

CASE WESTERN RESERVE UNIVERSITY

**Report on Federal Awards in Accordance
With OMB Circular A-133 for the Year Ended
June 30, 2014**

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



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

June 30, 2014

TABLE OF CONTENTS

	<u>Pages</u>
PART I	FINANCIAL
Independent Auditor's Report	1-2
Financial Statements and Notes for the year ended June 30, 2014	3-28
Schedule of Expenditures of Federal Awards for the year ended June 30, 2014	29-41
Notes to the Schedule of Expenditures of Federal Awards for the year ended June 30, 2014	42-44
PART II	REPORTS ON COMPLIANCE AND ON THE INTERNAL CONTROL STRUCTURE
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	45-46
Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	47-49
PART III	SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Section I – Summary of Auditor's Results	50
Section II – Financial Statement Findings	51
Section III – Federal Award Findings and Questioned Costs	51
Summary Schedules of Prior Year Audit Findings	52

FINANCIAL



Independent Auditor's Report

To the Board of Trustees,
Case Western Reserve University:

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Case Western Reserve University ("University"), which comprise the consolidated statement of financial position as of June 30, 2014, and the related consolidated statements of activities and of cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the University's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the



consolidated financial position of Case Western Reserve University as of June 30, 2014, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

We have previously audited Case Western Reserve University's 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 5, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards for the year ended June 30, 2014 is presented for purposes of additional analysis as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2014 on our consideration of Case Western Reserve 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, 2014. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Case Western Reserve University's internal control over financial reporting and compliance.

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

October 11, 2014

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

<i>In thousands of dollars</i>	For the year ended June 30	
	2014	2013
ASSETS		
Cash and cash equivalents	\$ 180,828	\$ 151,100
Operating investments, at market	128,699	112,618
Accounts and loans receivable, net	107,979	100,734
Pledges receivable, net	96,563	93,423
Prepaid expenses and other assets	6,769	7,448
Investments, held for long-term purposes	1,384,953	1,266,661
Funds held in trust by others	340,275	305,682
Property, plant, equipment and books, net	735,649	724,547
TOTAL ASSETS	\$ 2,981,715	\$ 2,762,213
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 59,582	\$ 57,116
Deferred income and other liabilities	54,572	53,605
Annuities payable	41,105	41,550
Refundable advances	4,898	7,541
Accrued pension liability	55,841	40,778
Notes and bonds payable	588,948	601,980
Refundable federal student loans	26,085	23,735
TOTAL LIABILITIES	\$ 831,031	\$ 826,305
NET ASSETS		
Unrestricted	\$ 182,867	\$ 164,526
Temporarily restricted	988,939	845,028
Permanently restricted	978,878	926,354
TOTAL NET ASSETS	\$ 2,150,684	\$ 1,935,908
TOTAL LIABILITIES AND NET ASSETS	\$ 2,981,715	\$ 2,762,213

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

CONSOLIDATED STATEMENT OF ACTIVITIES

with summarized financial information for the year ended June 30, 2013

<i>In thousands of dollars</i>	Unrestricted	Temporarily Restricted	Permanently Restricted	For the year ended June 30	
				2014	2013
OPERATING REVENUES					
Student tuition and fees	\$ 368,739			\$ 368,739	\$ 346,792
Less: Student aid	(150,257)			(150,257)	(137,534)
	218,482			218,482	209,258
Investment returns distributed for operations	63,309			63,309	60,568
FHBO returns distributed	14,857			14,857	13,931
Investment returns on operating investments	20,393			20,393	13,642
Grants and contracts	249,232			249,232	252,854
CCLCM grants and contracts	82,996			82,996	91,316
Gifts and pledges	25,904	\$ 46,073	\$ 13,260	85,237	77,498
State of Ohio appropriation	2,773			2,773	2,758
Facilities and administrative cost recovery	72,495			72,495	76,196
Organized activities	12,907			12,907	13,542
Other sources	41,012		580	41,592	38,362
Auxiliary services - students	50,122			50,122	45,330
Auxiliary services - other	11,897			11,897	12,920
Net assets released from restrictions	29,204	(28,717)	(487)	-	-
TOTAL OPERATING REVENUES	\$ 895,583	\$ 17,356	\$ 13,353	\$ 926,292	\$ 908,175
OPERATING EXPENSES					
Instructional	290,341			290,341	287,539
Sponsored research and training	248,959			248,959	257,272
Other sponsored projects	28,893			28,893	25,834
CCLCM research and training	82,996			82,996	91,316
Libraries	22,549			22,549	22,466
Student services	24,063			24,063	23,304
University services	94,016			94,016	92,230
Auxiliary services - students	55,021			55,021	50,342
Auxiliary services - other	14,600			14,600	15,661
TOTAL OPERATING EXPENSES	\$ 861,438	\$ -	\$ -	\$ 861,438	\$ 865,964
NET OPERATING ACTIVITY	\$ 34,145	\$ 17,356	\$ 13,353	\$ 64,854	\$ 42,211
NON-OPERATING ACTIVITIES					
Long-term investment activities					
Investment (loss) income	\$ (1,211)	\$ 54,442	\$ 6,030	\$ 59,261	\$ 28,965
Net appreciation	17,020	110,791	37,242	165,053	80,323
Total long-term investment activities	15,809	165,233	43,272	224,314	109,288
Long-term investment income and gains distributed for operations	(63,309)			(63,309)	(60,568)
Change in liabilities due under life-income agreements			(3,633)	(3,633)	(3,492)
Loss on disposal of plant assets	(438)			(438)	(3,144)
Pension plan changes other than periodic benefit costs	(7,012)			(7,012)	26,964
Net assets released from restrictions	39,146	(38,678)	(468)	-	-
NET NON-OPERATING ACTIVITY	\$ (15,804)	\$ 126,555	\$ 39,171	\$ 149,922	\$ 69,048
CHANGE IN NET ASSETS	\$ 18,341	\$ 143,911	\$ 52,524	\$ 214,776	\$ 111,259
Beginning Net Assets	164,526	845,028	926,354	1,935,908	1,824,649
ENDING NET ASSETS	\$ 182,867	\$ 988,939	\$ 978,878	\$ 2,150,684	\$ 1,935,908

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

<i>In thousands of dollars</i>	For the year ended June 30	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 214,776	\$ 111,259
<i>Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:</i>		
Depreciation	61,383	62,169
Amortization of bond issuance costs	585	125
Amortization of bond premiums	(3,095)	(1,504)
Increase in capital appreciation notes	124	602
Realized and unrealized net gains on investments	(212,331)	(105,098)
Increase to annuities payable resulting from actuarial adjustments	3,633	3,492
Gifts of property and equipment	(2,284)	(59)
Loss on disposal of plant assets	438	3,144
Contributions restricted for long-term investment	(9,885)	(14,685)
(Increase) decrease in accounts and loans receivable, net	(5,940)	1,974
Increase in pledges receivable, net	(3,140)	(24,297)
Decrease (increase) in prepaid expenses and other assets	94	(593)
Increase in funds held in trust by others	(34,593)	(18,475)
Increase (decrease) in accounts payable and accrued expenses	658	(10,356)
Increase (decrease) in deferred income and other liabilities	967	(7,515)
(Decrease) increase in refundable advances	(2,643)	2,093
Increase (decrease) in accrued pension liability	15,063	(22,514)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	\$ 23,810	\$ (20,238)
CASH FLOWS FROM INVESTING ACTIVITIES		
Student loans		
Collected	\$ 6,606	\$ 6,859
Issued	(7,911)	(6,886)
Proceeds from the sale of investments	2,865,863	2,009,310
Purchase of investments	(2,787,905)	(1,968,622)
Proceeds from the sale of plant assets	265	316
Purchases of property, plant, equipment and books	(69,095)	(58,383)
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	\$ 7,823	\$ (17,406)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in federal advances for student loans	\$ 2,350	\$ 646
Contributions restricted for long-term investment	3,143	11,733
Proceeds from the sale of investments received as gifts	6,742	2,952
Proceeds from short-term debt	60,000	45,000
Repayment of short-term debt	(45,000)	(20,000)
Proceeds from commercial paper	-	27,000
Repayment of commercial paper	(11,000)	-
Proceeds from notes and bonds payable	114,985	7,256
Repayment of notes and bonds payable	(129,046)	(16,352)
Increase to annuities payable resulting from new gifts	373	291
Decrease to annuities payable resulting from payments	(4,452)	(3,687)
NET CASH (USED FOR) PROVIDED BY FINANCING ACTIVITIES	\$ (1,905)	\$ 54,839
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 29,728	\$ 17,195
Cash and cash equivalents, beginning of year	151,100	133,905
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 180,828	\$ 151,100
SUPPLEMENTAL DATA:		
Interest paid in cash	\$ 13,282	\$ 14,657
Construction in progress payments included in accounts payable	4,998	3,190

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Case Western Reserve University (“the University”) is an Ohio not-for-profit corporation that operates a private research university in Cleveland, Ohio. The consolidated financial statements of the University as of June 30, 2014, and for the year then ended, as well as summarized information for the year ended June 30, 2013, have been prepared in accordance with accounting principles generally accepted in the United States of America. Accordingly, the accompanying consolidated financial statements have been prepared on the accrual basis of accounting and include the accounts of the University and all wholly-owned subsidiaries.

The University wholly owns two subsidiaries. Triangle Residential LP is a limited partnership formed in 2005 that owns and operates two apartment buildings and a parking garage located in the Ford-Euclid-Mayfield Road area. The University is the sole limited partner. The general partner is Triangle Residential LLC, also a wholly-owned subsidiary of the University, formed in 2005. All material transactions between the University and its subsidiaries have been eliminated.

Net Asset Categories

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

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

- All revenues traditionally classified as unrestricted resources of the University, including tuition and fees, unrestricted gifts, investment returns on unrestricted funds designated to function as endowment, recovery of facility and administrative costs from grants and contracts, and auxiliary services revenues
- Revenues related to sponsored research and other sponsored program agreements which are considered exchange transactions
- Unrestricted funds functioning similar to endowment and related investment returns
- Gifts with donor-imposed restrictions, if the restriction is anticipated to be met within the current fiscal year of the University
- Investments in plant assets
- All expenses of the University

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

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

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

The Financial Accounting Standards Board (“FASB”) issued Accounting Standards Codification (“ASC”) 958, “Not for Profit Entities,” in August 2008. The standard provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”), and expanded disclosures about an organization’s endowment (both donor-restricted and board-designated funds). The University’s Board of Trustees (“the Board”) has interpreted UPMIFA as requiring the preservation of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulation to the contrary. As a result of this interpretation, the University

classifies as permanently restricted net assets, (a) the original value of initial gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated and expended by the University in a manner consistent with the standard of prudence prescribed by UPMIFA.

Contributions

Contributions, including unconditional pledges to give and irrevocable trusts held by others with the University as the beneficiary, are recognized as revenues in the period received or promised. They are classified as unrestricted, temporarily restricted, or permanently restricted net assets depending upon the donor's intent.

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

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

Grants and Contracts (Government and Private)

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

prior to payment receipt are recorded as revenue with a corresponding receivable.

Investment Returns on Operating Investments

The University has invested excess operating funds and certain Board-designated funds with the University's investment pool. The operating funds are invested alongside other funds and receive a pro-rata portion of income, expenses, gains, and losses of the pool.

Cash and Cash Equivalents

The University considers all highly liquid investments with an original maturity of 90 days or fewer when purchased as cash and cash equivalents, except those amounts managed by investment managers as part of the investment pool that do not belong to operations, or unspent bond proceeds, which are classified as investments. The University maintains operating cash and reserves for replacement balances in financial institutions which, from time to time, may exceed federally insured limits. The University periodically assesses the financial condition of these institutions and believes that the risk of loss is minimal.

Operating Investments, at Market

Operating investments include all other current investments with original maturities greater than 90 days that are used to support operations. These investments may include obligations of triple A rated banks, various United States Government agencies, other investments, and internal operating funds invested in the University's investment pool. Although the pool primarily invests in mid to long term investments, the pool maintains a sufficient investment mix that allows operating assets to be liquidated upon demand.

Investments

Investments are made within guidelines authorized by the Board. Investments are initially recorded at cost at date of acquisition or fair value at date of donation in the case of gifts.

Ownership of marketable securities is recognized as of the trade date. Endowment returns are calculated net of internal and external investment management expenses.

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

The fair value of all debt and equity securities with readily determinable fair values 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 value of investments are shown as net unrealized appreciation or depreciation.

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

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

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

liabilities. Inputs are obtained from various sources including market participants, dealers and brokers.

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

Collections

The University's collections of historically significant artifacts, scientific specimens, and art objects are held for education, research, scientific inquiry, and public exhibition. They are neither disposed of for financial gain nor encumbered in any manner. Accordingly, their value is not reflected in the University's consolidated financial statements.

Funds Held in Trust by Others

Funds held in trust by others are assets held and administered by outside trustees from which the University derives income or residual interest. Funds held in trust by others are reported at their fair value as of June 30, 2014 and 2013, which approximates the present value of the future income flows from these funds.

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

Fixed Assets

When capital assets are sold or disposed, the carrying value of such assets and any accumulated depreciation are removed from the asset accounts. Any resulting gain or loss on disposal is recognized in the non-operating portion of the statement of activities.

Expenditures for construction in progress are capitalized as incurred and depreciated when placed into service. All identifiable direct costs including other costs incurred to ready the asset for its intended use are included in the cost of the project. The University capitalizes interest on borrowings to

finance facilities, net of any investment income earned through the temporary investment of project borrowings, during construction until the project has been substantially completed.

Asset Retirement Obligations

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

Allocation of Certain Expenses

The consolidated statement of activities presents expenses by function. Some expenses — such as depreciation, amortization, and expenses related to the operation of the physical plant — are allocated by square footage. Interest expense is allocated to the functions that derive the greatest benefit from the facilities financed.

Retirement Plans

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

Use of Estimates

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

Comparative Information

The consolidated statement of activities includes prior year summarized comparative information in total, but not by net asset category. Such information does not include enough detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the University's consolidated financial statements for the year ending June 30, 2013, from which it was derived.

Income Taxes

The University is exempt from federal income tax to the extent provided under section 501(c) (3) of the Internal Revenue Code. The University is classified as an organization that is not a private foundation under section 509(a) of the Internal Revenue Code, and as such, gifts to the University qualify for deduction as charitable contributions. The University is exempt from federal income tax; however, it is required to pay federal income tax on unrelated business income. The University did not have any material income tax liabilities for the years ended June 30, 2014 and 2013. ASC 740, "Income Taxes," prescribes a recognition threshold and measurement requirements for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. In addition, ASC 740 provides guidance on recognition, classification and disclosure requirements for uncertain tax provisions. The University has no financial reporting requirements associated with ASC 740 for the years ended June 30, 2014 and 2013.

New Pronouncements

In fiscal 2014 the University adopted the provisions of AU 2012-05 – Statement of Cash Flows for Not-for-Profit entities regarding donated securities and retroactively applied the provisions to prior years. The effect of the changes were not material.

Reclassifications

Certain amounts in the 2013 consolidated financial statements have been reclassified to conform to the 2014 presentation.

2. ACCOUNTS AND LOANS RECEIVABLE

Accounts and loans receivable of the University at June 30, 2014 and 2013 were as follows:

	2014	2013
ACCOUNTS RECEIVABLE, NET		
Grants, contracts and others	\$ 52,825	\$ 46,273
Students	2,814	2,961
STUDENT LOANS, NET	52,340	51,500
ACCOUNTS AND LOANS RECEIVABLE, NET	\$ 107,979	\$ 100,734

Allowances for doubtful accounts:

Accounts receivable	\$ 3,915	\$ 3,690
Loans receivable	\$ 2,107	\$ 2,067

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

3. PLEDGES RECEIVABLE

Unconditional promises to give are included in the consolidated financial statements as pledges receivable and revenue of the appropriate net asset category. Multi-year pledges are recorded after discounting based on the market rate to the present value of expected future cash flows. The discount rate utilized for fiscal 2014 is 5%.

Unconditional promises to give at June 30, 2014 and 2013, are expected to be realized in the following periods:

	2014	2013
In one year or less	\$ 16,781	\$ 14,190
Between one year and five years	76,820	76,374
More than five years	19,026	17,485
	112,627	108,049
Less: Discount	(8,278)	(8,278)
Less: Allowance	(7,786)	(6,348)
TOTAL PLEDGES RECEIVABLE, NET	\$ 96,563	\$ 93,423

Management follows a similar approach as described in Note 2 for accounts and loans receivable in evaluating the adequacy of the allowance for doubtful accounts for pledges receivable.

and the past history of the various borrowers and the University.

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

Management considers the allowance for doubtful accounts to be prudent and reasonable. Furthermore, the University's allowance is general in nature and is available to absorb losses from any loan category. Management believes that the allowance for doubtful accounts at June 30, 2014 is adequate to absorb credit losses inherent in the portfolio as of that date.

Management considers the allowance for doubtful accounts to be prudent and reasonable. Management believes that the allowance for doubtful accounts at June 30, 2014 is adequate to absorb any uncollectible pledges as of that date.

Pledges receivable at June 30, 2014 and 2013 had the following restrictions:

	2014	2013
Department programs and activities	\$ 39,313	\$ 42,522
Endowments for scholarships and department programs and activities	25,248	21,584
Building construction	32,002	29,317
TOTAL PLEDGES RECEIVABLE, NET	\$ 96,563	\$ 93,423

Uncollectible pledges totaling \$3,169 (2014) and \$1,122 (2013) were written off against the allowance for uncollectible pledges. The University had conditional pledge commitments totaling \$34,940 at June 30, 2014.

4. LONG TERM INVESTMENTS

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

University invests through traditional investments as well as operating an investment pool that works similar to a mutual fund (Note 5). The University's long term investments at June 30, 2014 and 2013 were as follows:

	2014	2013
Cash and cash equivalents	\$ 14,935	\$ 88,581
Domestic stocks	76,055	54,307
International securities	40,150	37,069
Global securities	117,511	47,706
Bonds		
Government and municipal	6,885	17,079
Corporate	23,549	17,399
Mutual funds	261,786	142,592
Derivatives	5,109	8,318
Limited partnerships and other		
Venture capital	100,350	86,323
Private equity	287,838	262,553
Real estate	102,119	94,825
Hedge funds	432,033	481,585
Other	45,252	40,862
Equity real estate	80	80
TOTAL INVESTMENTS	\$ 1,513,652	\$ 1,379,279

	2014	2013
Operating investments, at market	\$ 128,699	\$ 112,618
Investments, held for long term purposes	1,384,953	1,266,661
TOTAL INVESTMENTS	\$ 1,513,652	\$ 1,379,279

Investment returns shown on the statement of activities are netted against investment management fees of \$14,781 (2014) and \$14,419 (2013). The investments were held for the following purposes:

	2014	2013
Endowment	\$ 1,089,658	\$ 989,475
Donor restricted funds	305,687	272,331
University investments	55,142	58,039
Annuities	53,459	51,177
Funds held for the benefit of others	9,706	8,257
TOTAL INVESTMENTS	\$ 1,513,652	\$ 1,379,279

5. ENDOWMENT AND SIMILAR FUNDS

Endowment Funds

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

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

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

the gift instrument at the time the accumulation is added to the fund.

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

Similar Funds

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

The breakdown of these classifications are:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
				2014	2013
Donor restricted endowment funds	\$ (9,156)	\$ 538,245	\$ 560,569	\$ 1,089,658	\$ 989,475
Donor purpose restricted funds		290,857		290,857	266,604
TOTAL ENDOWMENT AND SIMILAR FUNDS	\$ (9,156)	\$ 829,102	\$ 560,569	\$ 1,380,515	\$ 1,256,079

Investment Pool

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

designed to produce long-term rates of return that sustain or increase the real spending contribution from endowed and similar assets and to mitigate downturns in a single sector.

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

The pool is accounted for on a dollarized method of accounting similar to a money market fund and accounted for on an account basis. The total investment return for the pooled investments, net of external manager fees, approximated 15.96% (2014) and 7.52% (2013).

Spending Policy

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

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

Specific appropriation for expenditure of funds under the policy occurs each spring when the Board approves the operating budget for the following year. The fiscal 2014 and 2013 pooled endowment and similar funds spending allocation approximated 5.04% and 5.27% respectively of beginning market value. The total amount allocated was \$62,216 and \$64,443, respectively.

While the policy provides guidance for the level of spending permitted (allocation), the actual spending will vary from the spending allocation based on the timing of actual expenditures. Funds are transferred from the investment pool to the University's operating account after they have been spent in accordance with the endowment and similar funds requirements. The actual movement of cash and investments between the investment pool and operating accounts occurs on a periodic basis as determined by the University and its processes to maintain the proper balance between liquidity and the remaining invested.

For years where actual investment return exceeds actual approved spending, the difference remains in temporarily restricted net assets; years in which the actual endowment and similar funds return is less than distributions under the policy, the shortfall is covered by realized returns from prior years. Both fiscal years 2014 and 2013 pooled endowment and similar funds distribution were funded from a combination of current year investment income and prior year accumulated realized gains.

In addition to the general distribution described above, the Board has authorized a temporary supplemental distribution of previously reinvested income and realized appreciation to support certain development-related activities. This distribution, which is slated to phase out by 2015, totaled \$6,500 in 2014 and \$7,200 in 2013.

Changes in endowment and similar funds net assets for fiscal year 2014 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
				2014	2013
Endowment and similar funds					
net assets, beginning of year	\$ (18,154)	\$ 727,868	\$ 546,365	\$ 1,256,079	\$ 1,223,893
Investment income		53,982		53,982	16,246
Realized and unrealized gains		117,589		117,589	63,936
TOTAL INVESTMENT RETURN		171,571		171,571	80,182
Contributions		1,970	14,243	16,213	18,123
Current year withdrawals			(39)	(39)	(5,924)
Current year expenditures		(63,309)		(63,309)	(60,195)
Reclassification of deficits					
in donor-designated funds	8,998	(8,998)		-	-
ENDOWMENT AND SIMILAR FUNDS					
NET ASSETS, END OF YEAR	\$ (9,156)	\$ 829,102	\$ 560,569	\$ 1,380,515	\$ 1,256,079

Occasionally, the fair market value of assets associated with individual donor-restricted endowment funds falls below the value of the original gift amounts. When deficits exist in these funds, they are classified as a reduction of unrestricted net assets. Deficits of this nature reported in unrestricted net assets were \$9,156 (2014) and \$18,154 (2013). These deficits resulted from unfavorable market fluctuations that occurred

after the investment of recently established endowments, and authorized appropriation that was deemed prudent.

Of the amount classified as temporarily restricted endowment net assets, \$538,245 (2014) and \$461,264 (2013) represented the portion of perpetual endowment funds subject to time and purpose restrictions under Ohio's enacted version of UPMIFA.

6. FAIR VALUE MEASUREMENTS

Financial instruments carried at fair market value as of June 30, 2014 and 2013 by the ASC 820 valuation hierarchy are as follows:

June 30, 2014	Significant			Total
	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
INVESTMENTS				
Cash & cash equivalents	\$ 10,578	\$ 4,357		\$ 14,935
Domestic stocks	19,575	980	\$ 55,500	76,055
International securities		4,856	35,294	40,150
Global securities		35,725	81,786	117,511
Bonds				
Government and municipal		6,885		6,885
Corporate		6,130	17,419	23,549
Mutual funds	257,727	4,059		261,786
Derivatives		5,109		5,109
Limited partnerships and other				
Venture capital			100,350	100,350
Private equity			287,838	287,838
Real estate			102,119	102,119
Hedge funds		97,350	334,683	432,033
Other		74	45,178	45,252
Equity real estate			80	80
TOTAL INVESTMENTS	\$ 287,880	\$ 165,525	\$ 1,060,247	\$ 1,513,652
FUNDS HELD IN TRUST BY OTHERS	\$ -	\$ -	\$ 340,275	\$ 340,275
PENSION PLAN ASSETS				
Cash & cash equivalents	\$ 276			\$ 276
Mutual funds	55,085	\$ 8,602		63,687
Limited partnerships and Other				
Hedge funds		77,684		77,684
Equity real estate			\$ 6,983	6,983
TOTAL PENSION PLAN ASSETS (Note 9)	\$ 55,361	\$ 86,286	\$ 6,983	\$ 148,630
ASSETS AT FAIR VALUE	\$ 343,241	\$ 251,811	\$ 1,407,505	\$ 2,002,557
Interest rate swaps payable	\$ -	\$ 22,817	\$ -	\$ 22,817
LIABILITIES AT FAIR VALUE	\$ -	\$ 22,817	\$ -	\$ 22,817

June 30, 2013	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
INVESTMENTS				
Cash & cash equivalents	\$ 60,193	\$ 28,388		\$ 88,581
Domestic stocks	1,388	18,736	\$ 34,183	54,307
International securities	10	13,334	23,725	37,069
Global securities			47,706	47,706
Bonds				
Government and municipal		17,079		17,079
Corporate		17,399		17,399
Mutual funds	140,012	2,580		142,592
Derivatives		8,318		8,318
Limited partnerships and other				
Venture capital			86,323	86,323
Private equity			262,553	262,553
Real estate			94,701	94,701
Hedge funds		78,328	403,257	481,585
Other	111	74	40,677	40,862
Equity real estate	124		80	204
TOTAL INVESTMENTS	\$ 201,838	\$ 184,236	\$ 993,205	\$ 1,379,279
FUNDS HELD IN TRUST BY OTHERS	\$ -	\$ -	\$ 305,682	\$ 305,682
PENSION PLAN ASSETS				
Cash & cash equivalents	\$ 6,859			\$ 6,859
Mutual funds	49,529			49,529
Limited partnerships and Other				
Hedge funds		\$ 66,362	\$ 5,832	72,194
Other			490	490
Equity real estate			6,292	6,292
TOTAL PENSION PLAN ASSETS (Note 9)	\$ 56,388	\$ 66,362	\$ 12,614	\$ 135,364
ASSETS AT FAIR VALUE	\$ 258,226	\$ 250,598	\$ 1,311,501	\$ 1,820,325
LIABILITIES AT FAIR VALUE				
Interest rate swaps payable	\$ -	\$ 25,058	\$ -	\$ 25,058
LIABILITIES AT FAIR VALUE	\$ -	\$ 25,058	\$ -	\$ 25,058

Level 3 Investment Information

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

- The value of certain alternative investments represents the ownership interest in the net asset value of the respective partnership.
- The fair values of the securities held by limited partnerships that do not have readily determinable fair values are determined by the general partner

based on appraisals or other estimates that require varying degrees of judgment.

- If no public market consideration, the fair value is determined by the general partner taking into consideration, among other things, the cost of the securities, prices of recent significant placements of securities of the same issuer, subsequent developments concerning the companies to which the securities relate, or other estimates requiring varying degrees of judgment. The University regularly reviews, evaluates and performs significant due diligence

around these investments to ensure that the values provided by the investment managers are appropriate measures of fair value. The University agrees with the valuations and assumptions used in determining the fair value of these investments.

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

	Domestic Stocks & Corporate Bonds	Int'l & Global Securities	Venture Capital	Private Equity	Hedge Funds	Real Estate - Equity & LP	Other & Funds Held by Others	Total
July 1, 2012	\$ 29,756	\$ 11,408	\$ 78,331	\$ 267,556	\$ 337,971	\$ 106,219	\$ 334,123	\$ 1,165,364
Investment income	7		6,296	21,829	(3,520)	(4,426)	108	20,294
Unrealized gains (losses)	5,202	(172)	1,579	3,713	38,568	19,772	18,849	87,511
Purchases	753		21,414	25,184	53,457	14,665	52,526	167,999
Settlements	(1,535)		(13,733)	(66,061)	(21,403)	(17,664)	(9,271)	(129,667)
Reclassifications		60,195	(7,564)	10,332	4,016	(17,493)	(49,486)	-
June 30, 2013	\$ 34,183	\$ 71,431	\$ 86,323	\$ 262,553	\$ 409,089	\$ 101,073	\$ 346,849	\$ 1,311,501
Investment income	(1,536)	4,179	5,666	12,934	18,451	(996)	385	39,083
Unrealized gains (losses)	13,889	10,559	12,593	32,748	15,620	13,524	39,623	138,556
Purchases		55,000	9,834	28,605	35,210	22,655		151,304
Settlements	(20,000)		(14,066)	(49,002)	(101,683)	(27,074)	(1,404)	(213,229)
Transfers in (out)	46,383	(24,089)			(42,004)			(19,710)
June 30, 2014	\$ 72,919	\$ 117,080	\$ 100,350	\$ 287,838	\$ 334,683	\$ 109,182	\$ 385,453	\$ 1,407,505

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

The pricing inputs and methods described above could produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the University believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

As a practical matter, the University is permitted under U.S. generally accepted accounting principles ("US GAAP") to estimate the fair value of an investment at the measurement date using the reported net asset value ("NAV") without further adjustment unless the entity expects to sell the investment at a value other than NAV or if the NAV is not calculated in accordance with US GAAP. The University's investments in private equity, real estate and certain hedge funds in the absolute return portfolio are fair valued based on the most current NAV.

The University performs additional procedures including due diligence reviews on its investments in investment companies and other procedures with respect to the capital account or NAV provided to ensure conformity with US GAAP. The University has assessed factors including, but

not limited to, managers' compliance with the Fair Value Measurement standard, price transparency at NAV at the measurement date, and existence of certain redemption restrictions at the measurement date.

The guidance also requires additional disclosures to enable users of the financial statements to understand the nature and risk of the University's investments. Furthermore, investments

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

The table below illustrates the fair value of the University's level 3 investments and the commitments that have been made for future purchases:

Category	Redemption Frequency	Redemption Notice Period	Fair Value	Unfunded Commitments
Domestic stocks (a)	monthly, quarterly, annually	30 - 90 days	\$ 55,500	
International securities (b)	monthly, quarterly	30 - 90 days	35,294	
Global securities (c)	monthly, quarterly	30 - 90 days	81,786	
Corporate bonds (d)	monthly, quarterly	30 - 90 days	17,419	
Limited partnerships and other				
Venture capital (e)			100,350	\$ 34,983
Private equity (f)			287,838	79,164
Real estate (g)			102,119	34,060
Hedge funds (h)	monthly, quarterly, annually	30 - 90 days	334,683	994
Other (i)			45,178	
Equity real estate (j)			80	
TOTAL			\$ 1,060,247	\$ 149,201

(a) **Domestic stocks** include equity securities domiciled in the United States. Fund liquidity is daily, monthly, quarterly, semi-annual, annual, and up to a maximum period of three years. Approximately 52% of domestic equity exposure is accessible within one year or less, with all funds accessible within three years.

(b) **International securities** include equity securities domiciled in countries outside of the United States including developed and emerging markets. Approximately 93% of the net asset value is accessible within one year or less, with all funds accessible within three years.

(c) **Global securities** includes equity securities domiciled in both Domestic stocks and International securities. Investments in this asset class have a mandate for global securities worldwide. Approximately 91% of the net asset value is accessible within one year or less, with all funds accessible within three years.

(d) **Corporate bonds** include funds that invest in interests in Senior Loans of US or non-US business entities. 1/3 of the fund may be liquidated every 30 days.

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

(f) **Private equity** includes several private equity funds that invest across all industries. While the portfolio is U.S. centric, there has been an increasingly larger allocation to

companies in foreign markets. The funds typically invest capital into more mature companies for a minority or majority of ownership and through operational and financial expertise, generate a return of capital greater than the original amount invested. The valuations for these investments have been estimated using the managers' fair market values, which have been vetted to make sure they meet the ASC 820 guidelines. These investments can never be redeemed with the funds. As these investments age in duration, distributions will be received from these funds as the underlying portfolio companies are sold in the market. It is estimated that the underlying investments within the funds would be fully liquidated over the next 7-12 years.

(g) **Real estate** includes private real estate funds that invest primarily in the United States. Some of these private partnerships also make investments internationally, primarily in Europe, India and Brazil. The private funds make investments in various real estate types, such as office, industrial, retail and multi-family properties. The valuations for these investments have been estimated using the managers' fair market values, which have been vetted to make sure they meet the ASC 820 guidelines. These investments can never be redeemed with the funds. As these investments age in duration, distributions will be received from these funds as the underlying properties are sold at the market. It is estimated that the underlying investments within the funds would be fully liquidated over the next 5-7 years.

(h) **Hedge funds** include hedge fund investments across a multitude of strategies including long/short equity, long/short commodity, global macro, multi-strategy, event-driven, credit, fund of hedge funds, and emerging markets. The vast majority of these investments are U.S. based, but some may invest internationally. Investment managers may make investment decisions based on top down macroeconomic analysis or bottom up company or theme specific analysis; managers may shift portfolios from net long to net short positioning but on balance tend to carry a net long exposure within their

portfolios. The estimated fair values of the investments are received on a monthly basis from the fund administrators. Final valuations are typically received around mid-month for most funds but in some instances funds will report final valuations on a quarterly basis in accordance with the reporting period specified in the fund legal documents. Fund liquidity varies across the hedge fund category from monthly, quarterly, annually, and up to a maximum period of three years. Approximately 81% of the net asset value in this class is accessible within one year or less, with all funds accessible within three years.

(i) **Other** includes various investments that do not fall within the other categories listed. Examples would include investments in timber and other liquid multi-asset strategy investments.

(j) **Equity real estate** includes liquid real estate securities and indices domiciled in both the United States and countries outside of the United States including developed and emerging markets.

Derivative Information

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

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

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

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

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

Interest rate risk – the risk that an investment's value will change due to a change in the absolute level of interest rates,

the spread between two rates, the shape of the yield curve, or any other interest rate relationship.

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

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

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

Commodity risk – refers to the uncertainties of future market values and the size of future income caused by fluctuation in the prices of commodities (energy, agricultural, precious and industrial metals) due to demand/supply imbalances.

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

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

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

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

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

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

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

The University seeks to mitigate these risks by using derivative transactions. At the macro level of the investment portfolio, derivative transactions also create cost-effective beta exposure that may replace a fund or investment manager, add alpha, support liquidity

management, and reduce the impact of extreme negative market conditions. The derivative instruments used include futures, total return swaps, and over-the-counter options.

Futures: An Equity Index Future is a standardized obligation to buy or sell a market index, at a certain date in the future (settlement date), at a specified price (futures price). Equity Index Futures are typically cash-settled. Trading Medium: Exchange A single clearing house (e.g., Options Clearing Corporation, for the Chicago Board Options Exchange) is the counterparty to both parties involved in the contract. Futures trade a premium or discount to the cash index level based on the following theoretical formula: $\text{Futures Fair Value} = \text{Cash Index Value} + \text{Expected Interest Income prior to contract expiry} - \text{Expected Dividend Income prior to contract expiry} - \text{Expected Lending Income prior to contract expiration}$. The value of a futures contract converges to that of the underlying index at expiration. The investor posts an initial margin and a maintenance margin which represents a small portion of the overall notional value (usually 12%-18% of the notional value). Collateral between the counterparties is exchanged daily based on the mark to market performance of the futures contract. Used to gain beta exposure to an index on the long side and to hedge out beta exposure on the short side. Used primarily as a manager replacement strategy.

Total Return Swaps ("TRS"): A TRS is a non-standardized agreement whereby one party makes periodic cash payments based on a set rate (e.g., London Interbank Offered Rate ("LIBOR")) while another party makes periodic cash payments based on the total return of an underlying index. The total return payer agrees to pay the total return of the underlying index to the total return receiver. The total return receiver agrees to receive future total return, and pay periodic payments to the total return payer. Trading Medium: Over-The-Counter ("OTC"). Total Return Swaps offer synthetic exposure to beta returns while avoiding the transaction and administrative costs of owning the actual underlying equity shares. Subject to counterparty credit risk; if collateral is posted between parties, counterparty credit risk can be

mitigated. Transacted via agreement between counterparties. There is no initial or maintenance margin posting. Collateral between the counterparties is exchanged daily based on the mark to market performance of the swap. Used to gain beta exposure to an index on the long side and to hedge out beta exposure on the short side. The swap resets on a periodic basis (monthly or quarterly), at which point the LIBOR rate is reset and the gains/losses cash settled. A new notional value reflecting the settled gains/losses is established at this point. The next measurement begins with the new notional value. There may be a breakup fee if the swap is terminated earlier than its expiration date. Used primarily as a manager replacement strategy.

Options: Options or Option Structures are non-standardized agreements whereby one party makes or receives one payment at the time of initial transaction to/from a counterparty and may make or receive a second payment to/from the counterparty at the expiration date of the agreement based on an individual option or a combination of individual options. Trading Medium: OTC. Transacted via ISDA/CSA agreement between counterparties. Subject to counterparty credit risk; if collateral is posted between parties, counterparty credit risk can be mitigated. Options/Option Structures allow investors to customize the risk/return profile of existing portfolios. For example: Investors who are underweight equities and have a moderately positive outlook can obtain enhanced equity exposure by capping returns with or without a leveraged payoff. More bearish investors can opt for downside protection to reduce risk. Collateral between the

counterparties is exchanged daily based on the mark to market performance of the Option or Option Structure. At maturity the Option or Option Structure is cash settled. Prior to maturity, Options/Option Structures may trade above or below their intrinsic value due to various factors such as time, volatility, interest rates, skew, delta, gamma etc. The value eventually converges to intrinsic value at maturity. Used for beta replacement strategies, alpha strategies or hedging strategies.

Forward contracts: A forward contract is an agreement to buy or sell an asset at a certain future time for a certain price. A forward contract is traded in the over-the-counter market – usually between two financial institutions or a financial institution and a client. One party assumes a long position and agrees to buy the underlying asset on a certain date for a certain price. The other party assumes a short position and agrees to sell the underlying asset on a certain date for a certain price. The price in a forward contract is known as the delivery price. Forward contracts are commonly used to hedge foreign currency risk. Payoff for a long position on a forward contract is $S_t - K$ where K is the delivery price and S_t is the spot price at maturity of the contract. Similarly the payoff on a short position in a forward contract is $K - S_t$. Settlement of forward contracts can be made with delivery of the underlying or cash settlement. Since the contract is OTC, margin and collateral are determined by individual agreements and sometimes fall under the agreement.

The following table provides detailed information on the derivatives included in the investment portfolio as of

June 30 and where they are located in the consolidated statements of financial position:

Location	Derivative Type	Notional Amount	2014		
			Level 1 Fair Value	Level 2 Fair Value	Level 3 Fair Value
Investments					
	Total return swaps	\$ 253,031		\$ 5,290	
	Options (over-the-counter)	6,796		(117)	
	Yield curve hedges	146,358		(64)	
TOTAL DERIVATIVES, 2014			\$ -	\$ 5,109	\$ -

Location	Derivative Type	Notional Amount	2013		
			Level 1 Fair Value	Level 2 Fair Value	Level 3 Fair Value
Investments					
	Total return swaps	\$ 247,052		\$ 5,471	
	Options (over-the-counter)	2,562		2,562	
	Yield curve hedges	150,419		285	
TOTAL DERIVATIVES, 2013			\$ -	\$ 8,318	\$ -

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

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

Location	Derivative Type	2014	2013
Net effect on investment income			
	Options (over the counter)	\$ (3,649)	\$ (1,982)
	Total return swaps	22,544	(1,158)
	Forward contracts		(20)
	Interest rate hedges		(160)
		18,895	(3,320)
Unrealized gains (losses)			
	Options (over the counter)	7,952	(1,507)
	Total return swaps	10,086	(2,411)
	Yield curve hedges	(61)	1,435
		17,977	(2,483)
NET EFFECT OF DERIVATIVES		\$ 36,872	\$ (5,803)

7. PROPERTY, PLANT, EQUIPMENT, AND BOOKS

Property, plant, equipment and books are stated at cost, less accumulated depreciation. Depreciation is computed on the straight-line method over the estimated useful life of 40 years

for buildings, 5 to 12 years for equipment, and 10 years for books. Components of property, plant, equipment and books are as follows:

	2014	2013
Land and land improvements	\$ 52,180	\$ 42,678
Building and building improvements	1,165,187	1,152,290
Equipment and software	264,005	254,136
Library books	38,917	37,911
Construction-in-progress	73,543	47,554
	1,593,832	1,534,569
Less: accumulated depreciation	(858,183)	(810,022)
TOTAL PROPERTY, PLANT, EQUIPMENT AND BOOKS, NET	\$ 735,649	\$ 724,547

The above assets include \$452,038 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. The corresponding liability is included in Notes and bonds payable on the consolidated statements of financial position.

Capitalized interest added to construction in progress was \$38 (2014) and \$9 (2013). The expected cost to complete construction in progress is approximately \$44,664.

Depreciation expense included in the consolidated statement of activities is \$61,383 (2014) and \$62,169 (2013).

8. NOTES AND BONDS PAYABLE

Notes and bonds payable are as follows:

		Interest Rate	Maturity	2014	2013
OHEFC revenue	Series 1988	7.90%	2014	\$	6,406
notes and bonds:	Series 1990	6.50%	2015-2020	\$ 11,650	11,650
	Series 1994	6.00 - 6.25%	2014-2018	20,000	20,000
	Series 1997	6.25%	2014	1,855	3,555
	Series 2001	0.05%	2014-2022	11,200	11,730
	Series 2002A	0.05%	2023-2031	64,875	64,875
	Series 2004A	4.25 - 5.00%	2024-2034		49,455
	Series 2006	3.75 - 5.25%	2014-2044	79,860	81,200
	Series 2008A	0.06%	2030-2044	60,000	60,000
	Series 2008B	0.03%	2044		67,500
	Series 2008C	4.00 - 5.25%	2014-2033	50,490	50,490
	Series 2012A	2.00 - 5.00%	2014-2023	27,520	28,345
	Series 2013A	0.13%	2014-2023	42,120	
	Series 2014A	4.50%	2014-2044	67,500	
U.S. Government housing bonds	Series 1966	3.00%	2014		405
OHEFC commercial paper		.17 - .20%	2030	79,000	90,000
Compass Group USA, Inc.		-n/a-	2014-2019	1,462	1,950
Housing and Urban Development loan:	Part A	4.96%	2014-2041	11,679	11,885
	Part B	5.33%	2014-2041	4,032	4,100
TOTAL LIABILITY				\$ 533,243	\$ 563,546
Line of Credit				40,000	25,000
Unamortized Bond Premium				15,705	13,434
TOTAL NOTES AND BONDS PAYABLE				\$ 588,948	\$ 601,980

The fair market value of the University's notes and bonds payable is approximately \$610,163 (2014) and \$610,607 (2013) and is considered Level 2 financial instruments as defined by the ASC 820 valuation hierarchy. These values were estimated utilizing the discounted future cash outflows at rates for similar debt.

In November 2012, the OHEFC Series 2012A bonds were issued to defease and refinance a portion of the OHEFC Series 2004A bonds and OHEFC capital lease. The amount defeased for OHEFC Series 2004A bonds was \$26,215 and the amount

refinanced for the OHEFC capital lease was \$4,852. Deferred financing fees of \$397 were paid and the unamortized balance is included in prepaid expenses and other assets.

In December 2013, the OHEFC Series 2013A bonds were issued to refinance the balance of the OHEFC Series 2004A bonds. The amount refinanced for the OHEFC Series 2004A bonds was \$42,120 and included an additional equity contribution of \$2,455. Deferred financing fees of \$475 were paid and the unamortized balance is included in prepaid expenses and other assets.

In March 2014, the OHEFC Series 2014A bonds were issued to refinance the OHEFC Series 2008B bonds. The amount for the refinanced for the OHEFC Series 2008B bonds was \$67,500. The financing fees of \$182 were not included in the refinancing and were expensed.

The 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.

In February 2013, \$27,000 was drawn to provide bridge financing for the construction of the Tinkham Veale University Center. Deferred financing fees of \$226 were paid and the unamortized balance is included in prepaid expenses and other assets. Unspent funds related to the financing in the amount of \$11,250 were reported as operating investments in the consolidated statement of financial position at June 30, 2013. There were no unspent funds at June 30, 2014. In May 2014, \$11,000 of principal was paid down and was available for financing of future projects. The amount outstanding under the commercial paper program was \$79,000 (2014) and \$90,000 (2013), with maturities not exceeding 270 days from the issuance date. All commercial paper issued under the terms of the program must mature no later than February 1, 2030. The annualized interest cost and credit facility expense for this program was 0.67% (2014) and 0.65% (2013).

The University has revolving lines of credit with two financial institutions in the amount of \$60,000 to finance working capital. Both lines are subject to review and renewal annually. The amount outstanding was \$40,000 (2014) and \$25,000 (2013).

9. RETIREMENT PLANS

The University has both defined benefit and defined contribution pension plans for its employees. In accordance with provisions of the Employee Retirement Income Security Act of 1974, 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:

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

Year	Scheduled Principal Payments	Outstanding VRDO's	Total Maximum Principal Payments
2015	\$ 14,533	\$ 96,075	\$ 110,608
2016	15,458	80,000	95,458
2017	13,754	20,000	33,754
2018	29,465	30,000	59,465
2019	14,645	-	14,645
Thereafter	445,388	(226,075)	219,313
TOTAL	\$ 533,243	\$ -	\$ 533,243

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

Interest expense, including those amounts for interest rate swap agreements (Note 12), was \$20,125 (2014) and \$20,949 (2013).

Certain borrowing agreements require that the University comply with certain covenants. The University is in compliance with these provisions as of June 30, 2014.

	2014	2013
Benefit obligation at June 30	\$ 204,471	\$ 176,142
Fair value of plan assets at June 30	148,630	135,364
FUNDED STATUS AT JUNE 30	\$ (55,841)	\$ (40,778)
Accumulated benefit obligation	\$ 203,742	\$ 175,260

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

	2014	2013
Net periodic benefit cost	\$ 8,051	\$ 11,105
Employer contributions		6,655
Benefits paid	4,665	3,932

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

2015	\$ 4,721
2016	5,219
2017	5,466
2018	6,032
2019	6,576

Amounts expected to be paid between 2020 and 2024 total \$43,265. The University's estimated employer contribution for the defined benefit plan in fiscal 2015 will depend on the results of the July 1, 2014 actuarial valuation and is estimated to be \$23,495.

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

	2014	2013
BENEFIT OBLIGATION		
Discount rate	4.75%	5.25%
Rate of compensation increase	2.25%	4.25%
Measurement date	6/30/14	6/30/13
Census date	7/1/13	7/1/12
NET PERIODIC BENEFIT COST		
Discount rate	5.25%	4.50%
Expected return on plan assets	8.50%	8.50%
Rate of compensation increase	4.25%	4.25%

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 (combination of fixed income and equity securities) (50%), equity investments (30%), bonds and cash (16%), and real estate (4%). 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:

	2014	2013
Equity securities	33.00%	36.00%
Fixed income securities	10.00%	11.00%
Real estate	5.00%	5.00%
Other	52.00%	48.00%
TOTAL ASSET ALLOCATION	100.00%	100.00%

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

	2014	2013
STATEMENT OF FINANCIAL POSITION		
NET LIABILITY	\$ (55,841)	\$ (40,778)
UNRESTRICTED NET ASSETS		
Actuarial losses	63,763	56,751
AMOUNT RECOGNIZED AS REDUCTION OF UNRESTRICTED NET ASSETS	\$ 63,763	\$ 56,751

The estimated amortization of prior year service costs expected in fiscal 2015 totals \$4,073. Components of the net periodic benefit cost and other changes in plan assets that are recognized in the consolidated statement of activities are as follows:

	2014	2013
Change in actuarial losses (gains) \$	7,012	\$ (26,804)
Amortization of prior service cost		(160)
TOTAL LOSS (GAIN) RECOGNIZED, UNRESTRICTED NET ASSETS	7,012	(26,964)
Net periodic benefit cost	8,051	11,105
TOTAL LOSS (GAIN) RECOGNIZED, STATEMENT OF ACTIVITIES	\$ 15,063	\$ (15,859)

Benefit plan costs for the defined contribution plan are \$20,225 (2014) and \$19,834 (2013).

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 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 \$82,996 (2014) and \$91,316 (2013).

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.

During 2013, the University entered into a joint purchase agreement with the Cleveland Museum of Art to purchase real property from the Cleveland Institute of Art. The University's commitment is \$4,600 with \$505 placed as an earnest deposit and is shown on the consolidated statement of financial position in prepaid expenses and other assets. The remaining \$4,095 is due at closing, which is anticipated to be in fiscal 2016.

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.

11. RELATED PARTY TRANSACTION

In 1998, the University entered into a thirty-year agreement with the Medical Center Company (a cooperative utility company formed by and serving institutions in the University Circle area) to purchase chilled water and other utilities for several University buildings. The amounts purchased were \$20,118 (2014) and \$20,508 (2013). No obligation associated with this agreement is recorded in the accompanying consolidated financial statements.

In July 2012, the University received an energy efficiency grant from the Medical Center Company in the amount of \$998. The grant required a capital contribution of \$267 from the University and payback of a portion of projected energy cost savings. Payback terms are 36 months beginning January 2014. The obligation recorded in other liabilities is \$772 (2014) and \$137 (2013).

12. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

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

The University follows accounting guidance that defines fair value, establishes a framework for measuring fair value and expands disclosure requirements about fair value measurements, including derivatives. The University's interest rate swaps are valued by an independent swap consultant that uses the mid-market levels, as of the close of business, to value the agreements. The valuations provided are derived from proprietary models based upon well-recognized financial principles and reasonable estimates about relevant future market conditions and the University's credit worthiness. The University's interest rate swap arrangements have inputs that

can generally be corroborated by market data and are classified as Level 2 in the fair value hierarchy.

At June 30, 2014, the University has five interest rate swap agreements. Net payments or receipts under the swap agreements are recorded as adjustments to investment and other income and the incremental expense is disclosed below.

Under one agreement in effect at June 30, 2014, the counterparty pays the University a variable interest rate equal to the Securities Industry and Financial Markets Association (SIFMA) index, and under four other agreements, the counterparty pays a variable interest rate equal to a percentage of the one month LIBOR.

The following table provides detailed information on the interest rate swaps at June 30, 2014, with comparative fair values for June 30, 2013. The number of swaps is reported based on notional amount. Information related to the interest rate swap agreements to which the University is a party, including the associated OHEFC borrowing, where applicable, and the liability recognized in the consolidated statements of financial position in deferred income and other liabilities are as follows:

Notional Amount	Interest Rate	Commencement	Termination Date	Basis	2014		2013
					Level 2 Fair Market Value		Level 2 Fair Market Value
\$ 18,875	4.34%	Aug. 12, 2004	Oct. 1, 2022	LIBOR	\$ (1,778)	\$ (1,980)	
15,000	4.43%	Jun. 5, 2002	Jun. 5, 2022	LIBOR	(3,174)	(3,306)	
15,000	3.60%	Sept. 25, 2002	Sept. 25, 2022	LIBOR	(2,300)	(2,310)	
35,000	3.81%	Aug. 4, 2004	Aug. 1, 2034	LIBOR	(8,074)	(7,952)	
100,000	3.37%	Jan. 3, 2012	Jan. 1, 2017	SIFMA	(7,491)	(9,510)	
TOTAL INTEREST RATE SWAP AGREEMENT LIABILITY					\$ (22,817)	\$ (25,058)	

Changes in the fair value of derivative instruments are recorded in non-operating revenues and expenses as investment and other income. The provisions of the swap agreements require that on a weekly basis the University place into an escrow fund collateral sufficient to limit the counterparty's financial exposure to the University to no more than \$20,000.

The University had placed \$3,703 (2014) and \$5,435 (2013) into such a fund, which is shown in Cash and cash equivalents on the consolidated statements of financial position.

Interest expense recorded for the swap agreements in the non-operating activities for the year ended June 30 was \$6,224 (2014) and \$6,182 (2013).

13. RESTRICTED NET ASSETS

The University's restricted net assets as of June 30 were as follows:

	Temporarily Restricted	Permanently Restricted	2014	2013
Endowment				
True Endowment	\$ 538,245	\$ 560,569	\$ 1,098,814	\$ 1,007,629
Funds functioning as endowment (FFE)	290,857		290,857	266,604
Total True endowment and FFE	829,102	560,569	1,389,671	1,274,233
Funds held in trust by others		340,275	340,275	305,682
TOTAL UNIVERSITY ENDOWMENT	\$ 829,102	\$ 900,844	\$ 1,729,946	\$ 1,579,915
Other net assets				
Pledges receivable	69,661	21,270	90,931	90,454
Funds held in trust by others, unused income	4,853		4,853	5,057
Student loan funds		35,333	35,333	34,460
Split interest agreements		16,911	16,911	16,229
Purpose restricted gifts	85,323	4,520	89,843	45,267
TOTAL NET ASSETS	\$ 988,939	\$ 978,878	\$ 1,967,817	\$ 1,771,382

14. SUBSEQUENT EVENTS

The University has performed an evaluation of subsequent events through October 11, 2014, the date on which the

consolidated financial statements were issued. No material items were noted which require disclosure.

CASE WESTERN RESERVE UNIVERSITY
Schedule of Expenditures of Federal Awards

For the year ended June 30, 2014

FEDERAL GRANTOR/PROGRAM TITLE	Catalog of Federal Domestic Assistance Number	Pass Through Entity Identifying Number	Expenditures
Research and Development and Research Training Cluster - University			
Research and Development - University			
Department of Commerce			
Direct Programs			
Measurement and Engineering Research and Standards	11.609		5,750
Pass Through Programs			
Ohio State University Research Foundation	11.417	60025701/RF01328174	6,647
Ohio State University Research Foundation	11.417	RF01304568	3,566
University of Michigan	11.432	3001071084	1,258
Department of Commerce Subtotal			<u>17,221</u>
Department of Defense			
Direct Programs			
Basic and Applied Scientific Research	12.300		1,115,092
Military Medical Research and Development	12.420		2,410,171
Basic Scientific Research-ARRA	12.431		334,642
Air Force Defense Research Sciences Program	12.800		3,390,731
Research & Technology Development	12.910		361,682
Pass Through Programs			
Black Forest Engineering	12.000	BFE2012AR327A	19,160
Norfolk State University	12.000	W91NF-11-1-0209	14,839
RNET Technologies, Inc.	12.000	CIRE_T1_CASE	(564)
University of Virginia	12.351	GG11485-138899	128,317
Ardiem Medical, Inc.	12.420	W81XWH0720044	246,342
Cleveland Clinic Foundation	12.420	W81XWH (318-SUB)	7,264
Henry M. Jackson Foundation	12.420	2290	19,949
Medical University of South Carolina	12.420	W81XWH (MUSC13-004)	88,275
Rutgers University	12.420	W81XWH (3423)	70,317
University of Pittsburgh	12.420	0027150 (408007-1)	106,949
Wake Forest University	12.420	WFUHS 441073C CF-03	11,403
Johns Hopkins University-ARRA	12.431	W81XWH1020090	299,485
Pennsylvania State University-ARRA	12.431	4508-CWRU-USA-0534	26,470
Fisk University	12.630	W911NF-13-1-0153	26,824
National Center for Defense Manufacturing and Machining	12.800	NAMII-Lewandowski	349,828
National Center for Defense Manufacturing and Machining	12.800	NAMII-Schwam	411,282
University of Dayton	12.800	RSC10048	(11,763)
Johns Hopkins University	12.910	2001175091	79,415
University of Maryland	12.910	Z923801	78,938
University of Virginia	12.910	GG11379-136861	111,806
Department of Defense Subtotal			<u>9,696,854</u>
Department of Housing and Urban Development			
Direct Programs			
Transformation Initiative Research Grants: Natural Experiments	14.524		21,851
Pass Through Programs			
National Center for Healthy Housing	14.524	NCHH-10-1184	422
Environmental Health Watch	14.906	OHLHH0203-09	49,198
Environmental Health Watch	14.913	OHHHP0001-11	38,107
Department of Housing and Urban Development Subtotal			<u>109,578</u>
Department of the Interior			
Direct Programs			
Science and Technology Projects Related to Coal Mining and Reclamation	15.255		94,158
Pass Through Programs			
McDonald Environmental Sciences Ltd.	15.650	MESL (Watanabe)	25,895
Department of the Interior Subtotal			<u>120,053</u>
Department of Justice			
Pass Through Programs			
Cuyahoga County Board of Commissioners	16.812	CE1300229	88,079
Department of Justice Subtotal			<u>88,079</u>

CASE WESTERN RESERVE UNIVERSITY
Schedule of Expenditures of Federal Awards

For the year ended June 30, 2014

FEDERAL GRANTOR/PROGRAM TITLE	Catalog of Federal Domestic Assistance Number	Pass Through Entity Identifying Number	Expenditures
National Aeronautics and Space Administration			
Direct Programs			
Aerospace Education Services Program	43.001		713,036
Technology Transfer	43.002		485,249
Exploration	43.003		180,360
Space Operations	43.007		33,509
Education	43.008		28,290
Cross Agency Support	43.009		167,673
Pass Through Programs			
Ohio Aerospace Institute	43.001	WE-500077	76,714
Princeton University	43.001	00002045	327,826
National Aeronautics and Space Administration Subtotal			<u>2,012,657</u>
National Endowment for the Arts			
Direct Programs			
Promotion of the Humanities Professional Development	45.163		2,396
National Endowment for the Arts Subtotal			<u>2,396</u>
National Science Foundation			
Direct Programs			
Engineering Grants	47.041		2,203,935
Mathematical & Physical Sciences	47.049		9,069,471
Geosciences	47.050		173,360
Computer and Information Science & Engineering	47.070		1,787,886
Biological Sciences	47.074		1,151,482
Social, Behavioral and Economic Sciences	47.075		76,854
Education and Human Resources	47.076		108,711
International Science and Engineering (OISE)	47.079		545,355
Office of Cyberinfrastructure	47.080		59,623
Trans-NSF Recovery Act Research Support-ARRA	47.082		572,471
Pass Through Programs			
Affinity Therapeutics	47.041	AFFINITY	5,701
Agilitron	47.041	PO 783857 / NSF112725	74
Folio therapeutics LLC	47.041	1345692	20,874
PolymerPlus LLC	47.041	POLYMERPLUS	40,893
University of Kansas	47.041	FY2012-097	55,823
Columbia University	47.049	5-25107; PO#G02694	167,033
University of Michigan	47.049	3002527784	101,654
University of Chicago	47.050	FP052668	111,713
University of Southern California	47.050	119935	499
Rehabilitation Institute Research Corp.	47.070	PRIME CNS-0932263	54,961
University of California, Davis	47.074	201117695-01	21,162
Ohio State University Research Foundation	47.075	60029525	13,411
Stevens Institute of Technology	47.076	ENGAGE	415
University of Denver	47.076	SC37033A-01-00	295,255
University of Chicago	47.078	ANT-0638937	60,877
National Science Foundation Subtotal			<u>16,699,493</u>
Department of Veterans Affairs			
Direct Programs			
Other Department of Veteran's Affairs Programs	64.000		65,645
Department of Veterans Affairs Subtotal			<u>65,645</u>
Environmental Protection Agency			
Pass Through Programs			
Ohio Lake Erie Commission	66.000	LECFGLR14	10,683
Buffalo State College	66.469	GL-00E00503-CWR	(4)
Environmental Protection Agency Subtotal			<u>10,679</u>

CASE WESTERN RESERVE UNIVERSITY
Schedule of Expenditures of Federal Awards

For the year ended June 30, 2014

FEDERAL GRANTOR/PROGRAM TITLE	Catalog of Federal Domestic Assistance Number	Pass Through Entity Identifying Number	Expenditures
Department of Energy			
Direct Programs			
Office of Science Financial Assistance Program-ARRA	81.049		868,784
Renewable Energy Research and Development	81.087		164,839
Fossil Energy Research and Development	81.089		514,551
Stewardship Science Grant Program	81.112		146,352
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training, and Technical Analysis/Assistance	81.117		(33,016)
Advanced Research and Projects Agency Energy Financial Assistance Program	81.135		1,224,606
Pass Through Programs			
Agilitron	81.000	870422	(38)
Rolls Royce Fuel Cell Systems Inc.	81.000	DE-FE0000303	22,034
Rolls Royce Fuel Cell Systems Inc.	81.000	DE-FG02-01ER45934	8,382
University of California at Berkeley	81.000	6878940	50,588
Faraday Technology, Inc.-ARRA	81.049	DE-SC0007516	54,720
Advanced Technology Institute	81.086	ATI 2005-301	(1,305)
Bay Area Photovoltaic Consortium	81.087	60220829-51077-T	309,004
Indiana University	81.087	BL-4344500-CWRU	73,728
LG Fuel Cell Systems Inc.	81.087	DE-FE0012077	141,645
National Center for Manufacturing Science	81.087	201149-130175	(10,188)
Department of Energy Subtotal			<u>3,534,686</u>
Department of Education			
Pass Through Programs			
Cincinnati Children's Hospital	84.133	H133B090010 (107354)	162,492
Department of Education Subtotal			<u>162,492</u>
Department of Health & Human Services			
Direct Programs			
Food and Drug Administration Research	93.103		267,216
Maternal and Child Health Federal Consolidated Programs	93.110		5,627
Environmental Health	93.113		180,416
Oral Diseases & Disorder Research	93.121		3,829,548
Grants to Increase Organ Donations	93.134		395,770
Human Genome Research	93.172		1,366,037
Research Related to Deafness & Communications Disorders	93.173		1,861,711
Research and Training in Complementary and Alternative Medicine	93.213		399,409
Research on Healthcare Costs, Quality and Outcomes	93.226		1,307,800
National Center on Sleep Disorders Research	93.233		110,151
Mental Health Research Grants	93.242		2,517,583
Alcohol Research Programs	93.273		103,841
Drug Abuse and Addiction Research Programs	93.279		3,181,105
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283		2,570,846
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286		4,248,079
Minority Health and Health Disparities Research	93.307		1,193,016
Trans-NIH Research Support	93.310		1,627,106
National Center for Advancing Translational Sciences	93.350		11,957,885
Research Infrastructure Programs	93.351		1,529,623
Nursing Research	93.361		1,474,245
National Center for Research Resources	93.389		71,158
Cancer Cause & Prevention Research	93.393		1,897,450
Cancer Detection and Diagnosis Research	93.394		2,617,763
Cancer Treatment Research	93.395		1,854,913
Cancer Biology Research	93.396		5,069,061
Cancer Centers Support Grants	93.397		6,542,654
Cancer Research Manpower	93.398		987,899
Cancer Control	93.399		1,422,028
Health Promotion and Disease Prevention Research Centers: PPHF 2012 - Affordable Care Act Projects-ARRA	93.542		1,048,383
Trans-NIH Recovery Act Research Support-ARRA	93.701		104,888
Cardiovascular Diseases Research	93.837		10,774,730
Lung Diseases Research	93.838		5,099,041
Blood Diseases and Resources Research	93.839		1,750,299
Arthritis, Musculoskeletal, and Skin Diseases Research	93.846		4,434,125

CASE WESTERN RESERVE UNIVERSITY
Schedule of Expenditures of Federal Awards

For the year ended June 30, 2014

FEDERAL GRANTOR/PROGRAM TITLE	Catalog of Federal Domestic Assistance Number	Pass Through Entity Identifying Number	Expenditures
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847		15,718,198
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		9,350,929
Allergy, Immunology and Transplantation Research	93.855		17,094,755
Biomedical Research and Research Training	93.859		7,590,395
Child Health and Human Development Extramural Research	93.865		3,494,664
Aging Research	93.866		1,313,738
Vision Research	93.867		14,899,933
Medical Library Assistance	93.879		332,975
International Research and Research Training	93.989		6,807
Pass Through Programs			
American Academy of Pediatrics	93.110	6636-99951-731100	33,979
Cleveland Clinic Foundation	93.110	407-SUB	35,974
Hemophilia Foundation of Michigan	93.110	1-H30MC24047-01-00	14,000
University of South Carolina	93.135	14-248811570-FB10	18,462
Johns Hopkins University	93.172	2001451384	10,082
University of North Carolina	93.172	5-31041	(288)
University of North Carolina	93.172	HG05277 (5-31041)	280,160
University of Utah	93.172	10020594-2	7,761
Cornell University	93.173	56083-8774	856
Massachusetts Eye and Ear Infirmary	93.173	EY022305 (ME&EI)	12,556
University of Michigan	93.173	DC009410 (3002992709)	15,567
Hemophilia Foundation of Michigan	93.184	ATH(CDC12-13-HTC443)	14,719
Kent State University	93.213	443149-CWRU	502
Mt. Sinai Health Care Foundation	93.213	TACT	23
Ohio State University	93.213	60033066	260,171
Cincinnati Children's Hospital	93.226	130341	15,505
Harvard University	93.226	HS021636-01 (HARVARD)	9,891
Northwestern University	93.233	HL105549	3,212
Geisinger Clinic	93.242	U01HG006382	90,013
Johns Hopkins University	93.242	MH (2001815868)	1,119,137
Johns Hopkins University	93.242	MH (2001856949)	9,219
Johns Hopkins University	93.242	MH075673(2001770076)	13,173
University of California, San Diego	93.242	10313885-SUB	114,383
University of Rochester	93.242	MH (416088-G)	71,642
University of Texas Health Science Center	93.242	MH (53442/152932)	126,212
Vanderbilt University	93.242	VUMC 40221/MH095972	306,659
Catholic Charities Corporation	93.243	1H79TI-022425-02	49,895
Ohio Department of Mental Health	93.243	99-3095-SPOP-14-1453	40,056
University of Oklahoma	93.262	AI(RS20040600-01-A1)	14,474
The Miriam Hospital	93.279	710-9958	11,907
The University of British Columbia	93.279	DA021525	(38)
University of North Carolina	93.279	DA030156(5-30857)	121,434
Central Brain Tumor Registry of the Unit	93.283	DP003831 (CWRU02)	44,084
Columbia University	93.286	EB(1 (GG007812))	1,497
Massachusetts Institute of Technology	93.286	5710002285	17,326
Medical University of South Carolina	93.286	EB012099 (MUSC13-050)	154,978
Rehabilitation Institute Research Corporation	93.286	EB11615	17,274
University of the Virgin Islands	93.307	CALLWOOD-2008-1	888
Wake Forest University	93.361	WFUHS10104	24,380
American College of Radiology	93.393	CA021661	118,253
Baylor College of Medicine	93.393	CA139020 (101622273)	79,832
Duke Univ. Comprehensive Cancer Center	93.393	203-0309	59,719
Institute for Systems Biology	93.393	2011.0005	(50)
Kaiser Permanente	93.393	R01 CA140377	34,278
University of Michigan	93.393	3002153816	19,912
University of Washington	93.393	CA141439(735566)	(3,692)
Virginia Commonwealth University	93.393	PT102388-SC101313	20,083
American College of Radiology	93.394	CA80098 (ROTG-ACIN)	24,399
Fred Hutchinson Cancer Research Ctr	93.394	0000728543	242,186
Kent State University	93.394	CA143408(403003CWRU)	8,591
Ohio State University Research Foundation	93.394	CA183713(60040784)	(18,907)
Riverside Research	93.394	NYO.G00386P.012382.1	167,002
University of California, San Diego	93.394	UCSD	(27,839)
University of Miami	93.394	CA160593 (660555)	145,982
University of Michigan	93.394	3001861745	17,472

CASE WESTERN RESERVE UNIVERSITY
Schedule of Expenditures of Federal Awards

For the year ended June 30, 2014

FEDERAL GRANTOR/PROGRAM TITLE	Catalog of	Pass Through	Expenditures
	Federal Domestic Assistance Number	Entity Identifying Number	
University of Michigan	93.394	3001942590	9,772
University of Pennsylvania	93.394	557445	144,277
University of Texas Health Science Center	93.394	152906	152,912
American College of Obstetricians & Gynecology	93.395	27469-094	200,557
American College of Radiology	93.395	U10CA021661(1224-1634)	118,587
Children's Hospital of Philadelphia	93.395	CA098543	9,648
Gynecologic Oncology Group	93.395	27469-94	6,165
Invenio Therapeutics Inc.	93.395	CA134089 (INVENIO)	1,529
Lentigen Corporation	93.395	CA128269-LENTINGEN	369,980
National Surgical Adjuvant Breast & Bowel Project	93.395	TFED41-728	43,245
Ohio State University Research Foundation	93.395	CA044971(60035402)	55,864
University of California, San Francisco	93.395	7002SC	(337)
Riverside Research	93.397	NYO.G00386P.01199512	30,094
National Surgical Adjuvant Breast & Bowel Project	93.399	TIND-728	536
Duke University-ARRA	93.701	203-9437	8,512
Vanderbilt University-ARRA	93.701	VUMC 39667	(15)
Massachusetts General Hospital-ARRA	93.715	217197	45,294
Ohio Health Information Partnership-ARRA	93.718	90RC001201	1,137,593
Brigham and Women Hospital	93.837	HL114473(109593)	219,014
Brigham and Women Hospital	93.837	HL117713 (109135)	883
Cincinnati Children's Hospital	93.837	HL105333 (109363)	35,058
Duke University	93.837	HL075443 (203-1044)	341,837
Duke University	93.837	HL084904 (177494)	12,513
DVX Inc.	93.837	HL071359	(119,091)
Henry Ford Health System	93.837	HL028982 (HFHS)	302,640
Henry Ford Health System	93.837	HL074237 (HFHS)	391,786
Henry Ford Health System	93.837	HL090550 (HFHS)	244,043
Iasis Molecular Sciences	93.837	Iasis Molecular Sciences	5,936
Kent State University	93.837	443165-CWRU	212,372
Loyola University Chicago	93.837	200403	34,758
Molecular Targeting Technologies, Inc.	93.837	2R44HL062770	(6,987)
University of California, Los Angeles	93.837	1568 G KB381	21,743
University of California, San Francisco	93.837	HL117713 (7418SC)	45,813
University of Maryland	93.837	SR00000925	(59,726)
University of Michigan	93.837	3001346374	(48)
University of Michigan	93.837	HL094345	6,193
University of Pennsylvania	93.837	562070	6,237
University of Pittsburgh	93.837	0025070(406794-2)	206,286
University of Pittsburgh	93.837	9005405 (119281-1)	26,967
University of South Carolina	93.837	HL112787 (14-2475)	8,940
University of Texas Southwestern Medical	93.837	0007173A	8,358
University of Toledo	93.837	2008-007	6,664
Wake Forest University	93.837	HHSN268201100027C	557,816
Washington University	93.837	HL118305 (WU-14-243)	6,526
Brigham and Women Hospital	93.838	HL113338 (108605)	98,619
Emory University	93.838	S859799	45,295
Mayo Foundation- Rochester	93.838	HL056470 (63244887)	97,854
Pennsylvania State University	93.838	HL109086(RBCHL109086)	27,538
University of Washington	93.838	HL06800 (747426)	161,661
Vanderbilt University	93.838	HL079937(VUMC 38162)	50,632
Baylor College of Medicine	93.839	HL095647(5600698388)	21,772
Cincinnati Children's Hospital	93.839	HL095647-04	54,238
Washington University	93.839	WU-09-30	19
Burnham Institute	93.846	AR056273	27,301
Children's Hospital and Regional Medical	93.846	107387	694
Cincinnati Children's Hospital	93.846	AR047363 (108808)	29,720
Cornell University	93.846	AR057362(60606-9536)	(5,656)
Drexel University	93.846	232222; 232486-3850	72,133
University of Maryland, College Park	93.846	Z036002	17,662
Children's Mercy Hospital	93.847	04-0032	24,350
Emory University	93.847	S624243	70,336
George Washington University	93.847	DK (S-GRD1213-EAS)	627,546
George Washington University	93.847	DK (S-LIF1314-JB01)	52,280
George Washington University	93.847	DK061230 (12-D02)	402,441
Georgia Health Sciences University	93.847	DK076169 (25732-6)	58,831

CASE WESTERN RESERVE UNIVERSITY
Schedule of Expenditures of Federal Awards

For the year ended June 30, 2014

FEDERAL GRANTOR/PROGRAM TITLE	Catalog of Federal Domestic Assistance Number	Pass Through Entity Identifying Number	Expenditures
Medical College of Georgia	93.847	07-20497-1	124
Northwestern University	93.847	60031497	215,670
Stanford University	93.847	6020764851126-H	10,636
Thermalin Diabetes Incorporated	93.847	DK088506	176,572
Thermalin Diabetes Incorporated	93.847	DK094668	113,557
Thermalin Diabetes Incorporated	93.847	DK100186	87,777
Thermalin Diabetes Incorporated	93.847	DK100190	59,548
University of California, San Francisco	93.847	4510SC	(101)
University of California, San Francisco	93.847	7081SC	200,651
University of Chicago	93.847	44692	135,859
University of Medicine & Dentistry, NJ	93.847	DK090593 (UMDNJ)	33,049
University of Michigan	93.847	3001822742	19,410
University of Michigan	93.847	DK083912	60,460
University of New Mexico	93.847	DIALYSIS CL	6,396
University of North Carolina	93.847	5-31660	2,099
University of Pennsylvania	93.847	DK067390 (555805)	34,903
University of Pittsburgh	93.847	0010021	(3,822)
University of Pittsburgh	93.847	0010564 (122066-3)	12,781
University of Texas Southwestern Medical	93.847	DK083592	4,105
University of Utah	93.847	10017651-02	41,374
University of Utah	93.847	10019509-03	135,316
Vanderbilt University	93.847	R01DK(VUMC40347)	105,929
Yale University School of Medicine	93.847	M13A11503(A09021)	27,934
Cincinnati Children's Hospital	93.853	107759	48,489
ConservoCare	93.853	ConservoCare	(5,218)
Drexel University	93.853	232475-5826	126,784
Johns Hopkins University	93.853	2001648926	4,603
Johns Hopkins University	93.853	2001958471	15,757
Johns Hopkins University	93.853	2000793423	44,492
Northwestern University	93.853	60029363 CWRU	80,124
Ohio State University Research Foundation	93.853	NS060729 (60039015)	68,160
University of Alabama, Birmingham	93.853	NS042685-071	(289)
University of California, San Diego	93.853	10322639	6,488
University of California, San Diego	93.853	NS076896(S9000249)	27,115
University of California, San Francisco	93.853	NS049477 (8077SC)	16,528
University of Minnesota	93.853	NS062091(N000936937)	30,369
University of Minnesota	93.853	NS085188 (N003584201)	108,753
University of Pittsburgh	93.853	0017392 (119947-2)	207,663
Washington University	93.853	WU-10-332	217
Wayne State University	93.853	NS061264(WSU120523-A)	54,926
Yale University School of Medicine	93.853	NS044876 (A07593)	21,914
Brigham and Women Hospital	93.855	108084	174,482
Brigham and Women Hospital	93.855	AI068636 (108080)	373,227
Brigham and Women Hospital	93.855	AI068636 (108561)	31,617
Brigham and Women Hospital	93.855	AI068636 (110230)	3,952
Brigham and Women Hospital	93.855	AI068636 (110256)	208,076
Brigham and Women Hospital	93.855	AI068636 (B&WH)	55,159
Brigham and Women Hospital	93.855	AI068636 (SUB)	260
Brigham and Women Hospital	93.855	AI106701 (109928)	2,655
Brigham and Women Hospital	93.855	AI106701 (SUB)	136,123
Brigham and Women Hospital	93.855	UM1AI068636-07	3,461
Children's Hospital of Oakland	93.855	AI (12.8216.003)	34,066
Duke University	93.855	AI098588 (203-2437)	22,410
Duke University	93.855	AI104681 (23-9707)	113,731
Fred Hutchinson Cancer Research Ctr	93.855	AI068614(0000750859)	180,200
Iowa State University	93.855	430-23-05B	188,292
Johns Hopkins University	93.855	2001317194	81,388
Los Angeles Biomedical Research Institute	93.855	AI101492 (20440-CWRU)	3,463
Los Angeles Biomedical Research Institute	93.855	AI101750(20439-01R)	6,280
Magee-Women's Research Institute and Foundation	93.855	AI068633(9279)	7,739
Magee-Women's Research Institute and Foundation	93.855	AI068633-07(9241)	31,897
Medical University of South Carolina	93.855	AI091526(MUSC13-033)	7,327
Mount Sinai School of Medicine of the NE	93.855	AI (0255-1358-4609)	238,389
Mount Sinai School of Medicine of the NE	93.855	AI (0255-1611-4609)	184,467
Mount Sinai School of Medicine of the NE	93.855	AI090155 (8095)	28,103

CASE WESTERN RESERVE UNIVERSITY
Schedule of Expenditures of Federal Awards

For the year ended June 30, 2014

FEDERAL GRANTOR/PROGRAM TITLE	Catalog of	Pass Through	Expenditures
	Federal Domestic Assistance	Entity Identifying	
	Number	Number	
Social & Scientific Systems, Inc.	93.855	A5207	1,675
Social & Scientific Systems, Inc.	93.855	BRS-ACURES-11-000049	(16,757)
University of Alabama, Birmingham	93.855	AI (000397076-007)	309,262
University of Maryland	93.855	AI0277630 (1400231)	4,218
University of North Carolina	93.855	AI050410 (5-33229)	65,839
University of North Carolina	93.855	AI096113-02(5-31533)	266,363
University of South Florida	93.855	AI(6408-1063-00-A)	168,049
University of Texas Medical Branch	93.855	0007207A	263,749
University of Washington	93.855	428287	436
University of Washington	93.855	747348	254,242
ViTi, Inc.	93.855	AI091267 (9003_CWRU)	95,899
Washington University	93.855	AI057160 (WU-13-213)	1,965
Washington University	93.855	AI057160 (WU-13-229)	196,084
Washington University	93.855	WU-12-223	4,752
The J. Craig Venter Institute	93.856	JCVI-12-013	16,378
Affinity Therapeutics	93.859	AFFINITY	28,604
Mayo Foundation- Rochester	93.859	GM061388	110,213
New York Structural Biology Center	93.859	GM(NYSBCG01908-4)	234,095
University of California, Irvine	93.859	GM098943(2012-2896)	28,849
University of California, San Diego	93.859	10313432-SUB	118,476
University of Michigan	93.859	3002520016	59,585
University of Michigan	93.859	GM083241(3002596977)	23,599
University of Pittsburgh	93.859	0029564(123550-8)	423,095
University of Pittsburgh	93.859	GM(0024510 123320-1)	64,458
University of Texas- MD Anderson Cancer	93.859	GM096101 (12083955)	17,969
University of Washington	93.859	GM110569 (755978)	159,990
Celsense	93.865	HD079116 (CELSENSE)	43,154
Children's National Medical Center	93.865	HD (30000364-12-01)	93,754
Children's National Medical Center	93.865	HD (30000744-13-03)	55,614
Children's Research Institute	93.865	388509	41
Children's Research Institute	93.865	HD076885 (933813)	122,908
Cincinnati Children's Hospital	93.865	HD042729 (106049)	82,591
Columbia University	93.865	5-30279	551
George Washington University	93.865	21050	225,182
George Washington University	93.865	GWU	121,885
Kent State University	93.865	403004 CWRU	60,923
Ohio State University Research Foundation	93.865	60035809-CWRU	304,102
Ohio State University Research Foundation	93.865	RF01076422/60012965	39
RTI International	93.865	8-312-0212512	8,842
RTI International	93.865	HD036790 (0212456)	183,512
RTI International	93.865	HD063036	88,811
StimDesigns LLC	93.865	HD076520	32,689
The Ohio State University	93.865	RF01194520	27,644
City of Hope	93.866	23030.914940.6692	7,091
Duke Clinical Research Institute	93.866	AG034661 (2039364)	9,651
Neogene Bioscience LLC	93.866	AG (2013 CHAMBER P1)	2,685
Rensselaer Polytechnic Institute	93.866	A12193	165,323
University of California, San Diego	93.866	114 HBA	1,780
University of California, San Diego	93.866	114 IGIV-AVID	(2,324)
University of California, San Diego	93.866	AG010483 (37336810)	19,943
University of California, San Diego	93.866	AG010483 (37617388)	35,487
University of California, San Diego	93.866	AG024904 (114-ADNI-2)	127,747
University of California, San Diego	93.866	AG030048 (114CSRU)	24,082
University of California, San Diego	93.866	AG10483 (114-NGF)	53,779
University of California, Santa Barbara	93.866	KK1331	15,731
University of Pennsylvania	93.866	AF047133 (UPENN)	4,603
Virginia Commonwealth University	93.866	PD302561-SC103652	90,231
Harvard University	93.867	1RO1EY022302-01	(40)
Jaeb Center for Health Research	93.867	EY012358	105,831
Jaeb Center for Health Research	93.867	EY014231 (DRCRN 58)	26,515
Jaeb Center for Health Research	93.867	EY020791 (JAEB)	9,555
Jaeb Center for Health Research	93.867	EY11751	15,813
Massachusetts Eye and Ear Infirmary	93.867	EY020928 (ME&EI)	6,327
Massachusetts Eye and Ear Infirmary	93.867	EY022302 (ME&EI)	23,275
University of Arkansas for Medical Science	93.867	EY021646 (37882)	30,601

CASE WESTERN RESERVE UNIVERSITY
Schedule of Expenditures of Federal Awards

For the year ended June 30, 2014

FEDERAL GRANTOR/PROGRAM TITLE	Catalog of Federal Domestic Assistance Number	Pass Through Entity Identifying Number	Expenditures
University of Miami	93.867	EY012118 (661456)	75,095
University of Pennsylvania	93.867	552812	68
University of Pennsylvania	93.867	EY023164 (560636)	20,511
University of Wisconsin - Madison	93.867	EY006594 (418K703)	12,652
The Ohio State University	93.879	LM011075 (60036993)	23,942
Cuyahoga County Board of Health	93.944	CCBH	76,804
Department of Health & Human Services Subtotal			<u>174,148,709</u>
Department of Homeland Security			
Direct Programs			
Assistance to Firefighters Grant	97.044		61,498
Pass through Programs			
Iowa State University	97.077	428-20-01	123,166
Department of Homeland Security Subtotal			<u>184,664</u>
Total Research and Development - University Only			<u>206,853,206</u>
Research Training - University			
Department of Defense			
Direct Programs			
Basic and Applied Scientific Research	12.300		106,793
Department of Defense Subtotal			<u>106,793</u>
Department of State			
Pass through Programs			
Institute of International Education, Inc.	19.401	FULBRIGHT	78,256
Department of State Subtotal			<u>78,256</u>
National Aeronautics and Space Administration			
Direct Programs			
Aerospace Education Services Program	43.001		77,003
Education	43.008		121,889
Cross Agency Support	43.009		208,357
National Aeronautics and Space Administration Subtotal			<u>407,249</u>
National Science Foundation			
Direct Programs			
Engineering Grants	47.041		13,951
Education and Human Resources	47.076		562,738
Pass Through Programs			
George Washington University	47.076	30857/2/CCLS20557F	1,383
National Science Foundation Subtotal			<u>578,072</u>
Environmental Protection Agency			
Pass Through Programs			
Harrisburg University of Science & Tech	66.951	NE 00E01029	2,450
Environmental Protection Agency Subtotal			<u>2,450</u>
Department of Education			
Direct Programs			
Graduate Assistance in Areas of National Need	84.200		523,174
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	84.325		25,497
Department of Education Subtotal			<u>548,671</u>
Vietnam Education Foundation			
Direct Programs			
Fellowship Program	85.802		36,202
Vietnam Education Foundation Subtotal			<u>36,202</u>

CASE WESTERN RESERVE UNIVERSITY
Schedule of Expenditures of Federal Awards

For the year ended June 30, 2014

FEDERAL GRANTOR/PROGRAM TITLE	Catalog of Federal Domestic Assistance Number	Pass Through Entity Identifying Number	Expenditures
Department of Health & Human Services			
Direct Programs			
Maternal and Child Health Federal Consolidated Programs	93.110		17,551
Oral Diseases & Disorder Research	93.121		87,712
Nurse Anesthetist Traineeships	93.124		36,500
Research Related to Deafness and Communication Disorders	93.173		80,844
National Research Service Awards Health Services Research Training	93.225		3,354
Mental Health Research Grants	93.242		21,591
Advanced Nursing Education Grant Program	93.247		151,489
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286		445,736
National Center for Advancing Translational Sciences	93.350		441,891
Nurse Education, Practice Quality and Retention Grants	93.359		285,115
Nursing Research	93.361		113,667
National Center for Research Resources	93.389		5,110
Cancer Research Manpower	93.398		1,484,093
Grants for Training in Primary Care Medicine and Dentistry Training and Enhancement-ARRA	93.403		(340)
Affordable Care Act (ACA) Advanced Nursing Education Expansion Initiative	93.513		160,334
Cardiovascular Diseases Research	93.837		1,282,680
Lung Diseases Research	93.838		19,727
Arthritis, Musculoskeletal and Skin Diseases Research	93.846		475,998
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847		796,534
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		386,533
Allergy, Immunology and Transplantation Research	93.855		448,337
Biomedical Research and Research Training	93.859		2,015,001
Child Health and Human Development Extramural Research	93.865		257,551
Aging Research	93.866		96,890
Vision Research	93.867		416,316
Grants for Training in Primary Care Medicine and Dentistry	93.884		1,142,661
Block Grants for Prevention and Treatment of Substance Abuse	93.959		(1)
International Research and Research Training	93.989		1,117,932
Pass through programs			
Research Foundation for the State University of New York	93.648	12.33	12,643
Makerere University	93.853	NS0808968 (01-02)	45,956
Ohio Department of Mental Health	93.958	BG-13-701-13-004	3,158
Ohio Department of Mental Health	93.958	BG-13-701-13-006	2,869
Ohio Department of Mental Health	93.958	BG-14-100-20-002	25,000
Ohio Department of Mental Health	93.958	BG-14-411-02-001	287,153
Ohio Department of Mental Health	93.958	BG-14-425-13-001	460,281
Ohio Department of Mental Health	93.958	MHBG-C-14-100-20-1485	15,116
University of Georgia	93.989	RR793-017/4690888	79,221
Vanderbilt University	93.989	TW007988(VUMC 38303)	8,702
Department of Health & Human Services Subtotal			<u>12,730,905</u>
Total Research Training Grants			<u>14,488,598</u>
Sub Total Research and Development and Research Training Cluster			<u>221,341,804</u>
Research and Development - Cleveland Clinic Lerner College of Medicine (see Footnote 1)			
Department of Health & Human Services			
Direct Programs			
Oral Diseases and Disorders Research	93.121		415,784
Research Related to Deafness and Communication Disorders	93.173		280,578
Mental Health Research Grants	93.242		723,971
Geriatric Academic Career Awards	93.250		72,047
Alcohol Research Programs	93.273		3,656,696
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286		488,226
Trans-NIH Research Support	93.310		783,227
Nursing Research	93.361		52,162
National Center for Research Resources	93.389		549,741
Cancer Cause & Prevention Research	93.393		2,542,527
Cancer Detection and Diagnosis Research	93.394		370,789
Cancer Treatment Research	93.395		3,187,613
Cancer Biology Research	93.396		3,855,363
Cancer Research Manpower	93.398		256,877
Trans-NIH Recovery Act Research Support-ARRA	93.701		124,023

CASE WESTERN RESERVE UNIVERSITY
Schedule of Expenditures of Federal Awards

For the year ended June 30, 2014

FEDERAL GRANTOR/PROGRAM TITLE	Catalog of Federal Domestic Assistance Number	Pass Through Entity Identifying Number	Expenditures
National Center for Research Resources, Recovery Act Construction Support-ARRA	93.702		22,339
Cardiovascular Diseases Research	93.837		19,463,904
Lung Diseases Research	93.838		5,002,420
Blood Diseases & Resources Research	93.839		3,820,941
Arthritis, Musculoskeletal, & Skin Diseases Research	93.846		2,680,727
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847		6,973,940
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		10,710,068
Allergy, Immunology and Transplantation Research	93.855		3,562,701
Biomedical Research and Research Training	93.859		3,409,319
Child Health and Human Development Extramural Research	93.865		1,822,429
Aging Research	93.866		1,778,675
Vision Research	93.867		3,033,283
Pass Through Programs			
Massachusetts General Hospital	93.213	U01AT000613	13,433
Butler Hospital	93.242	U01MH076179	3,464
Flocl, Inc.	93.242	MH093302	131,005
Vanderbilt University	93.242	R01MH095621	93,845
Yale University	93.242	MH081902	49,938
Massachusetts General Hospital	93.286	R01EB009048	108,712
University Of Southern California	93.286	R01EB010197	21,496
Fred Hutchinson Center	93.350	U54CA163438	8,641
Ohio State University	93.350	R42TR000473	5,378
Vanderbilt University	93.350	UH2TR000491	257,401
Princeton University	93.389	R21RR026231	10,807
University of Washington	93.389	UL1RR025014	19
St. Jude Childrens Research Hospital	93.393	R01CA157838	16,859
Stanford University	93.393	UM1CA167551	2,124
University Of N Carolina Chapel	93.393	R01CA059005	9,624
University Of N Carolina Chapel	93.393	R01CA098286	119,103
Advance Cell Diagnostics	93.394	R43CA168019	74,150
Advance Cell Diagnostics	93.394	R44CA122444	173,225
Entrogen	93.394	R41CA156942	63,400
Harvard University	93.394	R01CA151532	109,528
University of Miami	93.394	R01CA122105	(2,424)
University of Nebraska	93.394	U01CA114778	(738)
American College Of Radiology	93.395	U10CA021661	268,503
Brigham and Women's Hospital	93.395	U10CA076001	28,077
Gynecological Oncology Group	93.395	U10CA027469	45,523
Johns Hopkins University	93.395	R01CA161613	(14,660)
Johns Hopkins University	93.395	U01CA137443	79,590
Massachusetts General Hospital	93.395	P01CA084203	114,578
Ohio State University Rsc	93.395	U01CA044971	62,132
Southwestern Oncology Group	93.395	U10CA004919	(98,296)
Southwestern Oncology Group	93.395	U10CA32102	3,987
University Of Miami	93.395	R33CA123027	(2,652)
University Of Michigan	93.395	U10CA32102	(752)
University Of Minnesota	93.395	R01CA138437	65,721
Ohio State University	93.396	R01CA143082	14,278
Ohio State University Rsc	93.396	P01CA124570	351,856
Sloan-Kettering Cancer Research	93.396	U01CA105492	(6,425)
University of Minnesota	93.396	R01CA172986	98,212
Oregon Health & Science University	93.399	U10CA037429	191,351
Children's Hospital of Philadelphia	93.701	U01CA098543	3,690
Emmes Corporation-ARRA	93.701	U01NS026835Z	18,468
Kinetic Muscles, Inc.-ARRA	93.701	RC3NS070646Z	39,201
University Of Minnesota-ARRA	93.701	R01NS057371Z	(7,990)
University Of Pittsburgh-ARRA	93.701	RC1HL102429Z	1,788
University Of Toledo-ARRA	93.701	RC2CA148572Z	(61,888)
University Of Washington At St-ARRA	93.701	U01A1077810Z	13,170
Brigham & Women's Hospital	93.837	U01HL102225	10,812
Duke University	93.837	R01HL105448	8,574
Duke University	93.837	R34HL105422	3,543
Duke University	93.837	U01HL084904	20,905
Icon Clinical	93.837	U01HL117006	903
Mount Sinai School Of Medicine	93.837	U01HL088942	59,527
New England Research Institute	93.837	U01HL105463	4,144

CASE WESTERN RESERVE UNIVERSITY
Schedule of Expenditures of Federal Awards

For the year ended June 30, 2014

FEDERAL GRANTOR/PROGRAM TITLE	Catalog of	Pass Through	Expenditures
	Federal Domestic Assistance Number	Entity Identifying Number	
Northwestern University	93.837	R01HL109244	6,111
University of Colorado	93.837	K23HL096895	256
University Of Connecticut	93.837	P01HL070694	36,147
University of Maryland	93.837	R21HL114407	(8,986)
University Of Pennsylvania	93.837	R01HL105993	304,497
University Of Pennsylvania	93.837	R01HL115041	12,155
University of Rochester	93.837	R01HL095109	785
University Of Texas	93.837	U01HL087318	1,624
University of Virginia	93.837	U01HL117006	18,384
University of Washington	93.837	P20HL113444	13,160
Virginia Commonwealth University	93.837	1UM1HL116885	10,370
Baystate Medical Center	93.838	R18HL108810	26,062
Duke University	93.838	U10HL080413	6,760
Fred Hutchinson Center	93.838	U01HL102547	8,969
Johns Hopkins University	93.838	P50HL084946	(9,333)
Medical University-Ohio	93.838	P30HL108016	5,233
Pennsylvania State University	93.838	U10HL109086	109,866
University Of Alabama At Birmingham	93.838	R01HL085324	119,215
University of Colorado	93.838	01HL114587-01A1	7,297
University Of Michigan	93.838	U10HL074422	(11,842)
University Of Pennsylvania	93.838	R01HL113988	5,353
University Of Washington At St. Louis	93.838	R01HL056643	37,788
Vanderbilt University	93.838	R01HL117074	31,550
University of Michigan	93.839	U01HL117658	365,893
University Of Washington At St. Louis	93.839	U01HL088476	143
Brigham & Women's Hospital	93.846	R01AR055557	9,153
Cincinnati Child Hosp Rsc	93.846	P60AR047784	2,935
Drexel University	93.846	R01AR047904	4,383
Hospital for Special Surgery	93.846	R01AR064840	4,726
University Of Pennsylvania	93.846	R01AR064153	6,953
University Of Pennsylvania	93.846	U54AR057319	110,705
Vanderbilt University	93.846	R01AR053684	83,449
Beth Israel Deconess Med	93.847	R01DK085185	13,169
Diapedia LLC.	93.847	R44DK059074	3,067
Johns Hopkins University	93.847	R01DK097087	154,587
Kaiser Permanente	93.847	R01DK076165	7,184
Mayo Clinic	93.847	R01DK090358	65,051
Mayo Clinic	93.847	U01DK062410	152,427
New York University	93.847	R33DK070341	48,948
New York University Langone Medical Center	93.847	R01DK099241	10,000
University Health Network	93.847	R01DK091288	2,838
University Of Illinois	93.847	R01DK072231	13,200
University Of Utah	93.847	R01DK088777	33,134
University Of Utah	93.847	R01DK090046	34,979
Advanced Circulatory Systems Inc.	93.853	R44NS054372	1,498
Beth Israel Deconess	93.853	U01NS074425	24,909
Cincinnati Child Hosp Rsc	93.853	U01NS076788	15,006
Columbia University	93.853	R01NS078059	(1,818)
Columbia University	93.853	U01NS043975	938
Emmes Corporation	93.853	1U01NS026835	22,303
Great Lakes Neuro Technologies	93.853	R43NS076052	11,648
Great Lakes Neuro Technologies	93.853	R44NS065554	3,277
H-Cubed Inc	93.853	R44NS052939	30,253
Massachusetts General Hospital	93.853	U01NS049640	(16,177)
Massachusetts General Hospital	93.853	U01NS082329	73,869
Medical College of Wisconsin	93.853	R01NS035929	97,125
Medical University of South Carolina	93.853	U01NS058728	(4,997)
Neurodx Development LLC	93.853	R44NS067772	267
Seattle Children's Hospital	93.853	R01NS065818	(5,687)
The Ohio State University	93.853	R01NS083767	109,944
University North Texas	93.853	R01NS048837	119,475
University Of California At L A	93.853	R01NS074980	48,890
University Of California At San Francisco	93.853	R01NS062820	5,521
University Of California At San Francisco	93.853	U01NS053998	8,804
University Of Iowa	93.853	R01NS040068	(5,837)

CASE WESTERN RESERVE UNIVERSITY
Schedule of Expenditures of Federal Awards

For the year ended June 30, 2014

FEDERAL GRANTOR/PROGRAM TITLE	Catalog of Federal Domestic Assistance Number	Pass Through Entity Identifying Number	Expenditures
University Of Iowa	93.853	R01NS054893	(1)
University Of Iowa	93.853	R01NS077946	3,953
University of Medicine & Dentistry	93.853	R01NS038384	1,919
Wayne State University	93.853	U01NS061264	38,962
Yale University	93.853	U01NS044876	3,935
Brigham & Women's Hospital	93.855	U01AI063623	211,493
Duke University	93.855	AI056363	2,547
Mount Sinai School Of Medicine	93.855	U01AI063594	343,394
Northwestern University	93.855	U01AL084146	98,537
University Of California At San Francisco	93.855	U01AI052748	3,280
University of Pennsylvania	93.855	R01AI104887	319,985
University Of Washington At St. Louis	93.855	U01AI077810	13,851
Duke University	93.859	R01GM083165	72,596
New England Medical Center - Tufts	93.865	R01AG027002	57,932
Research Triangle International	93.865	U01HD041249	54,780
University of Kansas	93.865	R01HD069043	34,554
University Of South Florida	93.865	U01DK061055	17,285
Mount Sinai School Of Medicine	93.866	R01AG029656	17,288
University of Nebraska	93.866	R01AG037120	23,944
Albert Einstein Medical College	93.867	R01EY010254	(17,497)
Duke University	93.867	R01EY023039	189,684
Georgia Health Sciences University	93.867	R01EY019672	9,326
Jackson Laboratories	93.867	R01EY016501	16,888
Jaeb Center Health Research	93.867	U10EY011751	22,755
Oregon Health & Science University	93.867	R01EY013516	7,719
University of Pennsylvania	93.867	U10EY023530	23,909
Department of Health & Human Services Subtotal			<u>86,195,804</u>
Total Research and Development - Cleveland Clinic Lerner College of Medicine			<u>86,195,804</u>
Total Research and Development and Research Training Cluster			<u>307,537,608</u>
Highway Planning & Construction			
Department of Justice			
Direct Programs			
Highway Planning and Construction	20.205		74,330
Total Department of Justice-Highway Planning & Construction Cluster			<u>74,330</u>
Medicaid			
Department of Health & Human Services			
Pass through programs			
Cincinnati Children's Hospital	93.778	133503	37,953
Cincinnati Children's Hospital	93.778	G-1213-07 (130566)	50,603
Cincinnati Children's Hospital	93.778	G-1415-07-0060	24,199
Cincinnati Children's Hospital	93.778	MEDTAPP (WALSH)	41,093
Cuyahoga County Board of Commissioners	93.778	MEDTAPP (CUTTLER)	(1)
Ohio State University Research Foundation	93.778	G-1213-07-0343	446,520
Ohio State University Research Foundation	93.778	G-1213-07-0343	11,535
Ohio State University Research Foundation	93.778	RF01282919/RF0130261	19,250
The Ohio State University	93.778	07-0060 (ODM201316)	15,657
The Ohio State University	93.778	G-1213-07-0343	1,127,163
The Ohio State University	93.778	MEDTAPP RONIS	47,985
The Ohio State University	93.778	MEDTAPP RONIS	993,893
Total Department of Health & Human Services-Medicaid Cluster			<u>2,815,850</u>
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		1,352,170
Federal Pell Grant Program	84.063		3,519,254
Total Department of Education-SFA Cluster			<u>5,934,998</u>

CASE WESTERN RESERVE UNIVERSITY
Schedule of Expenditures of Federal Awards

For the year ended June 30, 2014

FEDERAL GRANTOR/PROGRAM TITLE	Catalog of Federal Domestic Assistance Number	Pass Through Entity Identifying Number	Expenditures
TRIO			
Department of Education			
Direct Programs			
TRIO_Upward Bound	84.047		501,332
Total Department of Education-TRIO Cluster			501,332
Other Federal Assistance			
Department of Veteran Affairs			
Direct Programs			
Other Department of Veteran's Affairs Programs	64.000		33,356
Department of Veteran Affairs Subtotal			33,356
Department of Education			
Direct Programs			
Safe and Drug-Free Schools and Communities_National Programs	84.184		111,710
Department of Education Subtotal			111,710
Department of Health & Human Services			
Direct Programs			
Biomedical Research and Research Training	93.859		3,000
Child Health and Human Development Extramural Research	93.865		22,355
Ryan White HIV/AIDS Dental Reimbursements Community Based Dental Partnership	93.924		3,820
Pass Through Programs			
Great Lakes Science Center	93.389	Great Lakes Science Center	48,017
University of Mississippi	93.859	66662060714-02	123,370
Ohio Department of Health	93.994	ODH/DHHS (TRAPL)	97
Department of Health & Human Services Subtotal			200,659
Total Other Federal Assistance			345,725
TOTAL EXPENDITURES OF FEDERAL AWARDS			317,209,843

CASE WESTERN RESERVE UNIVERSITY
 NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2014

1. Summary of Significant Accounting Policies

Basis of Presentation:

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

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

Subrecipients:

Certain funds are passed through to subgrantee organizations by the University and CCLCM. Expenditures incurred by the subgrantees and reimbursed by the University are presented in the Schedule. The University has 144 research and development cluster awards with subcontracts of its federal funds, which have been issued to subrecipients that total approximately \$18,964,989. Due to the large number of programs and sponsors, it is not practical to disclose the amount of payments to each research and development cluster subrecipient. The University has 2 non-research and development awards with subcontracts of its federal funds, which have been issued to subrecipients that total approximately \$13,500. Refer to the table below for the amount provided to subrecipients under each CFDA number.

CFDA No.	Subrecipient	Department	Amount provided to subrecipients
93.778	Health Partners of Western Ohio	Department of Health and Human Services	\$ 4,500
93.778	Northeast Ohio Neighborhood Health Services	Department of Health and Human Services	9,000
			<u>\$ 13,500</u>

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.

CASE WESTERN RESERVE UNIVERSITY
 NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2014

3. Facilities and Administrative Cost Rates:

The University recovers facilities and administrative costs by means of final facilities and administrative cost rates. The final rates are a result of negotiated agreements with the U.S. Department of Health and Human Services. The final rate effective for the period July 1, 2013 to June 30, 2014 for on-campus research and for the CCLCM is 58.5% of modified total direct costs. The base rates for off-campus research for the same period vary depending upon the location of the research. The University's facilities and administrative cost rates have been finalized through fiscal year 2016 as predetermined rates pursuant to the DHHS rate agreement dated March 25, 2013. Provisional rates have been established for fiscal year 2017 and beyond.

4. Loan Advances:

The following schedule represents total loans advanced to students by the University and balances outstanding for the Perkins, Nursing, Health Professional Student and Disadvantaged Students Loan Programs for the year ended June 30, 2014:

	CFDA Number	Advances	Outstanding Balance
Perkins Loan Program	84.038	\$ 1,758,251	\$ 12,269,737
Nursing Student Loan Program	93.364	\$ 78,000	\$ 318,102
Health Professional Student Loan Program/PCL	93.342	\$ 232,000	\$ 1,995,747
Loan for Disadvantaged Students	93.342	\$ -	\$ 12,763

The Perkins Loan administrative cost allowance totaled \$0 for the year ended June 30, 2014.

The amount of Perkins loan principal cancelled under CFDA 84.037 totaled \$138,776 for the year ended June 30, 2014.

Federal Direct Loan Program

During the year ended June 30, 2014, the University disbursed the following loan amounts under the Federal Direct Loan Program (FDLP) (which includes Stafford Loans, unsubsidized Stafford Loans, and Parents Plus Loans for Undergraduate Students):

	CFDA Number	Amounts
Federal Direct Loan Program	84.268	\$ 108,093,916

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

In fiscal year 2014, the University had HUD mortgage notes and U.S. Government housing bonds outstanding and made payments including interest and principal of \$678,882 and \$806,658, respectively, on those obligations. As of June 30, 2014, the housing bonds were fully paid off and the HUD mortgage note balance outstanding was \$15,710,994. The HUD mortgage is insured by the Federal Housing Administration under an FHA Regulatory agreement for Insured Multifamily Housing Projects (Section 231 pursuant to Section 223(a)(7)). See note 8 to the financial statements for further information regarding these agreements.

Our audit of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* did not include the operations of the Triangle Residential Limited Partnership, which is obligated under the HUD mortgage note, because Case Western Reserve University engaged other auditors to perform an audit in accordance with OMB Circular A-133.

REPORTS ON COMPLIANCE AND ON THE
INTERNAL CONTROL STRUCTURE



**Independent Auditor’s Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

To the Board of Trustees,
Case Western Reserve University:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Case Western Reserve University, which comprise the consolidated statement of financial position as of June 30, 2014, and the related consolidated statements of activities and of cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 11, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Case Western Reserve University’s internal control over financial reporting (“internal control”) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Case Western Reserve University’s internal control. Accordingly, we do not express an opinion on the effectiveness of Case Western Reserve University’s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "PricewaterhouseCoopers LLP". The signature is written in a cursive, flowing style and is positioned above a light blue horizontal line.

October 11, 2014



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

To the Board of Trustees,
Case Western Reserve University:

Report on Compliance for Each Major Federal Program

We have audited Case Western Reserve University's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Case Western Reserve University's major federal programs for the year ended June 30, 2014. Case Western Reserve University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Case Western Reserve University's basic financial statements include the operations of the Triangle Residential Limited Partnership, which had mortgage notes of \$15,710,994 at June 30, 2014 insured by the Federal Housing Administration under an FHA Regulatory agreement for Insured Multifamily Housing Projects (Section 231 pursuant to Section 223(a)(7)). Our audit, described below, did not include the operations of the Triangle Residential Limited Partnership because Case Western Reserve University engaged other auditors to perform an audit in accordance with OMB Circular A-133.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Case Western Reserve University's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Case Western Reserve 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Case Western Reserve University's compliance.

Opinion on Each Major Federal Program

In our opinion, Case Western Reserve University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of Case Western Reserve University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Case Western Reserve University's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Case Western Reserve University's internal control over compliance.

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



Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

PricewaterhouseCoopers LLP

March 20, 2015

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

CASE WESTERN RESERVE UNIVERSITY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2014

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

• Material weakness(es) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
• Significant deficiency(s) identified that are not considered to be material weaknesses?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> none reported

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
--	------------------------------	--

Identification of major programs: CFDA Number(s)	Name of Federal Program or Cluster	
Various	Research & Development and Research Training Cluster	
Various	Student Financial Aid Cluster	
Dollar threshold used to distinguish between type A and type B programs:	\$3,000,000	
Auditee qualified as low-risk auditee?	<input checked="" type="checkbox"/> yes	<input type="checkbox"/> no

CASE WESTERN RESERVE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2014

Section II – Financial Statement Findings

None noted.

Section III – Federal Award Findings and Questioned Costs

None noted.

CASE WESTERN RESERVE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2014

Summary Schedule of Prior Year Audit Findings

Finding #2013-1: Accounting for Pledges and Contributions

Condition

During testing performed by PwC in 2013, a number of errors were identified in the University's pledge revenue. A significant deficiency was identified as a result of these errors.

Status

We enhanced the University's controls and procedures to improve the process around pledges and related contributions. We are committed to continued monitoring and improvement of workflow and related internal controls surrounding pledges and contributions. In addition, we will continue to assess the need for additional resources, both system and personnel, in the future. Although additional errors were identified by PwC during testing in 2014, these errors did not rise to the level of a significant deficiency.

Finding #2013-2: TRIO Earmarking

CFDA 84.047 Upward Bound Program

Condition

During testing performed by PwC in 2013, it was identified that 1 of 15 participants was inaccurately classified as a low-income individual.

Status

We implemented the corrective action plan of having the Director of TRIO Programs review and approve participant classifications before they are finalized. Additionally, the personnel responsible for the initial data entry received enhanced training and will continue to receive training on an annual basis. No findings were identified by PwC during testing in 2014.

Finding #2013-3: Equipment and Real Property Management

CFDA 93.859 National Institutes of Health

CFDA 12.431 Department of Defense

Condition

During testing performed by PwC in 2013, 1 of 25 existence testing selections of assets identified as acquired under federal awards was included in the University's records but was no longer physically present at the University.

During testing performed by PwC in 2013, 1 of 6 dispositions of federal equipment selected for testing the item was included in the disposal listing but was not actually disposed.

CASE WESTERN RESERVE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2014

Summary Schedule of Prior Year Audit Findings

Status

We implemented the corrective action plan of making additional communications to the Department Administrators regarding the process for recording transfers of equipment and changes to equipment through use of a standard form. Additionally, we switched from foil tags to RFID tags, which allows for physical inventories of equipment to be completed on an on-going basis. Physical inventories of equipment were conducted at various dates and times throughout the year. No findings were identified by PwC during testing in 2014.

Finding #2013-4: Subrecipient Monitoring

CFDA 93.847 NIH - Diabetes, Digestive, and Kidney Diseases Extramural Research
CFDA 93.242 NIH - Mental Health Research Grants

Condition

During testing performed by PwC of subrecipient monitoring in 2013, 2 of 31 subrecipients were identified where the University did not follow its procedure of investigating incomplete responses or responses from subrecipients that indicated findings in their A-133 Compliance reports.

Status

We implemented the corrective action plan of providing enhanced training to the individuals responsible for investigating subrecipient compliance with A-133 audits. No findings were identified by PwC during testing in 2014.