



CASE WESTERN RESERVE UNIVERSITY

**Report on Federal Awards In Accordance
With OMB Circular A-133 For the Year Ended
June 30, 2009**

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

CASE WESTERN RESERVE UNIVERSITY

REPORT ON FEDERAL AWARDS IN ACCORDANCE
WITH OMB CIRCULAR A-133

June 30, 2009

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FINANCIAL

**Report of Independent Auditors
on Financial Statements and Supplementary
Schedule of Expenditures of Federal Awards**

To the Board of Trustees,
Case Western Reserve University:

In our opinion, the accompanying consolidated balance sheet 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, 2009, and the consolidated 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 2008 financial statements, and in our report dated October 17, 2008, 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.

As described in Note 5 and 6 to the accompanying consolidated financial statements, as of July 1, 2008, the University adopted Financial Accounting Standards Board Staff Position 117-1, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosure for All Endowment Funds* and Financial Accounting Standards Board (FASB) Statement No. 157, *Fair Value Measurements*.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2009 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, 2009. 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 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 10, 2009
Cleveland, Ohio

CASE WESTERN RESERVE UNIVERSITY
Consolidated Balance Sheet
June 30, 2009 and 2008

	<u>June 30, 2009</u>	<u>June 30, 2008</u>
Assets		
Cash and temporary investments	\$ 41,729	\$ 53,090
Accounts and loans receivable, net	107,282	105,555
Securities pledged under lending agreements	-	36,346
Pledges receivable, net	51,348	44,326
Prepaid expenses and other assets	16,314	16,963
Prepaid pension asset	-	11,418
Investments	1,263,398	1,607,277
Funds held in trust by others	220,656	300,719
Property, plant, equipment and books, net	795,088	801,064
Total assets	<u>\$ 2,495,815</u>	<u>\$ 2,976,758</u>
Liabilities		
Accounts payable and accrued expenses	\$ 59,226	\$ 69,619
Deferred income and other liabilities	47,248	38,604
Payable under securities lending agreements	-	37,655
Annuities payable	40,167	43,796
Refundable advances	8,116	6,057
Accrued pension liability	25,562	-
Notes and bonds payable	589,216	590,998
Refundable federal student loans	16,431	16,153
Total liabilities	<u>785,966</u>	<u>802,882</u>
Net Assets		
Unrestricted	219,400	1,301,680
Temporarily restricted	719,744	23,509
Permanently restricted	770,705	848,687
Total net assets	<u>1,709,849</u>	<u>2,173,876</u>
Total liabilities and net assets	<u>\$ 2,495,815</u>	<u>\$ 2,976,758</u>

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

CASE WESTERN RESERVE UNIVERSITY

Consolidated Statement of Activities

For the Year Ended June 30, 2009

with summarized financial information for the year ended June 30, 2008

(in thousands)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Year Ended June 30, 2009</u>	<u>Year Ended June 30, 2008</u>
Operating revenues					
Student tuition and fees	\$ 279,765			\$ 279,765	\$ 267,554
Less: Student aid	(112,731)			(112,731)	(105,584)
	<u>167,034</u>			<u>167,034</u>	<u>161,970</u>
Endowment income	79,613	\$ 13,897	\$ 418	93,928	77,498
Grants and contracts	270,433			270,433	250,620
CCLCM grants and contracts	89,962			89,962	90,990
Gifts and pledges	6,754	14,559	31,179	52,492	47,524
State of Ohio appropriation	3,571			3,571	3,896
Facilities and administrative cost recovery	67,687			67,687	64,948
Organized activities	9,861			9,861	10,654
Other sources	42,935		898	43,833	46,461
Auxiliary services	46,278			46,278	42,964
Net assets released from restrictions	21,806	(20,187)	(1,619)	-	-
Total operating revenues	<u>805,934</u>	<u>8,269</u>	<u>30,876</u>	<u>845,079</u>	<u>797,525</u>
Operating expenses					
Instructional	244,002			244,002	236,178
Sponsored research and training	260,141			260,141	244,279
Other sponsored projects	29,354			29,354	25,591
CCLCM research and training	89,962			89,962	90,990
Libraries	20,909			20,909	20,590
Student services	19,064			19,064	18,775
University services	84,276			84,276	79,069
Auxiliary enterprises - students	48,776			48,776	48,882
Auxiliary enterprises - others	10,422			10,422	10,452
Total operating expenses	<u>806,906</u>	<u>-</u>	<u>-</u>	<u>806,906</u>	<u>774,806</u>
Net operating (deficit) revenues	<u>(972)</u>	<u>8,269</u>	<u>30,876</u>	<u>38,173</u>	<u>22,719</u>
Non-operating revenues and expenses					
Investment and other (losses) income	(39,382)	(153,481)	(86,191)	(279,054)	25,756
Net appreciation (depreciation) in the fair market value of investments	967	(179,323)	(5,505)	(183,861)	(138,348)
Actuarial adjustment to annuity payable			3,249	3,249	3,056
Loss on disposal of plant assets	(5,554)			(5,554)	(9,863)
Pension plan changes other than periodic benefit costs	(36,980)			(36,980)	12,551
Non-operating losses, net	<u>(80,949)</u>	<u>(332,804)</u>	<u>(88,447)</u>	<u>(502,200)</u>	<u>(106,848)</u>
Decrease in net assets before effect of accounting changes	(81,921)	(324,535)	(57,571)	(464,027)	(84,129)
Cumulative effect of change in accounting principle	<u>(1,000,359)</u>	<u>1,020,770</u>	<u>(20,411)</u>	<u>-</u>	<u>-</u>
(Decrease) increase in net assets	<u>(1,082,280)</u>	<u>696,235</u>	<u>(77,982)</u>	<u>(464,027)</u>	<u>(84,129)</u>
Beginning net assets	1,301,680	23,509	848,687	2,173,876	2,258,005
Ending net assets	<u>\$ 219,400</u>	<u>\$ 719,744</u>	<u>\$ 770,705</u>	<u>\$ 1,709,849</u>	<u>\$ 2,173,876</u>

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

CASE WESTERN RESERVE UNIVERSITY
Consolidated Statement of Cash Flows
For the Years Ended June 30, 2009 and 2008
(in thousands)

	Year Ended June 30, 2009	Year Ended June 30, 2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (464,027)	\$ (84,129)
<i>Adjustments to reconcile change in net assets to net cash provided by operating activities:</i>		
Depreciation	64,918	60,402
Amortization of bond issuance costs	83	44
Loss on debt refinancing	-	719
Net unrealized depreciation in the fair market value of investments	183,861	138,348
Realized losses (gains) on investments	111,018	(28,592)
Increase to annuities payable resulting from actuarial adjustments	1,590	1,469
Gifts of property and equipment	(125)	(625)
Receipt of contributed securities	(4,103)	(6,371)
Loss on disposal of plant assets	5,554	9,863
Contributions restricted for long-term investment	(21,591)	(23,498)
Decrease in accounts and loans receivable, net	504	20,515
(Increase) decrease in pledges receivable, net	(7,021)	8,602
Decrease (increase) in prepaid expenses and other assets	566	(3,406)
Decrease (increase) in prepaid pension asset	11,418	(11,418)
Decrease in funds held in trust by others	80,062	25,314
Decrease in accounts payable and accrued expenses	(6,265)	(6,734)
Increase in deferred income and other liabilities	8,644	10,762
Increase (decrease) in refundable advances	2,059	(6,337)
Increase (decrease) in accrued pension liability	25,562	(1,133)
Net cash (used for) provided by operating activities	<u>(7,293)</u>	<u>103,795</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Student loans collected	5,151	6,405
Student loans issued	(7,382)	(7,183)
Proceeds from the sale of investments	2,136,354	1,984,801
Purchase of investments	(2,083,251)	(2,095,907)
Proceeds from the sale of buildings and land	270	1,771
Purchase of property, plant, equipment and books	(68,769)	(51,559)
Net cash used for investing activities	<u>(17,627)</u>	<u>(161,672)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in refundable federal student loans	278	(848)
Decrease in securities pledged under lending agreements	36,346	47,737
Decrease in payable under securities lending agreements	(37,655)	(49,237)
Contributions restricted for long-term investment	21,591	23,498
Proceeds from bond issues and long-term debt	23,100	199,559
Payment of bond issuance costs	-	(1,233)
Repayment of debt	(24,882)	(198,637)
Decrease to annuities payable resulting from payments	(5,693)	(11,835)
Increase to annuities payable resulting from new gifts	474	1,546
Net cash provided by financing activities	<u>13,559</u>	<u>10,550</u>
Net decrease in cash and cash equivalents	(11,361)	(47,327)
Cash and cash equivalents, beginning of year	53,090	100,417
Cash and cash equivalents, end of year	<u>\$ 41,729</u>	<u>\$ 53,090</u>
SUPPLEMENTAL SCHEDULE OF NON-CASH ACTIVITIES		
Construction in progress payments included in accounts payable	\$ 1,689	\$ 5,817

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

Unless otherwise indicated, all dollar values are listed in thousands as of June 30.

1. Summary of Significant Accounting Policies and Terms

Basis of Accounting Presentation

The consolidated financial statements use the accrual basis of accounting. These statements include the accounts of the University, Triangle Residential LP and Triangle Residential LLC.

Triangle Residential LP is a limited partnership formed in 2005 that owns and operates two apartment buildings, a parking garage and a commercial structure located in the Ford-Euclid-Mayfield Road area. The University is the sole limited partner. The general partner is Triangle Residential LLC, a wholly owned subsidiary of the University, also 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.

Net Asset Categories

The consolidated financial statements present information about the University's financial position and activities using three categories of net assets:

- Unrestricted net assets have no donor-imposed restrictions. They are available for any purpose consistent with the University's mission.
- Temporarily restricted net assets are subject to specific donor-imposed restrictions or legal stipulations that must be met by University actions or through the passage of time.
- Permanently restricted net assets are subject to donor-imposed restrictions that the University must honor in perpetuity. Usually, donors allow part or all of the income generated by these funds to be used for a designated purpose.

Cash and Temporary Investments

Investments with a maturity of three months or less when purchased are reported as temporary investments (i.e., cash equivalents) unless they are part of long-term investment pools.

Investments

Investments are stated at fair value. 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.

Contributions

Contributions (including unconditional pledges) are recognized as either temporarily restricted or permanently restricted net assets when donors' commitments are received. 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.

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 contract. Any government revenue received before it is expended is recorded as a refundable advance. Expenses incurred for government grants before revenue is received are recorded as receivables.

Collections

The University's collections of historically significant artifacts, scientific specimens, and art objects are held for education, research, scientific inquiry, and public exhibition. Therefore, their value is not reflected in the University's 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, 2009, which approximates the present value of the future income flows from these funds.

Certain prior year net asset amounts presented in the consolidated financial statements have been reclassified to conform to the current year presentation. Specifically, unspent income received from funds held in trust by others totaling \$1,424 was reclassified from unrestricted net assets to temporarily restricted net assets. This reclassification is included in the cumulative effect of change in accounting principle resulting from the University's adoption of FASB Staff Position 117-1, "Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosure for All Endowment Funds" (see Note 5). Income received from funds held in trust by others is classified as temporarily restricted net assets until those amounts are appropriated for expenditure of the University.

Conditional Asset Retirement Obligations

The University accounts for asset retirement obligations in accordance with Statement of Financial Accounting Standard No. 143, "Accounting for Asset Retirement Obligations," and FAS Interpretation No. 47, "Accounting for Conditional Asset Retirement 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 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 Statement of Financial Accounting Standard No. 158, –Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans, an Amendment of FASB Statements No. 87, 88, 106, and 132(R).” The University recognizes the overfunded or underfunded status of a defined benefit postretirement plan as an asset or liability in its balance sheet 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 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 financial statements for the year ending June 30, 2008, from which it was derived.

Income Taxes

The University is generally exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is made in the financial statements. Effective July 1, 2007, the University adopted FASB Interpretation No. 48 (FIN 48), —Accounting for Uncertainty in Income Taxes – An Interpretation of SFAS No. 109, Accounting for Income Taxes.” FIN 48 addresses the accounting, classification, measurement and disclosure of uncertainty in income tax recognition. The adoption did not have a material effect on the University’s consolidated financial statements.

CASE WESTERN RESERVE UNIVERSITY
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING JUNE 30, 2009

2. Accounts and Loans Receivable

Accounts and loans receivable are as follows:

	<u>2009</u>	<u>2008</u>
Accounts receivable, net:		
Grants, contracts and others	\$ 48,675	\$ 54,817
Students	9,948	5,557
Student loans, net	<u>48,659</u>	<u>45,181</u>
	<u>\$ 107,282</u>	<u>\$ 105,555</u>
Allowances for doubtful accounts:		
Accounts receivable	\$ 4,077	\$ 14,971
Loans receivable	\$ 1,450	\$ 2,835

3. Pledges Receivable

Unconditional pledges are expected to be realized in the following periods:

	<u>2009</u>	<u>2008</u>
In one year or less	\$ 9,453	\$ 6,173
Between one year and five years	45,338	40,316
More than five years	<u>3,725</u>	<u>3,701</u>
	58,516	50,190
Less: Discount	(3,464)	(2,789)
Less: Allowance	<u>(3,704)</u>	<u>(3,075)</u>
	<u>\$ 51,348</u>	<u>\$ 44,326</u>

Pledges receivable have been made for the following purposes:

	<u>2009</u>	<u>2008</u>
Department programs and activities	\$ 22,601	\$ 17,482
Endowments for scholarships and department programs and activities	19,380	14,349
Building construction	<u>9,367</u>	<u>12,495</u>
	<u>\$ 51,348</u>	<u>\$ 44,326</u>

Pledges have been discounted at a rate of 5%. Uncollectible pledges totaling \$3,534 (2009) and \$5,953 (2008) were written off against the allowance for uncollectible pledges.

The University had conditional pledge commitments totaling \$50,541 (2009) and \$32,986 (2008).

CASE WESTERN RESERVE UNIVERSITY
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING JUNE 30, 2009

4. Investments

The University's investments by type (excluding funds held in trust by others) are as follows:

	2009		2008	
	Fair Market Value	Cost	Fair Market Value	Cost
Short-term investments	\$ 78,692	\$ 78,683	\$ 140,335	\$ 140,335
Domestic stocks	17,993	23,088	50,032	52,758
International securities	142,467	154,491	295,967	273,207
Bonds				
• Government and municipal	20,391	20,507	49,239	54,249
• Corporate	22,262	23,436	82,625	83,988
Mutual funds	201,524	194,230	137,600	122,456
Limited partnerships and other				
• Venture capital	57,443	51,758	55,691	47,350
• Private equity	210,831	236,017	261,157	208,921
• Hedge funds	303,687	287,730	380,421	306,027
• Other	103,027	93,583	43,402	42,549
Equity real estate	105,081	109,106	110,808	100,807
Total	<u>\$ 1,263,398</u>	<u>\$ 1,272,629</u>	<u>\$ 1,607,277</u>	<u>\$ 1,432,647</u>

Included in the University's investments are unexpended bond proceeds. These funds are temporarily held by trustees under the bond indenture for future capital expenditures. The proceeds are invested in cash, U.S. government and corporate bonds and mutual funds. The fair value of these assets totaled \$8,408 (2009) and \$52,638 (2008).

Also included in investments are amounts due to the operating fund for fiscal 2009 distributions made to individual endowment funds that exceeded current year endowment returns. The amount due to operating is \$54,723 (2009).

The University is obligated under certain limited partnerships and similar agreements to provide future funding for further investment. The University had unfunded commitments of approximately \$234,266 (2009) and \$233,334 (2008) that are likely to be called in the future.

The University has a securities lending agency agreement for the purpose of lending securities held or beneficially owned by the University. Under this agreement, the University's agent receives collateral in the form of cash or U.S. government securities in exchange for loaning securities to approved borrowers. The agent invests these funds on behalf of the University until the securities are returned. The amount of collateral required for securities traded principally in the United States is equal to 102% of the market value of the securities borrowed. For equities traded principally outside the United States, the amount of collateral required is 105%. For fixed income securities traded principally outside the United States, the amount of collateral required is 102%. The University discontinued its participation in this program in November 2008. The fair value of securities on loan is \$-0- (2009) and \$36,346 (2008). The fair value of collateral received is \$-0-

(2009) and \$37,655 (2008). Cash collateral is reflected in the cash and temporary investments balance.

5. Endowments and Similar Funds

The endowment represents only those related net assets that are under the control of the University. Endowment-related assets include donor-restricted endowment funds and board-designated endowments. The purpose of endowment funds is to generate in perpetuity operating revenue to support specific activities or for general institutional use. 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). The statutory guidelines contained in this legislation relate to the prudent management, investment, and expenditure of donor-restricted endowment funds held by charitable organizations. Additionally, the legislation specifies factors for fiduciaries to consider prior to making a decision to appropriate from or accumulate into an institution's endowment funds.

Within the context of this model legislation, in August 2008 the Financial Accounting Standards Board issued FASB Staff Position 117-1 entitled "Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosure for All Endowment Funds." This standard provides guidance on the net asset classification of donor-restricted endowment funds for not-for-profit organizations subject to an enacted version of UPMIFA, and expands disclosures about an organization's endowment (both donor-restricted and board-designated funds) whether or not the organization is subject to UPMIFA. The University adopted this standard retroactive to July 1, 2008 for the year ended June 30, 2009. Upon adoption, cumulative returns totaling \$1,019,346 as of July 1, 2008 were reclassified as temporarily restricted net assets. Of this amount, \$998,935 was previously reported as unrestricted net assets; \$20,411 was previously reported as a component of permanently restricted net assets.

The Board of Trustees' interpretation of its fiduciary responsibilities for donor-restricted endowments under UPMIFA requirements is to preserve intergenerational equity to the extent possible. This principle holds that future endowment 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 from inflation. The University's endowment 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 assets and to mitigate downturns in a single sector.

Unless otherwise directed in the gift instrument, donor-restricted and board-designated endowments are pooled for efficient investment purposes. The unit market value for the pool is used to account for pooled transactions. The unit market values are \$35.82 (2009) and \$45.35 (2008). Total investment return for the pooled and unpooled endowment was -19.01% (2009) and 0.59% (2008).

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. The University's policy is to classify as permanently restricted net assets, (a) the original value of initial

gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) 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 for expenditure by the University in a manner consistent with the standard of prudence prescribed by UPMIFA.

The University's Board of Trustees has approved an endowment distribution policy based on a hybrid spending formula that contains a constant growth component and a market value based component, both of which are equally weighted. The 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; the market value component is based on 5% of the average of the three previous calendar year-end market values. The objective of this two-pronged approach is to provide support for operations while preserving intergenerational equity, as well as to insulate programming supported by endowments from short-term fluctuations in the investment markets.

Actual endowment return in excess of distributions under the spending policy is reinvested in the endowment. For years in which the actual endowment return is less than distributions under the policy, the shortfall is covered by realized returns from prior years. Specific appropriation for expenditure of funds under the University's endowment distribution policy occurs each spring when the Board of Trustees approves the operating budget for the following year. The fiscal 2009 pooled endowment and similar funds distribution of \$2.19 per unit totaled \$69,354, which was funded from accumulated realized gains. For fiscal 2008, the distribution of \$2.13 per unit totaled \$65,126, which was partially funded from accumulated realized gains.

In addition to the general distribution, the Board of Trustees has authorized a temporary supplemental distribution from unrestricted endowments of previously reinvested income, realized appreciation and principal to support certain development-related activities. This distribution, which is slated to phase out by 2015, totaled \$7,912 (2009) and \$5,886 (2008). Endowment income reported in the consolidated statement of activities includes both distributions to support current operational needs under the spending policy described above, and the supplemental endowment distribution to the extent that operating expenditures have been incurred.

Occasionally, the fair 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-designated funds, they are classified as a reduction of unrestricted net assets. Deficits of this nature reported in unrestricted net assets were \$22,709 (2009) and \$937 (2008). These deficits resulted from unfavorable market fluctuations that occurred after the investment of recently established endowments, and authorized appropriation that was deemed prudent.

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The University's endowment net asset composition by type of fund as of June 30, 2009 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board-designated endowment funds	\$ (2,311)	\$ -	\$ -	\$ (2,311)
Donor-restricted endowment funds	-	694,829	478,352	1,173,181
Total endowment funds	<u>\$ (2,311)</u>	<u>\$ 694,829</u>	<u>\$ 478,352</u>	<u>\$ 1,170,870</u>

Changes in endowment net assets for fiscal year 2009 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 1,025,816	\$ 251	\$ 472,164	\$ 1,498,231
Net assets reclassified based on adoption of UPMIFA	(998,935)	1,019,346	(20,411)	-
Endowment net assets after reclassification	26,881	1,019,597	451,753	1,498,231
Investment return:				
Investment income	47	15,529	-	15,576
Realized and unrealized depreciation	(5,795)	(286,230)	-	(292,025)
Total investment return	(5,748)	(270,701)	-	(276,449)
Contributions	63	838	26,165	27,066
Appropriation of endowment assets for expenditure	(798)	(77,614)	434	(77,978)
Reclassification of deficits in donor-designated funds	(22,709)	22,709	-	-
Endowment net assets, end of year	<u>\$ (2,311)</u>	<u>\$ 694,829</u>	<u>\$ 478,352</u>	<u>\$ 1,170,870</u>

Of the amount classified as temporarily restricted endowment net assets, \$435,371 represents the portion of perpetual endowment funds subject to time and purpose restrictions under Ohio's enacted version of UPMIFA.

6. Fair Value Measurements

Effective July 1, 2008, the University adopted Statement of Financial Accounting Standards No. 157, "Fair Value Measurements" (SFAS 157). SFAS 157 defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles and enhances disclosures about fair value measurements. Fair value is defined under SFAS 157 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.

SFAS 157 establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Observable inputs reflect market data obtained from sources independent of the reporting entity and unobservable inputs reflect the entities' own assumptions about how market participants would value an asset or liability based on the best information available. Valuation techniques used to measure fair value under SFAS 157 must maximize the use of observable inputs and minimize the use of unobservable inputs. The standard describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value.

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. A financial instrument's categorization within the valuation hierarchy is based on the lowest level of input that is significant to the fair value measurement.

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.

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Financial instruments carried at fair value as of June 30, 2009 by the SFAS 157 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				
Short-term investments	\$ 78,226	\$ 466	\$ -	\$ 78,692
Domestic stocks and mutual funds	204,689	1,450	13,378	219,517
International securities	59,693	26,336	56,438	142,467
Bonds				
• Government and municipal	11,160	9,231	-	20,391
• Corporate	4,857	17,405	-	22,262
Limited partnerships and other				-
• Venture capital	-	-	57,443	57,443
• Private equity	-	-	210,831	210,831
• Hedge fund	-	-	303,687	303,687
• Other	31,774	36,663	34,590	103,027
Equity real estate	213	-	104,868	105,081
Total investments	<u>390,612</u>	<u>91,551</u>	<u>781,235</u>	<u>1,263,398</u>
Funds held in trust by others	<u>-</u>	<u>-</u>	<u>220,656</u>	<u>220,656</u>
Total assets at fair value	<u>\$ 390,612</u>	<u>\$ 91,551</u>	<u>\$ 1,001,891</u>	<u>\$ 1,484,054</u>
Interest rate swaps payable	<u>-</u>	<u>19,036</u>	<u>-</u>	<u>19,036</u>
Total liabilities at fair value	<u>\$ -</u>	<u>\$ 19,036</u>	<u>\$ -</u>	<u>\$ 19,036</u>

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), and beneficial interests in funds held in trust by others.

The value of certain alternative investments represents the ownership interest in the net asset value (NAV) of the respective partnership. The fair values (NAV) 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.

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Funds held in trust by others are assets held and administered by outside trustees from which the University derives income or maintains a residual interest. These trusts are valued at the present value of the future income flows expected to be received over the term of the agreements.

A rollforward of the balance sheet amounts for financial instruments classified by the University within Level 3 of the fair value hierarchy is as follows:

	Stocks & Mutual Funds	Int'l Securities	Venture Capital	Private Equity	Hedge Funds	Other	Equity Real Estate	Total
Beginning balance, July 1, 2008	\$ 40,295	\$ 79,055	\$ 55,691	\$ 261,157	\$ 380,421	\$ 343,705	\$ 110,595	\$ 1,270,919
Realized (losses) gains and investment income	(2,795)	-	(2,442)	3,083	1,972	(82,518)	(1,806)	(84,506)
Unrealized gains (losses)	(9,697)	(22,617)	(2,656)	(68,887)	(58,434)	(11,224)	(14,026)	(187,541)
Net purchases, issuances and settlements	(14,425)	-	6,850	15,478	(20,272)	5,283	10,105	3,019
Transfers in (out) of Level 3	-	-	-	-	-	-	-	-
Ending balance, June 30, 2009	\$ 13,378	\$ 56,438	\$ 57,443	\$ 210,831	\$ 303,687	\$ 255,246	\$ 104,868	\$ 1,001,891

All net realized and unrealized gains and losses in the table above are included in the University's consolidated statement of activities. Net unrealized losses relate to those financial instruments held by the University at June 30, 2009.

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.

The provisions of Statement of Financial Accounting Standards No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities" were effective for the University as of July 1, 2008. The University did not elect fair value accounting for any assets or liabilities that are not currently required to be measured at fair value.

CASE WESTERN RESERVE UNIVERSITY
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING JUNE 30, 2009

7. Property, Plant, Equipment, and Books

Property, plant, equipment, and library 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:

	2009	2008
Land and land improvements	\$ 39,009	\$ 39,263
Building and building improvements	1,064,490	1,030,473
Equipment and software	248,975	234,674
Library books	32,855	31,687
Construction-in-progress	38,777	35,120
	<u>1,424,106</u>	<u>1,371,217</u>
Less: accumulated depreciation	(629,018)	(570,153)
	<u>\$ 795,088</u>	<u>\$ 801,064</u>

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 financial statements is the obligation for related bonds issued by the OHEFC.

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CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING JUNE 30, 2009

8. Bonds and Notes Payable

Bonds and notes payable are as follows:

	Interest Rate	Maturity	2009	2008
Ohio Higher Education Facility Commission revenue bonds and notes:				
Series 1988	7.85 - 7.90%	2009-2013	\$ 23,801	\$ 25,051
Series 1990	6.50 - 7.15%	2009-2020	11,650	11,830
Series 1994	6.00 - 6.25%	2014-2018	20,000	20,000
Series 1997	4.90 - 6.25%	2009-2014	8,920	8,920
Series 2001	Variable	2009-2022	13,285	14,790
Series 2002A	Variable	2023-2031	64,875	64,875
Series 2004A	3.625 - 5.00%	2016-2034	77,844	78,001
Series 2006	3.75 - 5.25%	2012-2044	90,194	90,569
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	52,621	52,764
U.S. Government housing bonds:				
Series 1966	3.00 - 3.50%	2009-2016	845	990
Series 1971	3.00%	2009-2016	905	1,015
Ohio Higher Education Facility Commission commercial paper	-various-	-various-	63,000	63,000
Ohio Higher Education Facility Commission capital lease	6.75%	2009-2018	681	710
Ohio Higher Education Facility Commission capital lease	4.123%	2009-2018	12,293	12,880
Charter One Bank	3.25%	2009	100	-
Compass Group USA, Inc.	-n/a-	2009-2019	3,750	938
HUD loan - part A	4.96%	2009-2041	12,617	12,779
HUD loan - part B	5.33%	2009-2041	4,335	4,386
			<u>\$ 589,216</u>	<u>\$ 590,998</u>

The fair value of the University's bonds and notes payable is approximately \$569,412 (2009) and \$571,925 (2008). These values were estimated utilizing the discounted future cash outflows at rates for similar debt.

CASE WESTERN RESERVE UNIVERSITY
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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. Interest rates for this program averaged 1.14% (2009) and 2.67% (2008).

The University has a revolving line of credit with a financial institution with an individual limit of \$60,000 to finance working capital. In June 2009, a second revolving line of credit was opened with another financial institution with an individual limit of \$40,000, also to finance working capital. Both lines are subject to review and renewal annually. There were no amounts outstanding at June 30, 2009.

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 \$1,367 (2009) and \$1,233 (2008).

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

2010 —	\$5,121
2011 —	\$5,151
2012 —	\$5,500
2013 —	\$6,869
2014 —	\$7,081
Thereafter —	\$528,226

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 bonds and commercial paper if they cannot be remarketed. In the event that the bonds and notes covered by these agreements were not remarketable and the agreements not otherwise renewed, the principal amounts due in the principal payment requirements table for the periods noted would be \$68,121; \$132,651; \$5,500; \$6,869; \$7,081; and \$337,726, respectively.

Interest payments for fiscal year 2009, including payments for variable rate debt, were \$21,518. Interest payments under interest rate swap agreements during fiscal 2009 totaled \$4,091. 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, 2009.

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CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING JUNE 30, 2009

9. Retirement Plans

The University has both defined benefit and defined contribution pension plans for its employees. In accordance with ERISA requirements, 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:

	<u>2009</u>	<u>2008</u>
Benefit obligation at June 30	\$ 103,584	\$ 88,378
Fair value of plan assets at June 30	<u>78,022</u>	<u>99,796</u>
Funded status at June 30	<u>\$ (25,562)</u>	<u>\$ 11,418</u>
Accumulated benefit obligation	\$ 102,999	\$ 87,924

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

	<u>2009</u>	<u>2008</u>
Net periodic benefit cost	\$ 1,900	\$ 1,914
Employer contributions	\$ -	\$ 7,098
Benefits paid	\$ 2,769	\$ 3,056

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

2010 —	\$ 3,860
2011 —	\$ 3,715
2012 —	\$ 3,522
2013 —	\$ 5,001
2014 —	\$ 5,868

Amounts expected to be paid between 2015 and 2019 total \$33,706. The University's estimated employer contribution for the defined benefit plan in fiscal 2010 will depend on the results of the July 1, 2009 actuarial valuation.

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

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CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING JUNE 30, 2009

	<u>2009</u>	<u>2008</u>
Benefit obligation:		
Discount rate	6.50%	7.00%
Rate of compensation increase	4.50%	4.50%
Measurement date	6/30/09	6/30/08
Census date	7/1/08	7/1/07
Net periodic benefit cost:		
Discount rate	7.00%	6.50%
Expected return on plan assets	8.50%	9.00%
Rate of compensation increase	4.50%	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:

	<u>2009</u>	<u>2008</u>
Equity securities	66.00%	64.00%
Fixed income securities	29.00%	24.00%
Real estate	3.00%	10.00%
Other	2.00%	2.00%
Total	<u>100.00%</u>	<u>100.00%</u>

CASE WESTERN RESERVE UNIVERSITY
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING JUNE 30, 2009

The amounts recognized in the University's balance sheet and in unrestricted net assets related to the defined benefit plan are as follows:

	<u>2009</u>	<u>2008</u>
Balance sheet:		
Net balance sheet (liability) asset	<u>\$ (25,562)</u>	<u>\$ 11,418</u>
Unrestricted net assets:		
Prior service costs	1,020	1,356
Actuarial losses (gains)	<u>34,671</u>	<u>(745)</u>
Amount recognized as a reduction of unrestricted net assets	<u>\$ 35,691</u>	<u>\$ 611</u>

The estimated amortization of prior year service costs expected in fiscal 2010 totals \$336.

Components of the net periodic benefit cost and other changes in plan assets that are recognized in the statement of activities for fiscal year 2009 are as follows:

Change in actuarial losses	\$ 35,416
Amortization of prior service cost	<u>(336)</u>
Total loss recognized in unrestricted net assets	\$ 35,080
Net periodic benefit cost	1,900
Employer contributions	<u>-</u>
Total loss recognized in the statement of activities	<u>\$ 36,980</u>

Benefit plan costs for the defined contribution plan are \$17,652 (2009) and \$17,051 (2008).

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 \$89,962 (2009) and \$90,990 (2008).

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 \$9,506.

11. Related Party Transaction (Utilities)

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 \$22,692 (2009) and \$19,414 (2008). No obligation associated with this agreement is recorded in the accompanying 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.

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 balance sheets are as follows:

Date of Agreement	Notional Amount	Fixed Rate	Maturity Date	2009	2008
August 2004	\$ 13,285	4.34%	2022	\$ (1,858)	\$ (1,163)
May 2002	15,000	4.43%	2022	(2,752)	(1,790)
September 2002	15,000	3.60%	2022	(1,452)	(494)
October 2003	35,000	3.81%	2034	(5,588)	(2,187)
December 2006	100,000	3.37%	2012	(4,922)	(1,640)
January 2008	100,000	3.37%	2017	(2,464)	(1,533)

Changes in the fair value of derivative instruments are recorded in non-operating revenues and expenses as investment and other income.

13. Commonfund Short Term Investment Fund

Last year, the University disclosed a subsequent event related to the Commonfund Short Term Investment Fund (CSTIF) in the consolidated financial statements. As of June 30, 2008, the balance in the CSTIF was \$1,501 and was reported in cash and temporary investments. Subsequent to June 30, 2008, the University increased its investment in CSTIF to \$19,550. On September 27, 2008, the CSTIF trustee terminated the fund and distributions were pending an orderly liquidation of its assets. As of June 30, 2009, the University has received distributions in the amount of \$17,394 and the balance of \$2,156 remaining in the CSTIF is reported in investments. The timing and amount of future distributions is dependent on the sale or maturity of the CSTIF's underlying investments and the liquidity of markets into which those investments may be sold. The distributions are expected to be received in full – no amounts are reserved.

14. Subsequent Events

The University has performed an evaluation of subsequent events through October 10, 2009, 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, 2009

<u>FEDERAL GRANTOR/PROGRAM TITLE</u>	<u>Catalog of Federal Domestic Assistance Number</u>	<u>Pass Through Entity Identifying Number</u>	<u>Expenditures</u>
Research and Development and Research Training Cluster - University			
Research and Development - University			
Department of Agriculture			
Direct Programs			
Other Department of Agriculture Programs	10.000		\$ 4,262
Pass Through Programs			
University of Wisconsin - Madison	10.206	P631536	6,090
			<u>6,090</u>
Department of Agriculture Subtotal			<u>10,352</u>
 Department of Commerce			
Direct Programs			
Measurement and Engineering Research and Standards	11.609		63,393
Pass Through Programs			
Ohio State University Research Foundation	11.417	RF01052994	14,896
Ohio State University Research Foundation	11.431	RF01148473	26,321
University of Michigan	11.432	3001071084	30,461
Ohio Aerospace Institute	11.612	R-300-100187-40101	(37,440)
			<u>34,238</u>
Department of Commerce Subtotal			<u>97,631</u>
 Department of Defense			
Direct Programs			
Other Department of Defense Programs	12.000		33,887
Basic and Applied Scientific Research	12.300		2,334,559
Military Medical Research and Development	12.420		1,392,586
Basic Scientific Research	12.431		972,782
Air Force Defense Research Sciences Program	12.800		588,055
Research & Technology Development	12.910		788,147
Pass Through Programs			
Advanced Technology Institute	12.000	2006-386	51,479
Giner, Inc.	12.000	W911NF-08-C0062	72,766
Giner, Inc.	12.000	W911NF-08-C0062	27,367
Klab Inc.	12.000	FA9302-06-C-0007	5,467
OptiMetric Inc	12.000	23645	1,069
Timken Company	12.000	F33615-03-D-2353	14,407
Timken Company	12.000	TIMKEN	37
Timken Company	12.000	TIMKEN	169,691
University of California, Berkeley	12.000	4714-10417	832,424
University of Dayton	12.000	RSC04007	30,692
Virtual Incubation Company, LLC	12.000	W81XWH-08-C-0112	25,488
			<u>1,230,887</u>
Ohio Aerospace Institute	12.300	R-300-100197-10000	45,896
University of Washington	12.300	429159	95,615
			141,511
Ardiem Medical, Inc.	12.420	W81XWH0720044	257,774
Cleveland Clinic Foundation	12.420	W81XWH-07-1-0656	54,067
Rutgers University	12.420	S1072764	258,435
University of Virginia	12.431	GG10799-125509	69,455
Princeton University	12.800	00001440	153,552
			<u>793,283</u>
Department of Defense Subtotal			<u>8,275,697</u>

CASE WESTERN RESERVE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

for the year ended June 30, 2009

<u>FEDERAL GRANTOR/PROGRAM TITLE</u>	<u>Catalog of Federal Domestic Assistance Number</u>	<u>Pass Through Entity Identifying Number</u>	<u>Expenditures</u>
Department of Housing and Urban Development			
Direct Programs			
General Research and Technology Activity	14.506		193,446
Healthy Homes Demonstration Grants	14.901		69,381
			<hr/>
Department of Housing and Urban Development Subtotal			262,827
			<hr/>
Department of the Interior			
Direct Programs			
U.S. Geological Survey_Research and Data Collection	15.808		98
			<hr/>
Department of the Interior Subtotal			98
			<hr/>
Department of Transportation			
Pass Through Programs			
Ohio Department of Transportation	20.205	21728	8,200
Ohio Department of Transportation	20.205	21815	43,350
Ohio Department of Transportation	20.205	22231	2,228
			<hr/>
Department of Transportation Subtotal			53,778
			<hr/>
National Aeronautics and Space Administration			
Direct Programs			
Other NASA Programs	43.000		41,633
Aerospace Education Services Program	43.001		600,950
Technology Transfer	43.002		746,167
Pass Through Programs			
California Institute of Technology	43.000	44E-1083742	220,388
Princeton University	43.000	00001565	20,000
Universities Space Research Association	43.002	04520-01	14,728
Virginia Commonwealth University	43.002	PT090702-SC100220	2,827
			<hr/>
National Aeronautics and Space Administration Subtotal			1,646,693
			<hr/>
National Endowment for the Arts			
Pass Through Programs			
American Antiquarian Society	45.161		49,287
			<hr/>
National Endowment for the Arts			49,287
			<hr/>
National Science Foundation			
Direct Programs			
Engineering Grants	47.041		1,479,257
Mathematical & Physical Sciences	47.049		8,271,153
Geosciences	47.050		216,250
Computer and Information Science & Engineering	47.070		738,280
Biological Sciences	47.074		752,827
Social, Behavioral and Economic Sciences	47.075		378,428
Polar Programs	47.078		56,673
International Science and Engineering (OISE)	47.079		11,616
Pass Through Programs			
T/J Technologies	47.000		2,444
Old Dominion University	47.041	09-133-383991	11,647

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<u>FEDERAL GRANTOR/PROGRAM TITLE</u>	<u>Catalog of Federal Domestic Assistance Number</u>	<u>Pass Through Entity Identifying Number</u>	<u>Expenditures</u>
Scattering Solutions, LLC	47.041	IIP-0740033	20,405
University of Alabama	47.041	06-067	31,970
University of Illinois	47.041	2005-05374-03	45,631
University of Texas Health Science Center	47.041	2610009561	39,833
Western Robotics	47.041	IIP-064638	65
Yale University School of Medicine	47.049	Y-08-18	26,831
University of Southern California	47.050	119935	23,983
University of Iowa	47.074	420-40-32A	49,867
University of Chicago	47.078	23132-B	21,052
University of Chicago	47.078	ANT-0638937	147,985
National Science Foundation Subtotal			<u>12,326,197</u>
Department of Veteran Affairs			
Direct Programs			
Other Department of Veteran's Affairs Programs	64.000		<u>22,671</u>
Department of Veteran Affairs Subtotal			<u>22,671</u>
Environmental Protection Agency			
Pass Through Programs			
Buffalo State College	66.469		<u>4,154</u>
Environmental Protection Agency Subtotal			<u>4,154</u>
Department of Energy			
Direct Programs			
Other Department of Energy Programs	81.000		843,557
Inventions and Innovations	81.036		(435)
Office of Science Financial Assistance Program	81.049		671,917
University Coal Research	81.057		191,221
Renewable Energy Research and Development	81.087		258,212
Pass Through Programs			
3M Company	81.000	USMMM040W3	251,419
Advanced Technology Institute	81.000	ATI 2005-301	20,216
Thomas Jefferson University	81.000	100223371	6,481
University of Pittsburgh	81.000	H133E070024	88,482
Los Alamos National Laboratories	81.036	61008-001-08	195,408
UT-Battelle, LLC	81.036	4000064887	12,882
Stanford University	81.049	DE-FG02-05ER64136	<u>309,066</u>
Department of Energy Subtotal			<u>2,848,426</u>
Department of Education			
Direct Programs			
Research in Special Education	84.324		27,053
Pass Through Programs			
Brecksville-Broadview Heights City School District	84.184	Project Cascade	<u>31,578</u>
Department of Education Subtotal			<u>58,631</u>
Department of Health & Human Services			
Direct Programs			
Food and Drug Administration_Research	93.103		218,841

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<u>FEDERAL GRANTOR/PROGRAM TITLE</u>	<u>Catalog of Federal Domestic Assistance Number</u>	<u>Pass Through Entity Identifying Number</u>	<u>Expenditures</u>
Maternal & Child Health Federal Consolidated Programs	93.110		327,043
Environmental Health	93.113		749,594
Oral Diseases & Disorder Research	93.121		4,035,637
Grants to Increase Organ Donations	93.134		13,250
Human Genome Research	93.172		2,319,030
Research Related to Deafness & Communications Disorders	93.173		954,225
Immunization Research, Demonstration, Public Information and Education_Training and Clinical Skills Improvement Projects	93.185		74,343
Research and Training in Complementary and Alternative Medicine	93.213		290,893
National Center on Sleep Disorders Research	93.233		1,592,590
Mental Health Research Grants	93.242		3,388,359
Occupational Safety and Health Program	93.262		68,748
Alcohol Research Career Development Awards for Scientists and Clinicians	93.271		124,309
Alcohol Research Programs	93.273		406,749
Drug Abuse and Addiction Research Programs	93.279		914,809
Mental Health Research Career/Scientist Development Awards	93.281		182,386
Centers for Disease Control and Prevention_Investigations and Technical Assistance	93.283		3,575,358
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286		4,690,199
Minority Health and Health Disparities Research	93.307		1,215,383
Trans-NIH Research Support	93.310		168,435
Nursing Research	93.361		2,337,959
National Center for Research Resources	93.389		14,089,904
Cancer Cause & Prevention Research	93.393		5,526,268
Cancer Detection and Diagnosis Research	93.394		1,793,681
Cancer Treatment Research	93.395		4,319,172
Cancer Biology Research	93.396		2,645,492
Cancer Centers Support Grants	93.397		6,607,518
Cancer Research Manpower	93.398		1,498,318
Cancer Control	93.399		828,715
Refugee and Entrant Assistance_Wilson/Fish Program	93.583		169,130
Trans-NIH Recovery Act Research Support	93.701		112,525
Cardiovascular Diseases Research	93.837		10,119,891
Lung Diseases Research	93.838		3,069,885
Blood Diseases and Resources Research	93.839		2,129,280
Arthritis, Musculoskeletal, and Skin Diseases Research	93.846		4,619,296
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847		13,646,475
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		7,741,397
Allergy, Immunology and Transplantation Research	93.855		14,240,947
Microbiology and Infectious Diseases Research	93.856		4,481,850
Biomedical Research and Research Training	93.859		6,243,152
Child Health and Human Development Extramural Research	93.865		6,508,199
Aging Research	93.866		8,198,289
Vision Research	93.867		7,977,076
Medical Library Assistance	93.879		391,119
Health Care and Other Facilities	93.887		1,304,261
International Research and Research Training	93.989		1,002,049
Pass Through Programs			
Arteriocyte, Incorporated	93.000		(4,646)
Mt. Sinai Health Care Foundation	93.000	TACT	10,442
University of California, San Francisco	93.000	557445-25784	69,725
			75,521
University of Florida	93.103	UF06127	96,873
Shaker Heights Health Department	93.104	2 SP12139-05	5,045

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Sensor Development Corporation	93.113	ES013664	16,429
Wayne State University	93.113	WSU07044	(2,736)
Johns Hopkins University	93.121	8607-62301	15,818
			<hr/> 131,429
Boston University	93.172	6203-5	99,166
Howard University	93.172	HG002677	4,966
			<hr/> 104,132
Cornell University	93.173	56083-8774	99,295
University of Minnesota	93.173	S6426142101	49,007
Vanderbilt University	93.173	DC008408	20,589
Vanderbilt University	93.173	VUMC32871-R	86,265
Baylor College of Medicine	93.184	100400918	61,235
Rush Presbyterian - St. Luke's Medical Center	93.226	HS015688	13,434
			<hr/> 329,825
Washington University	93.233	WU-06-76	328,497
			<hr/> 328,497
Cincinnati Children's Hospital	93.242	CHMC 102316-CWRU	213,496
Cleveland Medical Devices, Inc.	93.242	CLEVELAND MEDICAL	8,911
Duke University	93.242	118685 SITE 14	30,220
Emory University	93.242	5-41045-G2	50,482
Neurotez, Inc.	93.242	NEUROTEZ	(9,012)
University of North Carolina	93.242	5-34528	58,531
Vanderbilt University	93.242	MH078028	252,176
			<hr/> 604,804
Thomas Jefferson University	93.273	080-04000-R82301	120,689
Association of American Medical Colleges	93.283	U36/CCU319276	64,004
Hemophilia Foundation of Michigan	93.283	U27/CCU513182-08	6,374
			<hr/> 191,067
Brown University	93.286	EB007401	23,588
Massachusetts Institute of Technology	93.286	5710002285	198,584
University of California, San Francisco	93.286	53655C	41,784
University of Oklahoma	93.286	OUHSC RS20071006-02	(90)
University of the Virgin Islands	93.307	EXPORT-2007-1	280
University of the Virgin Islands	93.307	CALLWOOD-2008-1	10,019
Massachusetts Institute of Technology	93.389	5710001819	33,768
University of Mississippi	93.389	RR017701	210,352
Massachusetts General Hospital	93.390	GM075946	174,735
Ohio State University Research Foundation	93.390	60003197	(97,906)
			<hr/> 595,114
American College of Radiology	93.393	CA021661	38
Henry Ford Health System	93.393	CA112379	70,568
Moffitt Cancer Center	93.393	10-14922-99-01-G5	11,744
National Childhood Cancer Foundation	93.393	15167	3,690
University of Texas- MD Anderson Cancer	93.393	21686/98012595	15,659
Virginia Commonwealth University	93.393	CA124607	72,854
Virginia Commonwealth University	93.393	PD300205-SC101314	79,688
			<hr/> 254,241
BiInVision, Inc.	93.394	CA124270	43,291
Burnham Institute	93.394	CA071932	128,341
Ohio State University Research Foundation	93.394	60005370	64,501
			<hr/> 236,133
Medical University of South Carolina	93.395	MUSC07-030	26,775
National Childhood Cancer Foundation	93.395	98543-1113	44,534
Wayne State University	93.395	WSU05014	91,453
			<hr/> 162,762
Dana Farber Research Institute	93.397	DANA FARBER 1082106	24,015

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National Surgical Adjuvant Breast & Bowe	93.399	PFED19-IRE-01	7,596
National Surgical Adjuvant Breast & Bowe	93.399	TIND-728	12,883
Southwest Oncology Group	93.399	CA037429	500
			<hr/> 44,994
Scripps Research Institute	93.583	5-22770	33,144
Brigham and Women Hospital	93.837	HL048743	527,118
Cleveland Medical Devices, Inc.	93.837	CLEVE. MED. DEVICES	(26)
Constella Group Inc	93.837	328310003	3,076
NIH-National Heart, Lung, and Blood Institute	93.837	HL092933	133,093
Northern California Institute for Research	93.837	2 FRAM 767-01	(1,812)
Northwestern University	93.837	PROJ0001040	65,977
University of California, Los Angeles	93.837	1568 G KB381	5,101
University of Maryland	93.837	HL 074237	198,827
University of Maryland	93.837	HL074237	167,325
University of Pittsburgh	93.837	110146-2	18,574
Washington University	93.837	WU-09-186	1,287
			<hr/> 1,151,684
Arteriocyte, Inc.	93.838	HL080856	131
Duke University	93.838	ESCAPE - 21	901
Massachusetts Institute of Technology	93.838	5710002293	10,512
University of Chicago	93.838	37781	117,763
University of North Carolina	93.838	5-34400	78,597
University of North Carolina	93.838	5-51358	19,044
New England Research Institutes	93.839	TMH NETWORK MASTER	3,010
			<hr/> 229,958
Drexel University	93.846	232222-3850	88,304
Duke University	93.846	APPLE SITE 16	11,831
Oklahoma Medical Research Foundation	93.846	AR042460	11,770
			<hr/> 111,905
Albert Einstein College of Medicine YU	93.847	9-526-2342	41,356
Cincinnati Children's Hospital	93.847	CHILD.HOSP. CINCINN.	11,824
George Washington University	93.847	T2K0506	643,020
Medical College of Georgia	93.847	20497-21	11,332
Medical College of Georgia	93.847	DK76169	554,019
University of Michigan	93.847	3000949031	37,302
			<hr/> 1,298,853
University of Maryland	93.848	DK046461	79,385
Vanderbilt University	93.848	VUMC33829-R	39,399
Children's Mercy Hospital	93.849	04-0032	(340)
Los Angeles Biomedical Research Institute	93.849	DK069844	65,101
Tufts University	93.849	DK071675	(2)
University of Alabama, Birmingham	93.849	DK074038	38,777
University of California, San Francisco	93.849	000985	6,366
University of California, San Francisco	93.849	4510SC	47,470
University of Chicago	93.849	TRACS:30004	66,619
University of Michigan	93.849	DK079912-01	23,344
University of Pennsylvania	93.849	5-44131	20,753
			<hr/> 386,872
Children's Hospital and Regional Medical	93.853	CHMC 380	65,892
Children's Hospital Research Foundation	93.853	CHMC #345	19,583
Medical University of South Carolina	93.853	MUSC08-063	7,529
Northwestern University	93.853	0600 370 S227 1222	5,775
University of California, Irvine	93.853	10231579	940
University of Alabama, Birmingham	93.853	NS042685-71	683
University of Chicago	93.853	24469	(1)
University of Cincinnati	93.853	19449	24,673

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University of Florida	93.853	UF07057	1,780
University of Kentucky	93.853	R01NS053470	104,534
University of Medicine & Dentistry-New Jersey	93.853	NS044097	(14,405)
University of Miami	93.853	66154W	18,939
University of South Florida	93.853	6112-162-LO-C	(6,305)
University of Texas Health Science Center	93.853	122267-122182	3,228
University of Utah	93.853	10001299	33,143
University of Washington	93.853	WU-08-248	(17,499)
Washington University	93.853	WU-06-35	79,137
Yale University School of Medicine	93.853	A06113	23,522
			<hr/> 351,148
University of Cincinnati	93.854	NS039160	3,210
Johns Hopkins University	93.855	8609-04401-X	48,677
Magee Woman's Hospital	93.855	4292	7,006
Mount Sinai School of Medicine	93.855	MT. SINAI	322,452
Mount Sinai School of Medicine of the New York	93.855	0255-1611-4609	185,744
University of Alabama, Birmingham	93.855	AI067039	328,389
University of Maryland	93.855	AI055710	39,843
University of South Florida	93.855	6408-1009-01-A	114,810
University of Texas Medical Branch	93.855	09-007	85,987
University of Washington	93.855	R01 AI070090	206,993
Washington University	93.855	WU-06-211	68,328
Washington University	93.855	WU-07-178	197,188
Washington University	93.855	WU-07-183	16,357
Washington University	93.855	WU-08-191	197,820
			<hr/> 1,822,804
Duke University	93.856	303-0990	32,760
Midwest Regional Center of Excellence	93.856	U54AI057160	45,807
Midwest Regional Center of Excellence	93.856	U54AI057160	224
Oregon Health and Sciences University	93.856	GPEDI0184A1	83,444
Social & Scientific Systems, Inc.	93.856	BRS-ACURE-Q-06-00136	562,288
University of California, Irvine	93.856	114 VN	7,025
University of Minnesota	93.856	SILCAAT	5,550
University of Washington	93.856	860515	8,750
University of Washington	93.856	986628	6,082
University of Wisconsin - Madison	93.856	292H143	140,458
University of Wisconsin - Madison	93.856	J033342	541,259
			<hr/> 1,433,647
Mayo Foundation- Rochester	93.859	GM061388	162,914
Structural Genomix Inc	93.859	SGX PHARMACEUTICALS	467,805
University of Illinois	93.864	HD056954	37,527
Children's Research Institute	93.865	CHILDREN'S RESEARCH	219,542
Duke University	93.865	DUKE UNIVERSITY	4,214
Kent State University	93.865	445727-P070660	16,429
Magee Woman's Hospital	93.865	26.635.653.3301.1370	81,179
Ohio State University Research Foundation	93.865	RF01076422/60011063	257,149
Ohio State University Research Foundation	93.865	RF01152211	4,804
University of California, San Diego	93.865	10283438-001	297,078
University of Michigan	93.865	3000640016	22,309
			<hr/> 1,570,950
Aegis Biosciences LLC	93.866	AEGIS BIOSCI	27,801
Boston University	93.866	GC159610NGC	199,766
California Pacific Medical Center	93.866	2803212-S039	63,935
Research Foundation for Mental Hygiene	93.866	002458	3,638
Rutgers University	93.866	RUTGERS UNIVERSITY	86,862
University of California, San Diego	93.866	114 HBA	46,962

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University of California, San Diego	93.866	ADC-023	44,413
University of California, San Diego	93.866	ADC-027	39,954
University of Louisville Health Sciences	93.866	05-1523-Z07	(3,183)
			<hr/> 510,148
Jaeb Center for Health Research	93.867	EY012358	175,674
Jaeb Center for Health Research- Contract	93.867	DRCR - SITE 4051	33,449
Mayo Foundation- Rochester	93.867	REY017732B	(22,813)
University of California, Irvine	93.867	10205850-003	32,912
University of Florida	93.867	UF06042	58,531
University of Wisconsin - Madison	93.867	195694	104,790
			<hr/> 382,543
Department of Health & Human Services Subtotal			<hr/> 169,221,060
 Department of Homeland Security			
Direct Programs			
Assistance to Firefighters Grant	97.044		270,319
Department of Homeland Security Subtotal			<hr/> 270,319
 Total Research and Development - University Only			<hr/> 195,147,821
 Department of Defense			
Direct Programs			
Other Department of Defense Training Programs	12.000		23,006
Military Medical Research and Development	12.420		63,290
Basic, Applied, and Advanced Research in Science and Engineering	12.630		82,173
Department of Defense Subtotal			<hr/> 168,469
 Department of Housing and Urban Development			
Direct Programs			
Other Department of Housing and Urban Development Programs	14.000		(50,852)
Department of Housing and Urban Development Subtotal			<hr/> (50,852)
 Department of Transportation			
Direct Programs			
Highway Training and Education	20.215		1,500
Pass Through Programs			
University of Akron	20.701	DTRT06-G-0037	2,301
Department of Transportation Subtotal			<hr/> 3,801
 National Aeronautics and Space Administration			
Direct Programs			
Aerospace Education Services Program	43.001		43,621
Technology Transfer	43.002		9,649
National Aeronautics and Space Administration Subtotal			<hr/> 53,270
 National Science Foundation			
Direct Programs			

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<u>FEDERAL GRANTOR/PROGRAM TITLE</u>	<u>Catalog of Federal Domestic Assistance Number</u>	<u>Pass Through Entity Identifying Number</u>	<u>Expenditures</u>
Engineering Grants	47.041		151,632
Education and Human Resources	47.076		191,712
Trans-NSF Recovery Act Research Support	47.082		24,444
Pass Through Programs			
City of Cleveland Board of Education	47.000	47-076	204,241
Ohio State University Research Foundation	47.076	745922	15,100
Jackson State University	47.080	OIA-0751515	20,000
National Science Foundation Subtotal			607,129
Department of Education			
Direct Programs			
Special Education - Personnel Preparation to Improve Services and Results for Children with Diabetes	84.325		185,963
Pass Through Programs			
Cleveland State University	84.366	CI-667-OMAP-09-07	547
Department of Education Subtotal			186,510
Department of Health & Human Services			
Direct Programs			
Maternal and Child Health Federal Consolidated Programs	93.110		194,777
Nurse Anesthetist Traineeships	93.124		26,565
Biological Research Related to Deafness and Communicative Disorders	93.173		2,289
National Research Service Awards_Health Services Research Training	93.225		280,904
National Center on Sleep Disorders Research	93.233		64,374
Mental Health Research Grants	93.242		134,441
Advanced Education Nursing Grant Program	93.247		41,197
Alcohol National Research Service Awards for Research Training	93.272		36,973
Mental Health National Research Service Awards for Research Training	93.282		21,746
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286		179,915
Advanced Education Nursing Traineeships	93.358		121,162
Nursing Research	93.361		445,795
National Center for Research Resources	93.389		3,259,167
Cancer Biology Research	93.396		299,050
Cancer Centers Support Grants	93.397		899
Cancer Research Manpower	93.398		2,252,315
Cancer Control	93.399		(54)
Cardiovascular Diseases Research	93.837		946,228
Lung Diseases Research	93.838		1,044,378
Blood Diseases and Resources Research	93.839		482,231
Arthritis, Musculoskeletal and Skin Diseases Research	93.846		338,455
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847		700,577
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		298,393
Allergy, Immunology and Transplantation Research	93.855		70,841
Microbiology and Infectious Diseases Research	93.856		187,095
Biomedical Research and Research Training	93.859		2,239,465
Child Health and Human Development Extramural Research	93.865		1,101,365
Aging Research	93.866		236,233
Vision Research	93.867		279,660
Grants for Training in Primary Care Medicine and Dentistry	93.884		482,344
Scholarships for Health Professions Students from Disadvantaged Backgrounds	93.925		60,394
Geriatric Education Centers	93.969		429,257
International Research and Research Training	93.989		1,631,674
Pass through programs			

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<u>FEDERAL GRANTOR/PROGRAM TITLE</u>	<u>Catalog of Federal Domestic Assistance Number</u>	<u>Pass Through Entity Identifying Number</u>	<u>Expenditures</u>
Miami University	93.243	CG01175-01	4,908
Department of Health & Human Services Subtotal			<u>17,895,013</u>
Total Research Training Grants			<u>18,863,340</u>
Sub Total Research and Development and Research Training Cluster			<u>214,011,161</u>
Research and Development - Cleveland Clinic Lerner College of Medicine (see Footnote 1)			
Department of Health & Human Services			
Direct Programs			
Environmental Health	93.113		163,465
Oral Diseases & Disorder Research	93.121		243,543
Human Genome Research	93.172		432,377
Research and Training in Complementary and Alternative Medicine	93.213		206,870
Alcohol National Research Service Awards for Research Training	93.272		17,812
Alcohol Research Programs	93.273		809,746
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286		103,349
Trans-NIH Research Support	93.310		94
National Center for Research Resources	93.389		1,194,641
Cancer Cause & Prevention Research	93.393		515,122
Cancer Detection and Diagnosis Research	93.394		404,328
Cancer Treatment Research	93.395		3,424,132
Cancer Biology Research	93.396		3,312,273
Cancer Research Manpower	93.398		2,008,176
Family Violence Prevention and Services/Grants for Battered Women's Shelters_Grants to States and Indian Tribes	93.671		375,960
Trans-NIH Recovery Act Research Support	93.701		11,752
Cardiovascular Diseases Research	93.837		18,581,652
Lung Diseases Research	93.838		2,944,615
Blood Diseases & Resources Research	93.839		7,435,823
Arthritis, Musculoskeletal, & Skin Diseases Research	93.846		1,792,840
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847		6,214,159
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		7,550,000
Allergy, Immunology and Transplantation Research	93.855		4,452,811
Microbiology and Infectious Diseases Research	93.856		13,446
Biomedical Research and Research Training	93.859		3,000,379
Child Health and Human Development Extramural Research	93.865		1,295,411
Aging Research	93.866		2,044,589
Vision Research	93.867		1,777,600
Medical Library Assistance	93.879		113,788
Pass Through Programs			
University Of Louisville	93.121	DE017706	29,086
Baylor College Of Medicine	93.172	HG003083	1,236
Massachusetts Eye And Ear	93.173	U01 DC006296-01	257,188
Butler Hospital	93.242	R01MH076179	220,497
Cme Development Inc.	93.242	R42MH073197	52,287
Duke University	93.242	U10HL080413	55,115
Massachusetts General Hospital	93.242	R01MH071762	71,403
Biomedical Imaging	93.286	R01EB003975	1,743,929
Massachusetts General Hospital	93.286	R01EB009048	21,731
Univ Of California At San Francisco	93.286	R01 EB008049	68,939
Univ Of Southern California	93.286	R01EB002010	111,371
University of Nebraska	93.294	5 U01 CA114778	723

CASE WESTERN RESERVE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

for the year ended June 30, 2009

<u>FEDERAL GRANTOR/PROGRAM TITLE</u>	<u>Catalog of Federal Domestic Assistance Number</u>	<u>Pass Through Entity Identifying Number</u>	<u>Expenditures</u>
Ohio State University Rsch	93.346	P01CA097189	40,962
Lam Foundation	93.363		54,228
Boston University	93.389	5 U54 R019497	145,255
Cincinnati Child Hosp Rsch Fdn	93.389	R01AR050028	64,891
Cincinnati Child Hosp Rsch Fdn	93.389	RR 19498	58,733
Beth Israel Deaconess Medical Center	93.393	1 R01 CA095662	5,325
Emory University	93.393	R01CA114456	20,298
Moffitt Cancer Ctr & Rsch	93.393	1 R01 CA112112-01A1	(7,049)
University Of California	93.393	5 R01 CA74799	325,808
Brigham and Women's Hospital	93.394	1 R01 CA100833	55,484
Mayo Clinic	93.394	CA122426	4,703
Ohio State University	93.394	3 U01 CA044971	1
Univ Of Washington At St Louis	93.394	CA068124	4,733
Univ Of Washington At St Louis	93.394	CA107209	26,891
University Of Miami	93.394	R01CA122105	5,755
University Of Nebraska	93.394	U01CA114778	35,460
American College Of Radiol	93.395	CA 21661	29,702
City Of Hope	93.395	R01CA90559	4,516
Duke University	93.395	U10CA076001	11,471
Gynecological Oncology Group	93.395	U10CA027469	138,635
Johns Hopkins University	93.395	R01CA100904	3,025
Massachusetts General Hospital	93.395	CA084203	121,326
Moffitt Cancer Center	93.395	R01CA131076	102,811
National Childhood Cancer	93.395	U10CA098543	89,014
Ohio State University Rsch	93.395	1 R01 CA093871-02	2,084
Ohio State University Rsch	93.395	U01CA044971	62,911
Southwestern Oncology Group	93.395	CA 04919	187,247
Southwestern Oncology Group	93.395	CA 32102	80
University of Michigan	93.395	6 U10 CA032102	17,947
University of Pittsburgh	93.395	5 R01 CA114071	49,992
University of Pittsburgh	93.395	CA109688	134,604
Washington University	93.395	5 R01 CA095614-04	(2,221)
Ohio State University	93.396	1 P01 CA097189	275,249
Ohio State University	93.396	1 R01 CA097391	39,830
Ohio State University	93.396	P01CA124570	391,497
University Of Pittsburgh	93.396	CA 57840-10	(485)
Johns Hopkins University	93.397	5 P50 CA058236-12	6,144
Ohio State University	93.397	5 U54 CA113001	108,298
Biomedical Imaging/Bioengineering	93.398	K08EB003468	187,185
Dartmouth College	93.399	5 R01 CA59005-14	(18,605)
Dartmouth College	93.399	5 R05 CA098286-03	207,270
Fred Hutchinson Cancer Center	93.399	1 R01 CA120582-01	8,086
Meridia Cancer Institute	93.399	R01CA037377	54,513
NSABP	93.399	U10CA037377	33
Southwest Oncology Group-Cancer Therapy And Research Foundation	93.399	CA 37429	91,114
University Of Colorado	93.399	2 R01 CA068099	6,446
University Of Pittsburgh	93.399	R01CA095023	(41,581)
			<hr/> 5,455,611
Biomec Cardiovascular Inc	93.837	R44HL065815	116,915
Cornell University	93.837	P01HL046403	(156)
Cornell University	93.837	P01HL067839	1,119
Cornell University	93.837	P01HL072942	1,923
Duke University	93.837	U01HL063747	157
Foster-Miller Inc	93.837	R44AR047257	637
Foster-Miller Inc	93.837	R44HL059030	853
Foster-Miller Inc	93.837	R44HL065819	4,093

CASE WESTERN RESERVE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

for the year ended June 30, 2009

<u>FEDERAL GRANTOR/PROGRAM TITLE</u>	<u>Catalog of Federal Domestic Assistance Number</u>	<u>Pass Through Entity Identifying Number</u>	<u>Expenditures</u>
Foster-Miller Inc	93.837	R44HL067487	13,381
Ichor Medical Systems	93.837	R43HL086071	666
Johns Hopkins - Pathology	93.837	P01HL056091	5,698
Mc3 Corporation	93.837	R43HL085986	14,972
Medical University-Ohio-Toledo	93.837	U01HL071556	(16,902)
Univ Of Washington At St Louis	93.837	R01HL074283	99,177
University Of Pittsburgh	93.837	R01HL075038	23,469
University Of Texas	93.837	U01HL087318	48,526
			<hr/> 314,528
Univ Of Washington At St Louis	93.838	R01HL091762	14,860
Vanderbilt University	93.838	R01HL083839	10,000
Biomec Cardiovascular Inc	93.839	R44HL067483	11,822
Burke Medical Rsrch Institute	93.839	R01HL082511	25,855
Nanomimetics, Inc.	93.839	R43HL082095	17,945
Univ Of Washington At St Louis	93.839	U01HL088476	20,384
University Of Illinois	93.839	U54HL090513	145,854
Brigham & Women's Hospital	93.846	R01AR055557	29,069
Cincinnati Child Hosp Rsch	93.846	R01AR049735	31,864
Seattle Children's Hospital	93.846	R01AR049762	34,015
Synthasone	93.846	R44AR051260	3,248
University Of Missouri	93.846	R01AR052775	86,357
Vanderbilt University	93.846	R01AR053684	25,351
Hypermed Inc	93.847	R41DK069871	16,147
Mayo Clinic	93.847	U01DK062410	58,483
Vanderbilt University	93.847	U01DK072473	(26,983)
			<hr/> 504,271
University Of Pennsylvania	93.848	R01DK059961	(34,421)
Feinstein Institute For Med	93.849	R33DK070341	17,545
Loyola University Chicago	93.849	K24DK064044	36,269
Mayo Clinic	93.849	U01DK062410	125,807
Metrohealth Hospital	93.849	DK077668	54,888
New England Medical Ctr-Tuf	93.849	K24DK078204	38,190
Univ Of Texas Medical Branch	93.849	R01DK073543	13,476
University Of Illinois	93.849	R01DK072231	47,516
University Of Pennsylvania	93.849	U01DK060990	18,432
University Of Utah	93.849	U01DK053869	56,429
Brigham & Women'S Hospital	93.853	R01NS049639	258
Cleveland Medical Devices	93.853	R44NS046978	(15,375)
Cleveland Medical Devices	93.853	U44NS057969	48,807
Cleveland Medical Devices	93.853	R44NS042451	197,300
Cleveland Medical Devices	93.853	R42NS054348	205,938
Columbia University	93.853	R01NS048212	(7,283)
Columbia University	93.853	U01NS043975	3,248
Cornell University	93.853	U01NS050324	4,403
Great Batch	93.853	R44NS039716	80,148
Mayo Clinic	93.853	R01NS042759	(6,560)
Mayo Clinic	93.853	R01NS028492	910
Medical Univ Of South Carolina	93.853	U01NS058728	11,057
Mount Sinai School Of Medicine	93.853	U01NS045719	81,251
Ohio University	93.853	K01NS046582	-
Twin Star Medical Inc	93.853	R43NS061364	8,924
Univ Of Medicine& Dentist	93.853	U01NS043975	2,803
Univ Of N Carolina Chapel Hill	93.853	5U01NS42167	47,666
University Of Cincinnati	93.853	U01NS052220	5,736
University Of Cincinnati	93.853	R01NS039512	29,503
University Of Iowa	93.853	R01NS054893	186,123

CASE WESTERN RESERVE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

for the year ended June 30, 2009

<u>FEDERAL GRANTOR/PROGRAM TITLE</u>	<u>Catalog of Federal Domestic Assistance Number</u>	<u>Pass Through Entity Identifying Number</u>	<u>Expenditures</u>
Yale University	93.853	NS044876-04	13,263
			<hr/> 1,272,251
Mount Sinai School Of Medicine	93.855	U01AI063594	398,777
Ohio State University Rsch	93.855	R01AI056318	226,129
Ucsf - Surgery1	93.855	U01AI052748	4,574
Univ Of Washington At St Louis	93.855	U54AI057160	14,711
Univ Of Washington At St Louis	93.855	U01AI077810	42,304
University Of Indiana	93.855	R01AI056318	307,449
Vanderbilt University	93.855	R01AI065744	118,078
Wayne State University	93.855	R21AI064907	19,314
Nanoprobe Inc	93.859	R43GM084542	17,564
Seattle Children'S Hospital	93.859	R01GM075184	39,711
University Of Michigan	93.865	U01HD041249	49,829
Mount Sinai School Of Medicine	93.866	R01AG029656	(29,492)
Rutgers University@Brunswick	93.866	R01AG024494	120,339
Univ Of Maryland Baltimore	93.866	2 R01 AG016613-07A1	49,018
Univ Of Maryland Baltimore	93.866	R01AG016613	79,154
Arteriocyte Inc.	93.867	R41EY018784	(17,776)
Emory University	93.867	U10EY013272	93,860
Jaeb Center Health Research	93.867	U10EY012358	(7,994)
Jaeb Center Health Research	93.867	U10EY014231	772
Medical College Of Georgia	93.867	R01EY012830	(122)
Univ Of Southern California	93.867	R01EY013516	54,210
Univ Of Wisconsin-Madison	93.867	U10EY014351	(3,914)
Univ Of Wisconsin-Madison	93.867	1 U10 EY014351-02	28,495
Yale University	98.853	U01NS044876	714
			<hr/> 1,605,704
Department of Health & Human Services Subtotal			<hr/> 79,880,628
Total Research and Development - Cleveland Clinic Lerner College of Medicine			<hr/> 79,880,628
Total Research and Development and Research Training Cluster			<hr/> 293,891,789
Student Financial Aid			
Department of Education			
Direct Programs-Student Financial Aid Cluster			
Federal Supplemental Educational Opportunity Grants	84.007		1,063,574
Federal Work-Study Program	84.033		2,343,427
Federal Pell Grant Program	84.063		2,547,690
			<hr/> 5,954,691
Total Department of Education-SFA Cluster			<hr/> 5,954,691
TRIO			
Department of Education			
Direct Programs			
TRIO_Talent Search	84.044		40,857
TRIO_Upward Bound	84.047		553,177
Department of Education Subtotal			<hr/> 594,034
Total TRIO Cluster			<hr/> 594,034
Other Federal Assistance			
Department of Defense			

CASE WESTERN RESERVE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

for the year ended June 30, 2009

<u>FEDERAL GRANTOR/PROGRAM TITLE</u>	<u>Catalog of Federal Domestic Assistance Number</u>	<u>Pass Through Entity Identifying Number</u>	<u>Expenditures</u>
Direct Programs			
Basic and Applied Scientific Research	12.300		7,567
Air Force Defense Research Sciences Program	12.800		10,757
Pass through programs			
United States Automotive Materials Partn	12.300	07-1723	32,972
Department of Defense Subtotal			<u>51,296</u>
 Department of Housing and Urban Development			
Direct Programs			
Lead Hazard Reduction Demonstration Grant Program	14.905		265,009
			<u>265,009</u>
National Aeronautics and Space Administration			
Direct Programs			
Aerospace Education Services Program	43.001		2,943
Pass through programs			
ASRC	43.001	AS4803	15,665
National Aeronautics and Space Administration Subtotal			<u>18,608</u>
 National Science Foundation			
Direct Programs			
Other NSF Programs	47.000		(43,497)
Engineering Grants	47.041		138,110
Mathematical and Physical Sciences	47.049		10,250
Biological Sciences	47.074		167,682
Education and Human Resources	47.076		123,299
National Science Foundation Subtotal			<u>395,844</u>
 Department of Veteran Affairs			
Direct Programs			
Other Department of Veteran's Affairs Programs	64.000		353
Department of Veteran Affairs Subtotal			<u>353</u>
 Department of Energy			
Pass through programs			
UT-Battelle, LLC	81.000	4000046301	(5,523)
Department of Energy Subtotal			<u>(5,523)</u>
 Department of Education			
Direct Programs			
Other Department of Education Programs	84.000		673,725
Graduate Assistance in Areas of National Need	84.200		767,495
Academic Competitiveness Grants	84.375		(1,300)
Pass through programs			
Cleveland State University	84.366	CI667-OMAP-08-13	3,902
Department of Education Subtotal			<u>1,443,822</u>
 Department of Health & Human Services			
Direct Programs			
Research Related to Deafness & Communications Disorders	93.173		662

CASE WESTERN RESERVE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

for the year ended June 30, 2009

<u>FEDERAL GRANTOR/PROGRAM TITLE</u>	<u>Catalog of Federal Domestic Assistance Number</u>	<u>Pass Through Entity Identifying Number</u>	<u>Expenditures</u>
Research on Healthcare Costs, Quality and Outcomes	93.226		4,265
Community Services Block Grant_Discretionary Awards	93.570		621
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		120,490
Block Grants for Community Mental Health Services	93.958		201,038
Pass Through Programs			
Association of American Medical Colleges	93.283	U36/CCU319276	19,786
Great Lakes Science Center	93.389	GLMSET	113
Booz Allen Hamilton, Incorporated	93.393	79950CBS10	44,066
Children's Hospital and Regional Medical	93.846	413820230101	8,199
Scripps Research Institute	93.854	5-22770	159
			<hr/> 72,323
Department of Health & Human Services Subtotal			<hr/> 399,399
Total Other Federal Assistance			<hr/> 2,568,808
TOTAL EXPENDITURES OF FEDERAL AWARDS			<hr/> \$ 303,009,322

CASE WESTERN RESERVE UNIVERSITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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. Negative amounts represent adjustments or credits to amounts reported as expenditures in prior years.

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.

The CCLCM operates under an affiliation agreement between the University and CCF. The parties have agreed that CCF has administrative responsibility for the CCLCM grants. CCLCM awards are on pages 34-37; however, because the CCF is responsible for the day to day operations, those awards are not included in the scope of the A-133 report. Ernst & Young LLP conducted the audit of CCF's compliance with all the requirements described in the U.S. OMB Circular Compliance Supplement that are applicable to the CCLCM grants. Accordingly, the CCLCM grants are excluded from the scope of the PwC audit. The most recent report of Ernst & Young LLP on compliance and internal controls over compliance of CCF as of December 31, 2008, which is dated September 29, 2009, contains an unqualified opinion with regard to compliance applicable to its research and development cluster program and multiple significant deficiencies with regard to internal control over compliance with that same cluster program.

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 \$16,566,840 was passed through to subgrantee organizations from the University and \$9,439,874 from the CCLCM for the year ended June 30, 2009. \$119,339 was passed through under other programs.

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.

3. Indirect Costs:

The University recovers indirect costs by means of final indirect 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, 2008 to June 30, 2009 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.

CASE WESTERN RESERVE UNIVERSITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

4. Loan Advances:

The following schedule represents total loans advanced to students by the University and balances outstanding for the Perkins, Nursing, Health Profession Student and Disadvantaged Students Loan Programs for the year ended June 30, 2009:

	CFDA Number	Advances	Outstanding Balance
Perkins Loan Program	84.038	\$2,654,895	\$18,050,053
Nursing Student Loan Program	93.364	\$37,412	\$374,938
Health Professional Student Loan Program/PCL	93.342	\$136,000	\$2,028,954
Loan for Disadvantaged Students	93.342	-	\$69,913

The Perkins Loan administrative cost allowance totalled \$0 for the year ended June 30, 2009.

5. Federal Family Education Loan Program

During the year ended June 30, 2009, the University disbursed the following loan amounts under the Federal Family Education Loan Program (FFELP) (which includes Stafford Loans, unsubsidized Stafford Loans, and Parents Plus Loans for Undergraduate Students):

	CFDA Number	Amounts
Federal Family Education Loan Program	84.032	\$88,875,919

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

During the year ended June 30, 2009, the University made principal and interest payments of \$467,816 and \$1,090,858 respectively on HUD mortgage bonds. HUD mortgage bonds payable at June 30, 2009 amounted to \$18,702,289. 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, 2009, and have issued our report thereon dated October 10, 2009, which included an explanatory paragraph for the adoption of Financial Accounting Standards Board Staff Position 117-1, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosure for All Endowment Funds* and Financial Accounting Standards Board (FASB) Statement No. 157, *Fair Value Measurements*. 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 control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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*.

We noted certain other matters that we reported to management of the University in a separate letter dated October 9, 2009.

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.

The logo for PricewaterhouseCoopers LLP, written in a cursive script.

October 10, 2009
Cleveland, Ohio

**Report of Independent Auditors on Compliance with Requirements
Applicable to Each Major Program and on Internal Control Over Compliance
in Accordance with OMB Circular A-133**

To the Board of Trustees,
Case Western Reserve University:

In connection with the coordinated audit of Case Western Reserve University (the "University") as provided for in the U.S. Office of Management and Budget ("OMB") Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, PricewaterhouseCoopers LLP and Ernst & Young LLP each performed specific audit requirements and provided the respective audit reports. Responsibilities under the coordinated audit approach were assigned as follows:

1. PricewaterhouseCoopers LLP ("PwC") conducted the audit of the University's compliance and internal controls over compliance with all of the requirements described in the U.S. OMB A133 Circular Compliance Supplement that are applicable to its major federal program, except the requirements applicable to The Cleveland Clinic Lerner College of Medicine ("CCLCM") research and development grants from the Department of Health & Human Services and other agencies (the "CCLCM grants") as indicated on pages 34-37.
2. The CCLCM operates under an affiliation agreement between the University and the Cleveland Clinic Foundation ("CCF"). The parties have agreed that CCF has administrative responsibility for the CCLCM grants. Ernst & Young conducted the audit of CCF's compliance with all the requirements described in the U.S. OMB Circular Compliance Supplement that are applicable to CCLCM grants. Accordingly, the CCLCM grants are excluded from the scope of the PwC audit. The most recent report of Ernst & Young LLP on compliance and internal controls over compliance of CCF as of December 31, 2008, which is dated September 29, 2009, contains an unqualified opinion with regard to compliance applicable to its research and development cluster program and multiple significant deficiencies with regard to internal control over compliance with that same cluster program.

Compliance

As part of the aforementioned coordinated audit, we have audited the compliance of the University and its affiliated entities with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to its major federal program (except for the CCLCM grants) for the year ended June 30, 2009. The University's major federal program is 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 its major federal program 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 are applicable to its major federal program for the year ended June 30, 2009.

Internal Control Over Compliance

The 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 our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly we do not express an opinion on the effectiveness of the University's internal control over compliance.

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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.

The logo for PricewaterhouseCoopers LLP, written in a cursive script.

March 26, 2010
Cleveland, Ohio

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

CASE WESTERN RESERVE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

for the year ended June 30, 2009

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

Federal Awards

Internal control over major programs:

• Material weakness(es) identified?	___ yes	<u>X</u> no
• Significant deficiency(s) identified that are not considered to be material weaknesses?	___ yes	<u>X</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?	___ yes	<u>X</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	
Various	Trio Cluster	
Dollar threshold used to distinguish between type A and type B programs:	\$3,000,000	
Auditee qualified as low-risk auditee?	<u>X</u> Yes	___ no

*Excludes the CCLCM amounts included on pages 34-37 totalling \$79,880,628.

CASE WESTERN RESERVE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

for the year ended June 30, 2009

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, 2009

Section III - Federal Award Findings and Questioned Costs

No current year findings.

CASE WESTERN RESERVE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

for the year ended June 30, 2009

Section I - Summary of Prior Year Findings and Questioned Costs

Finding #08-1: Enhance Timeliness of Financial Status Reports

Audit Finding

Of the 30 financial status reports tested in the Research and Development cluster we noted that 13 reports were submitted after the required 90 day period, with no extension obtained from the Federal agency.

Status

Corrective action was taken. Procedures have been implemented to ensure timely submission of financial reports. The reported condition was due to a reorganization of the area. Staffing vacancies have been filled; both new and existing staff has been trained and additional training has been made available to departmental administrators through the CAPS training program. The program includes training on Sponsored Projects Fundamentals, Cost Transfers, Sponsored Projects Reconciliations and Sponsored Projects Reporting and Close-outs.