15,452
Fred Hutchinson Cancer Research Ctr	93.855	0000695359	154,020
Iowa State University	93.855	430-23-05B	107,738
Johns Hopkins University	93.855	2000056544	45,977
Magee Woman's Hospital	93.855	4292	2,047
Magee Woman's Hospital	93.855	4391	57,706
Mount Sinai School of Medicine of the NE	93.855	0255-1354-4609	172,886
Mount Sinai School of Medicine of the NE	93.855	0255-1611-4609	143,142
Mount Sinai School of Medicine of the NE	93.855	MT. SINAI	22,644
Social & Scientific Systems, Inc.	93.855	BRS-ACURE-Q-06-00136	730,734
Social & Scientific Systems, Inc.	93.855	BRS-ACURE-S-11-00004	4,899
Social & Scientific Systems, Inc.	93.855	BRS-ACURES-11-491094	46,726
University of Alabama, Birmingham	93.855	AI067039	264,251

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University of California, San Francisco	93.855	6167SC	73,156
University of Iowa	93.855	430-23-20A	68,144
University of Maryland	93.855	SR00000593	(9)
University of South Florida	93.855	6408-1009-01-A	55,700
University of Texas Medical Branch	93.855	0007207A	241,415
University of Washington	93.855	698819	297,584
University of Washington	93.855	AI070090	141,667
Washington University	93.855	WU-11-250	5,157
Washington University	93.855	WU-11-251	426,723
University of Wisconsin - Madison	93.856	292H143	108
Mayo Foundation- Rochester	93.859	GM061388	104,323
New York Structural Biology Center	93.859	GM094598	290,406
University of California, San Diego	93.859	10313432-SUB	125,995
University of Chicago	93.859	41028-B	29,014
University of Michigan	93.859	3000949132	124,853
University of Pittsburgh	93.859	0002343	175,607
University of Illinois	93.864	492078 E5381	43,972
BioInVision, Inc.	93.865	BIOINVISION	12,681
Children's National Medical Center	93.865	3848-11-01	107,374
Children's Research Institute	93.865	388509	203,115
Cincinnati Children's Hospital	93.865	106049	56,062
Duke University	93.865	DUKE UNIVERSITY	(1,200)
George Washington University	93.865	21050	315,184
Kent State University	93.865	445727-P070660	2,051
Ohio State University Research Foundation	93.865	RF01076422/60012965	107,542
RTI International	93.865	0212456	16,351
RTI International	93.865	8-312-0212512	9,794
RTI International	93.865	HD063036	41,123
The Ohio State University	93.865	RF01194520	83,866
University of California, San Diego	93.865	10283438-002	38,615
University of Michigan	93.865	3000640016	38,393
Boston University	93.866	GC159610NGC	1,032
Duke Clinical Research Institute	93.866	159178	87,201
Rensselaer Polytechnic Institute	93.866	A12193	123,752
Research Foundation for Mental Hygiene	93.866	24358	2,756
Rutgers University	93.866	3138	81,502
University of California, Irvine	93.866	10205850-010	34,449
University of California, San Diego	93.866	114 HBA	20,361
University of California, San Diego	93.866	114 IGIV-AVID	5,584
University of California, San Diego	93.866	114 RI-AVID	208
University of California, San Diego	93.866	114NGF	78,508
University of California, San Diego	93.866	ADC-023	12,153
University of California, San Diego	93.866	ADC-027	600
University of Louisville Health Sciences	93.866	05-1523-Z07	4,491
Biomec, Inc.	93.867	EY014302	(1,552)
Jaeb Center for Health Research	93.867	EY012358	70,349
Jaeb Center for Health Research	93.867	EY11751	3,419
Jaeb Center for Health Research- Contract	93.867	DRCR - SITE 58	11,381
University of Florida	93.867	UF06042	56,669
University of Pennsylvania	93.867	552812	122,579
University of Southern California	93.867	H48201	88,532
University of Wisconsin - Madison	93.867	266K545	137,856
University of Wisconsin - Madison	93.867	277K303	38,265
West Virginia University	93.879	06-650-CWRU	32,349
Cuyahoga County Board of Health	93.944	CCBH	65,465
Department of Health & Human Services Subtotal			196,353,717
Corporation for National and Community Service			
Direct Programs			
Learn and Serve America Higher Education	94.005		3,016
Corporation for National and Community Service Subtotal			3,016

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Department of Homeland Security			
Pass Through Programs			
University of Texas Medical Branch	97.061	10-045	32,292
University of Iowa	97.077	428-20-01	132,137
Department of Homeland Security Subtotal			164,429
Total Research and Development - University Only			225,031,001
Department of Defense			
Direct Programs			
Basic and Applied Scientific Research	12.300		140,263
Military Medical Research and Development	12.420		321,576
Department of Defense Subtotal			461,839
National Aeronautics and Space Administration			
Direct Programs			
Aerospace Education Services Program	43.001		83,174
National Aeronautics and Space Administration Subtotal			83,174
National Endowment for the Arts			
Direct Programs			
Promotion of the Humanities Fellowships and Stipends	45.160		37,800
National Endowment for the Arts Subtotal			37,800
National Science Foundation			
Direct Programs			
Engineering Grants	47.041		103,646
Biological Sciences	47.074		48,767
Education and Human Resources	47.076		228,866
Trans-NSF Recovery Act Research Support-ARRA	47.082		93,697
Pass Through Programs			
Jackson State University-ARRA	47.082	633108	9,750
National Science Foundation Subtotal			484,726
Department of Education			
Direct Programs			
Overseas Programs - Doctoral Dissertation Research Abroad	84.022		49,772
Graduate Assistance in Areas of National Need	84.200		533,559
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	84.325		(33)
Department of Education Subtotal			583,298
Department of Health & Human Services			
Direct Programs			
Maternal and Child Health Federal Consolidated Programs	93.110		195,840
Oral Diseases & Disorder Research	93.121		86,434
Nurse Anesthetist Traineeships	93.124		16,026
Research Related to Deafness and Communication Disorders	93.173		19,365
National Research Service Awards Health Services Research Training	93.225		296,930
National Center on Sleep Disorders Research	93.233		114,479
Mental Health Research Grants	93.242		150,275
Advanced Nursing Education Grant Program	93.273		22,524
Mental Health National Research Service Awards for Research Training	93.282		69,503
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286		488,829
Advanced Nursing Education Traineeships	93.358		64,922
Nursing Research	93.361		234,389
National Center for Research Resources	93.389		2,593,976
Cancer Biology Research	93.396		24,789

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Cancer Research Manpower	93.398		2,224,914
Grants for Training in Primary Care Medicine and Dentistry Training and Enhancement-ARRA	93.403		159,536
Cancer Research Manpower-ARRA	93.407		16,569
Affordable Care Act (ACA) Advanced Nursing Education Expansion Initiative	93.513		95,040
Cancer Research Manpower-ARRA	93.701		217,722
Cardiovascular Diseases Research	93.837		335,655
Lung Diseases Research	93.838		387,153
Blood Diseases and Resources Research	93.839		243,202
Arthritis, Musculoskeletal and Skin Diseases Research	93.846		360,124
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847		565,765
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		405,515
Allergy, Immunology and Transplantation Research	93.855		353,456
Biomedical Research and Research Training	93.859		2,448,986
Child Health and Human Development Extramural Research	93.865		841,144
Aging Research	93.866		20,381
Vision Research	93.867		387,807
Grants for Training in Primary Care Medicine and Dentistry	93.884		686,164
Scholarships for Health Professions Students from Disadvantaged Backgrounds	93.925		25,261
Geriatric Education Centers	93.969		130,931
International Research and Research Training	93.989		960,876
Pass through programs			
Research Foundation of State University	93.648	09-35	42,434
Research Foundation of State University	93.648	10-38	96,790
University of Georgia	93.989	RTW006900	100,534
Vanderbilt University	93.989	TW007988	60,137
Department of Health & Human Services Subtotal			15,544,377
Total Research Training Grants			17,195,214
Sub Total Research and Development and Research Training Cluster			242,226,215
Research and Development - Cleveland Clinic Lerner College of Medicine (see Footnote 1)			
Department of Health & Human Services			
Direct Programs			
Environmental Health	93.113		209,811
Oral Diseases & Disorder Research	93.121		591,684
Human Genome Research	93.172		893,893
Research Related to Deafness and Communication Disorders	93.173		485,434
Research and Training in Complementary and Alternative Medicine	93.213		8,921
Geriatric Academic Career Awards	93.250		42,570
Alcohol Research Programs	93.273		2,042,622
Drug Abuse and Addiction Research Programs	93.279		70,380
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286		509,641
Trans-NIH Research Support	93.310		320,582
National Center for Research Resources	93.389		116,842
Cancer Cause & Prevention Research	93.393		1,584,158
Cancer Detection and Diagnosis Research	93.394		266,871
Cancer Treatment Research	93.395		3,486,570
Cancer Biology Research	93.396		3,573,981
Cancer Research Manpower	93.398		641,571
Family Violence Prevention and Services/Grants for Battered Women's Shelters Grants to States and Indian Tribes	93.671		(2,675)
Trans-NIH Recovery Act Research Support-ARRA	93.701		9,435,811
National Center for Research Resources, Recovery Act Construction Support-ARRA	93.702		148,564
Cardiovascular Diseases Research	93.837		17,840,360
Lung Diseases Research	93.838		3,820,646
Blood Diseases & Resources Research	93.839		8,151,193
Arthritis, Musculoskeletal, & Skin Diseases Research	93.846		1,746,894
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847		8,787,908
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		8,383,303
Allergy, Immunology and Transplantation Research	93.855		4,903,303
Biomedical Research and Research Training	93.859		2,815,459

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Child Health and Human Development Extramural Research	93.865		1,777,399
Aging Research	93.866		1,733,164
Vision Research	93.867		1,904,617
Pass Through Programs			
Social & Scientific Syste	93.113	N01-ES-55546	237,054
University Of Louisville	93.121	R21DE017706	(43,022)
Massachusetts General Hospital	93.213	U01AT000613	19,574
Butler Hospital	93.242	U01MH076179	49,587
Massachusetts General Hospital	93.242	R01MH071762	5,189
Massachusetts General Hospital	93.286	R01EB009048	85,207
Source Signal Imaging Inc	93.286	R44EB000614	714
Univ Of California At San	93.286	R01EB008049	24,577
Univ Of Southern California	93.286	R01EB010197	12,277
Cincinnati Child Hosp Rsc	93.389	U54RR019498	(40,269)
Princeton University	93.389	R21RR026231	13,113
University Of Washington	93.389	UL1RR025014	10,992
Beth Israel Deconess Med	93.393	R01CA95662	5
Dartmouth University	93.393	R01CA098286	21,982
Moffitt Cancer Ctr & Rsch	93.393	R01CA112112	(109)
Univ Of N Carolina Chapel	93.393	R01CA059005	37,840
Univ Of N Carolina Chapel	93.393	R01CA098286	134,306
Univ Of Southern California	93.393	U24CA074799	83,497
Univ Of Southern California	93.393	U24CA074799	332,906
Ohio State University Rsc	93.394	R01CA134451	18,527
Oncoscope Inc	93.394	R44CA128163	23,258
Prism Clinical Imaging, Inc.	93.394	R42CA113186	1,678
Univ Of Washington At St. Louis	93.394	R01CA068124	19,438
University Of Miami	93.394	R01CA122105	1,143
University Of Washington	93.394	R01CA107209	3,697
American College Of Radiology	93.395	U10CA021661	72,754
Duke University	93.395	U10CA076001	6,414
Gynecological Oncology Group	93.395	U10CA027469	227,369
Johns Hopkins University	93.395	U01CA137443	50,615
Massachusetts General Hospital	93.395	P01CA084203	211,579
Moffitt Cancer Ctr & Rsch	93.395	R01CA131076	83,950
National Childhood Cancer	93.395	U10CA098543	117,732
Ohio State University Rsc	93.395	U01CA044971	85,836
Southwestern Oncology Group	93.395	U01CA032102	14,902
Southwestern Oncology Group	93.395	U10CA004919	105,087
Univ Of California At San	93.395	R01CA129034	39,877
University Of Miami	93.395	R33CA123027	17,231
University Of Michigan	93.395	2U10CA32102-31	48,052
University Of Michigan	93.395	U10CA32102	11,851
University Of Minnesota	93.395	R01CA138437	50,019
University Of Pittsburgh	93.395	P01CA109688	60,813
University Of Washington	93.395	R01CA095614	(36,450)
Ohio State University	93.396	R01CA143082	7,006
Ohio State University Rsc	93.396	P01CA124570	278,754
National Surgical Adjuvant Breast and Bowel Project	93.399	R01CA037377	8,933
Southwestern Oncology Group	93.399	U10CA037429	14,897
Beth Israel Deconess Med-ARRA	93.701	RC1CA146596Z	4,941
Beth Israel Deconess Med-ARRA	93.701	RC1EB011001Z	69
Brigham & Women'S Hospita-ARRA	93.701	R01AR05557Z	23,162
Brigham & Women'S Hospita-ARRA	93.701	RC1HL101060Z	19,525
Duke University-ARRA	93.701	R01HL098237Z	36,951
Duke University-ARRA	93.701	RC2AR058934Z	10,368
Emmes Corporation-ARRA	93.701	U01NS026835Z	3,504
Kinetic Muscles, Inc.-ARRA	93.701	RC3NS070646Z	224,211
Mayo Clinic-ARRA	93.701	U01DK062410Z	21,359
Mount Sinai School Of Medicine-ARRA	93.701	U01AI063594Z	170,374
Ohio State University Rsc-ARRA	93.701	P01CA124570Z	45,053
Texas A & M-ARRA	93.701	R21HL093689Z	46,995
Univ Of Toledo-ARRA	93.701	RC2CA148572Z	4,501
Univ Of Washington At St-ARRA	93.701	U01AI077810Z	11,972

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University Of Cincinnati-ARRA	93.701	R01NS039512Z	17,866
University Of Illinois-ARRA	93.701	R56DK072231Z	30,393
University Of Michigan-ARRA	93.701	RC2HL101740Z	100,072
University Of Minnesota-ARRA	93.701	R01NS057371Z	51,638
University Of Minnesota-ARRA	93.701	RC1NS068231Z	38,585
University Of Pittsburgh-ARRA	93.701	RC1HL102429Z	2,987
University Of Washington-ARRA	93.701	R01DK081368Z	91,029
Wake Forest University-ARRA	93.701	R01GM048085Z	104,132
Wake Forest University-ARRA	93.701	RC2HL101487Z	65,252
Washington Univ School Of-ARRA	93.701	R01HL056643Z	43,646
Accord Biomaterials, Inc.	93.837	R44HL095181	125,225
Biomec Cardiovascular Inc	93.837	R44HL065815	(351)
Brigham & Women'S Hospital	93.837	P20HL101408	12,396
Duke University	93.837	U01HL063747	(13,143)
Medstar Research Institute	93.837	U01HL064244	69,079
Mount Sinai School Of Medicine	93.837	U01HL088942	273,295
Northwestern University	93.837	R01HL091069	4,631
Perfusion Solutions Inc	93.837	R43HL096144	2,951
Pixel Velocity Inc	93.837	R44HL071379	50,342
University Of Connecticut	93.837	P01HL070694	40,449
University Of Houston	93.837	R01HL085487	(4,528)
University Of Texas	93.837	U01HL087318	279,650
Washington University	93.837	R34HL105412	36,155
Duke University	93.838	Site 113	49,417
Duke University	93.838	U10HL080413	51,997
Johns Hopkins University	93.838	P50HL084946	1,705
Tulane Univ Health Sci Ct	93.838	U10 HL080510	4,650
Univ Of Alabama At Birmingham	93.838	R01HL085324	38,205
Univ Of Washington At St. Louis	93.838	R01HL091762	18,792
University Of Michigan	93.838	U10HL074422	16,424
Burke Medical Rsrch Institute	93.839	R01HL082511	10,126
Univ Of Washington At St. Louis	93.839	U01HL088476	18,498
University Of Illinois	93.839	U54HL090513	81,463
Boston University	93.846	U01AR51874	5,594
Boston University	93.846	U54AR057319	271,068
Brigham & Women's Hospital	93.846	R01AR055557	39,851
Cincinnati Child Hosp Rsc	93.846	P60AR047784	23,259
Seattle Children'S Hospital	93.846	R01AR049762	26,038
University Of Michigan	93.846	U01AR052181	769
Vanderbilt University	93.846	R01AR053684	16,480
Beth Israel Deconess Med	93.847	R01DK085185	8,002
Diapedia Llc	93.847	R44DK059074	20,401
Feinstein Institute For Medical Research	93.847	R33DK070341	45,881
Loyola University Chicago	93.847	U01DK064044	9,894
Mayo Clinic	93.847	U01DK062410	143,176
Metrohealth Hospital	93.847	R21DK077668	33,602
Oxford University	93.847	U01DK085545	26,560
Technest Inc.	93.847	R44DK071469	12,793
University Of Illinois	93.847	R01DK072231	(36,390)
University Of Michigan	93.847	U01DK061028	50,605
University Of Pennsylvania	93.847	U01DK060990	(18,141)
Wayne State University	93.847	U01NS061264	38,475
Cleveland Medical Devices	93.853	R42NS054348	(954)
Cleveland Medical Devices	93.853	R44NS042451	8,766
Cleveland Medical Devices	93.853	U44NS057969	(839)
Columbia University	93.853	R01NS048212	1,968
Columbia University	93.853	U01NS043975	164
Cornell University	93.853	U01NS050324	16,783
H-Cubed Inc	93.853	R44NS052939	40,892
Massachusetts General Hospital	93.853	U01NS049640	85,168
Mayo Clinic	93.853	R01NS049577	19,908
Medical Univ Of South Carolina	93.853	U01NS058728	41,399
Mount Sinai School Of Medicine	93.853	U01NS045719	19,161
The Children's Hosp Of Philadelphia	93.853	R01NS050488	1,723

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The University Of Akron	93.853	R15NS071455	24,646
Univ North Tx Health Science	93.853	R01NS048837	49,307
Univ North Tx Health Science	93.853	R01NS048837	12,208
Univ Of California At L A	93.853	P50NS044378	11,630
Univ Of California At San Francisco	93.853	R01NS062820	16,282
Univ Of California At San Francisco	93.853	U01NS053998	81,670
Univ Of N Carolina Chapel Hill	93.853	SU01NS42167	2,776
University Of Iowa	93.853	R01NS040068	85,967
University Of Iowa	93.853	R01NS054893	188,546
University Of Minnesota	93.853	R21NS070049	9,057
Wayne State University	93.853	U01NS061264	12,907
Yale University	93.853	U01NS044876	43,103
Brigham & Women's Hospital	93.855	U01AI063623	189,358
Luminex Corporation	93.855	U01AI082461	16,795
Mount Sinai School Of Medicine	93.855	U01AI063594	469,361
Northwestern University	93.855	U01AL084146	911
Univ Of California At San Francisco	93.855	N01AI015416	1,529
Univ Of California At San Francisco	93.855	U01AI052748	(4,431)
Univ Of Washington At St. Louis	93.855	U01AI077810	44,659
Univ Of Washington At St. Louis	93.855	U54AI057160	5,804
Univ Of Wisconsin-Madison	93.855	R01HL069116	75,813
University Of Washington	93.855	R01AI083034	5,294
Seattle Children's Hospital	93.859	R01GM075184	18,058
University Of Michigan	93.865	U01HD041249	200,540
University Of South Florida	93.865	U01DK061055	(1,434)
Mount Sinai School Of Medicine	93.866	R01AG029656	73,367
Rutgers University@Brunsw	93.866	R01AG024494	115,841
University Of Colorado	93.866	P30AG015292	(339)
Albert Einstein Medical Center	93.867	R01EY010254	44,592
Emory University	93.867	U01EY013272	45,841
Jaeb Center Health Research	93.867	U10EY011751	7,765
Medical College Of Georgia	93.867	R01EY012830	12,652
Medical College Of Georgia	93.867	R01EY019672	42,475
Oregon Health & Science University	93.867	R01EY013516	44,334
Univ Of Wisconsin-Madison	93.867	U10EY014351	(1,699)
Department of Health & Human Services Subtotal			94,055,113
Total Research and Development - Cleveland Clinic Lerner College of Medicine			94,055,113
Total Research and Development and Research Training Cluster			336,281,328
Student Financial Aid			
Department of Education			
Direct Programs-Student Financial Aid Cluster			
Higher Education Institutional Aid	84.031		1,064,574
Adult Education - Basic Grants to States	84.002		883,411
Federal Work-Study Program	84.033		2,310,601
Federal Pell Grant Program	84.063		3,937,447
			<u>8,196,033</u>
Total Department of Education-SFA Cluster			8,196,033
TRIO			
Department of Education			
Direct Programs			
TRIO_Upward Bound	84.047		459,069
Department of Education Subtotal			459,069
Total TRIO			459,069

CASE WESTERN RESERVE UNIVERSITY
Schedule of Expenditures of Federal Awards

For the year ended June 30, 2011

FEDERAL GRANTOR/PROGRAM TITLE	Catalog of Federal Domestic Assistance Number	Pass Through Entity Identifying Number	Expenditures
Other Federal Assistance			
Department of Defense			
Pass through programs			
Ohio Aerospace Institute	12.800		3,481
Department of Defense Subtotal			<u>3,481</u>
National Endowment for the Humanities			
Direct Programs			
Promotion of the Humanities Federal/State Partnership	45.129		31,536
Promotion of the Humanities Professional Development	45.163		13,614
Pass through programs			
Ohio Humanities Council	45.160	GR_M11-056	1,481
Ohio Humanities Council	45.160	OHC-R10-105	2,500
National Endowment for the Humanities Subtotal			<u>49,131</u>
Department of Education			
Direct Programs			
Safe and Drug-Free Schools and Communities_National Programs	84.184		71,262
Pass through programs			
Brecksville-Broadview Heights	84.184		45,772
Department of Education Subtotal			<u>117,034</u>
Department of Health & Human Services			
Direct Programs			
AIDS Education and Training Centers	93.145		10,000
Cancer Cause and Prevention Research	93.393		8,401
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		152,808
Allergy, Immunology and Transplantation Research	93.855		1,560
Child Health and Human Development Extramural Research	93.865		5,000
Ryan White HIV/AIDS Dental Reimbursements Community Based Dental Partnership	93.924		3,263
Pass Through Programs			
The Ohio State University	93.249	60027361	709
Association of American Medical Colleges	93.283	5U36CD319276	7,347
YMCA of Greater Cleveland	93.283	YMCA	22,635
Booz Allen Hamilton, Inc.	93.393	79950CBS10	36,797
Children's Hospital and Regional Medical	93.846	413820230101	3,662
Social & Scientific Systems, Inc.	93.855	1 U01 AI068636-01	(4,933)
			<u>66,217</u>
Department of Health & Human Services Subtotal			<u>247,249</u>
Total Other Federal Assistance			<u>416,895</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 345,353,325</u>

1. Summary of Significant Accounting Policies

Basis of Presentation:

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant transactions of Case Western Reserve University (the "University") recorded on the accrual basis of accounting. Because the Schedule presents only a selected portion of the operations of the University, it is not intended to and does not present the financial position, changes in net assets or cash flows of the University. Negative amounts represent adjustments or credits to amounts reported as expenditures in prior years. The information in this schedule is presented in accordance with the requirements of *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*.

In May 2002, the University entered into an agreement with the Cleveland Clinic Foundation ("CCF") to form a new medical education and research program, the Cleveland Clinic Lerner College of Medicine ("CCLCM"). This is a collaborative arrangement governed jointly by the University and CCF. The results of operations of the CCLCM are included in the University's accompanying financial statements. Beginning in fiscal 2004, research grants from the National Institutes of Health to support work by CCF-based investigators were awarded to and administered through the University by CCLCM, which operates as an academic unit of the University's School of Medicine.

Subrecipients:

Certain funds are passed through to subgrantee organizations by the University and CCLCM. Expenditures incurred by the subgrantees and reimbursed by the University are presented in the Schedule. Under the research and development program, a total of \$23,769,935 was passed through to subgrantee organizations from the University and \$7,763,636 from the CCLCM for the year ended June 30, 2011. \$66,217 was passed through under other programs from the Department of Health and Human Services, \$45,772 from the Department of Education and \$7,462 Other.

2. Catalog of Federal Domestic Assistance Numbers:

Catalog of Federal Domestic Assistance ("CFDA") Numbers and Pass Through Entity Identifying Numbers are presented for those programs for which such numbers are available and were able to be identified by the University. The programs for which CFDA Numbers were not available or identified are reported with the federal agency's 2-digit prefix when known.

CASE WESTERN RESERVE UNIVERSITY
 NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2011

3. Facilities and Administrative Cost Rates:

The University recovers facilities and administrative costs by means of final facilities and administrative cost rates. The final rates are a result of negotiated agreements with the U.S. Department of Health and Human Services. The final rate effective for the period July 1, 2010 to June 30, 2011 for on-campus research and for the CCLCM is 57% of modified total direct costs. The base rates for off-campus research for the same period vary depending upon the location of the research.

4. Loan Advances:

The following schedule represents total loans advanced to students by the University and balances outstanding for the Perkins, Nursing, Health Professional Student and Disadvantaged Students Loan Programs for the year ended June 30, 2011:

	CFDA Number	Advances	Outstanding Balance
Perkins Loan Program	84.038	\$ 1,081,049	\$ 15,958,792
Nursing Student Loan Program	93.364	77,441	297,228
Health Professional Student Loan Program/PCL	93.342	363,150	2,052,102
Loan for Disadvantaged Students	93.342	-	38,357

The Perkins Loan administrative cost allowance totaled \$0 for the year ended June 30, 2011.

The amount of Perkins loan principal cancelled totaled \$200,580 for the year ended June 30, 2011.

5. Federal Direct Loan Program

During the year ended June 30, 2011, the University disbursed the following loan amounts under the Federal Direct Loan Program (FDLP) (which includes Stafford Loans, unsubsidized Stafford Loans, and Parents Plus Loans for Undergraduate Students):

	CFDA Number	Amounts
Federal Direct Loan Program	84.268	\$ 104,154,056

6. Housing and Urban Development (HUD, CFDA #14.) Mortgage Bonds:

During the year ended June 30, 2011, the University made principal and interest payments of \$510,452 and \$882,100 respectively on HUD mortgage bonds and U.S. Government housing bonds. HUD mortgage bonds and U.S. Government housing bonds payable at June 30, 2011 amounted to \$17,692,918. See note 8 to the financial statements for further information concerning the components of these loans.

**REPORTS ON COMPLIANCE AND ON THE
INTERNAL CONTROL STRUCTURE**



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

To the Board of Trustees,
Case Western Reserve University:

We have audited the consolidated financial statements of Case Western Reserve University and its affiliated entities, (the "University") as of and for the year ended June 30, 2011, and have issued our report thereon dated October 15, 2011. 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 University'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 University's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 University's consolidated 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*.

This report is intended solely for the information and use of the University's Board of Trustees, management, 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.

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

October 15, 2011
Cleveland, Ohio



**Report of Independent Auditors on Compliance with Requirements
That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over
Compliance in Accordance with OMB Circular A-133**

To the Board of Trustees,
Case Western Reserve University:

We have audited the compliance of Case Western Reserve University (the "University") with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. The University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the University's management. Our responsibility is to express an opinion on the University'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 University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the University's compliance with those requirements.

In our opinion, the University complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2011. However, the results of our auditing procedures disclosed one instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2011-1.

Internal Control over Compliance

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the University'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 the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly we do not express an opinion on the effectiveness of the University's internal control over compliance.



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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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 University's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the University's response and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, the University's Board of Trustees, others within the entity, 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

March 19, 2012
Cleveland, Ohio

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

CASE WESTERN RESERVE UNIVERSITY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2011

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

• Material weakness(es) identified?	<u> </u> yes	<u> </u> no
• Significant deficiency (s) identified that are not considered to be material weaknesses?	<u> </u> yes	<u> </u> none reported
Noncompliance material to financial statements noted?	<u> </u> yes	<u> </u> no

Federal Awards

Internal control over major programs:

• Material weakness(es) identified?	<u> </u> yes	<u> </u> no
• Significant deficiency(s) identified that are not considered to be material weaknesses?	<u> </u> yes	<u> </u> 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?	<u> </u> yes	<u> </u> no
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Identification of major programs: CFDA Number(s)	Name of Federal Program or Cluster	
*Various	Research & Development and Research Training	
Dollar threshold used to distinguish between type A and type B programs:	\$3,000,000	
Auditee qualified as low-risk auditee?	<u> </u> Yes	<u> </u> no

CASE WESTERN RESERVE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2011

Section II - Financial Statement Findings

No current year findings.

CASE WESTERN RESERVE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2011

Section III – Federal Award Findings and Questioned Costs

Finding #2011-1: Monitoring of CCLCM Award Activity

Research and Development Cluster

Sponsoring Agency: Department of Health and Human Services
CFDA #'s: Various - CCLCM Awards
Award Year: FY2011

Information on the Federal Program/Condition/Context

For the research grants that are awarded through Cleveland Clinic Lerner College of Medicine of Case Western Reserve University ("CCLCM") and administered by Cleveland Clinic Foundation ("CCF"), the University utilizes the CCF A-133 report as the primary means of monitoring how CCF complies with the various federal compliance requirements of research and development awards. However, as CCF reports on a December 31st year end and the University is on a June 30th fiscal year end, there is a six month lag in A-133 reporting and, therefore, in what is available for the University to review. In addition, although the operations of CCLCM are overseen jointly by the University and CCF many of the post-award administrative functions are performed only by CCF in accordance with an affiliation agreement and jointly designed operating procedures.

We reported in Finding 2010-2 that the University does not routinely perform detailed monitoring procedures of the day-to-day monitoring performed by CCF on behalf of CCLCM. For instance, cash draw-downs are performed by CCF using CCLCM drawdown accounts and federal status reports are signed by a CCF official on behalf of CCLCM; however, the University does not perform a detailed review of the support behind these draw reports which are compiled by CCF employees on behalf of CCLCM.

Beginning in the fourth quarter of fiscal 2011, the University put in place monitoring procedures over the cash draw-down and reporting processes.

Criteria or specific requirement

As required by OMB Circular A-110, Subpart C. Reports and Record, section 51 (a), the University is responsible for managing and monitoring each project, program, subaward, function or activity supported by the award.

Questioned Costs

None.

Cause/Effect

Significant reliance is placed on the affiliation agreement which covers the arrangement and operating procedures between CCLCM and the University. The affiliation agreement, which has been in place since the inception of the joint program with CCF, was discussed with the National Institute of Health ("NIH") at the inception of this affiliation.

These specific awards are in the name of the Case Western Reserve University or CCLCM and, therefore, the University is the prime recipient. As the prime recipient, the University is required to monitor the activity of all subrecipients within the guidance developed by OMB. As such, the University was not performing sufficient monitoring of activities of CCF on behalf of CCLCM.

CASE WESTERN RESERVE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2011

Recommendation

We recommend that the University continue to enhance its monitoring of CCF compliance activities associated with CCLCM awards by building upon the newly installed monitoring procedures over draw-downs and reporting and identifying other compliance activities that can be monitored, performing monitoring activities at a more detailed level along with the higher level governance oversight currently in place. In addition, the periodic review of CCLCM documentation to support draw-downs and requisite cash management procedures performed by CCF and related financial status reports prepared by CCF on behalf of CCLCM should continue and be supported by documentation of the review and related results.

Views of responsible officials and planned corrective actions

Management's response is reported in the "Management's Views and Corrective Action Plan" and considered as part of this report.

CASE WESTERN RESERVE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2010

Summary of Prior Year Findings and Questioned Costs

Finding #2010-1: Student Refunds

Student Financial Aid Cluster

Sponsoring Agency: Department of Education

CFDA #'s: 84.007, 84.003, 84.063

Award Year: FY2010

Audit Finding

Of the 60 students tested in the Student Financial Aid cluster we noted that 4 students had credit balances which were not processed in compliance with the required 14 calendar day period. The University follows a policy of 14 business days for processing credit balances instead of 14 calendar days.

Status

Corrective action was taken. The University updated its policy to ensure that funds in excess of allowable institutional charges are processed within 14 days.

CASE WESTERN RESERVE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2010

Finding #2010-2: Monitoring of CCLCM Award Activity

Research and Development Cluster

Sponsoring Agency: Department of Health and Human Services

CFDA #'s: Various - CCLCM Awards

Award Year: FY2010

Audit Finding

For the research grants that are awarded through Cleveland Clinic Lerner College of Medicine of Case Western Reserve University ("CCLCM") and administered by Cleveland Clinic Foundation ("CCF"), the University utilizes the CCF A-133 report as the primary means of monitoring how CCF complies with the various federal compliance requirements of research and development awards. However, as CCF reports on a December 31st year end and the University is on a June 30th fiscal year end, there is a six month lag in A-133 reporting and, therefore, in what is available for the University to review. In addition, although the operations of CCLCM are overseen jointly by the University and CCF many of the post-award administrative functions are performed only by CCF in accordance with an affiliation agreement and jointly designed operating procedures. The University does not routinely perform detailed monitoring procedures of the day-to-day monitoring performed by CCF on behalf of CCLCM. For instance, cash draw-downs are performed by CCF using CCLCM drawdown accounts and federal status reports are signed by a CCF official on behalf of CCLCM; however, the University does not perform a detailed review of the support behind these draw reports which are compiled by CCF employees on behalf of CCLCM.

These specific awards are in the name of the Case Western Reserve University or CCLCM and, therefore, the University is the prime recipient. As the prime recipient, the University is required to monitor the activity of all subrecipients within the guidance developed by OMB. As such, the University may not be performing sufficient monitoring of activities of CCF on behalf of CCLCM.

Status

Due to the timing of when the finding was identified, management was in the process of implementing its corrective action plan. As such, it has been noted as a repeat comment for FY2011. See finding #2011-1. However, the controls established by management during the fourth quarter of FY2011 were tested as part of the FY2011 A133 audit.

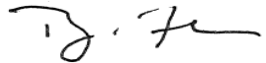
Management's Corrective Action Plan

Finding #2011-1 and #2010-2: Monitoring of CCLCM Award Activity

Management's Response:

The University, CCF and CCLCM held extensive conversations regarding the most effective way to monitor the activity within the grants that are administered by CCF. Effective March 2011, management instituted enhanced monitoring procedures that include a review by the University's Office of Research Administration of CCLCM's Letter of Credit (LOC) process, random periodic sampling of the LOC draw-downs, and review of the Federal Financial Reports. Although these new procedures were implemented in March of 2011, the University performed these procedures retroactively so that all of fiscal year 2011 was included in its monitoring.

During fiscal year 2012, the University will continue to evaluate the effectiveness of this monitoring and enhance it as needed. This will include, but not be limited to, giving consideration to other areas where monitoring can be performed. We believe that this, in conjunction with our existing governance oversight, ensures a robust monitoring program is in place.

Signed: 

Bradley W. Fralic
University Controller