

CASE WESTERN RESERVE UNIVERSITY

**Report on Federal Awards in Accordance
With OMB Circular A-133 for the Year Ended
June 30, 2015**

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

June 30, 2015

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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, 2015, 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, 2015, 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.

Other Matters

We have previously audited Case Western Reserve University's 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 11, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards for the year ended June 30, 2015 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 3, 2015 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, 2015. 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 3, 2015

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

<i>In thousands of dollars</i>	For the year ended June 30	
	2015	2014
ASSETS		
Cash and cash equivalents	\$ 143,096	\$ 180,828
Operating investments	148,105	128,699
Accounts and loans receivable, net	106,343	107,979
Pledges receivable, net	97,590	96,563
Prepaid expenses and other assets	6,634	6,769
Investments, held for long-term purposes	1,417,187	1,384,953
Funds held in trust by others	336,825	340,275
Property, plant, equipment and books, net	766,094	735,649
TOTAL ASSETS	\$ 3,021,874	\$ 2,981,715
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 70,585	\$ 59,582
Deferred income and other liabilities	55,165	54,572
Annuities payable	40,323	41,105
Refundable advances	2,930	4,898
Accrued pension liability	67,955	55,841
Notes and bonds payable	583,319	588,948
Refundable federal student loans	29,007	26,085
TOTAL LIABILITIES	\$ 849,284	\$ 831,031
NET ASSETS		
Unrestricted	\$ 201,953	\$ 182,867
Temporarily restricted	969,913	988,939
Permanently restricted	1,000,724	978,878
TOTAL NET ASSETS	\$ 2,172,590	\$ 2,150,684
TOTAL LIABILITIES AND NET ASSETS	\$ 3,021,874	\$ 2,981,715

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, 2014

<i>In thousands of dollars</i>	Unrestricted	Temporarily Restricted	Permanently Restricted	For the year ended June 30	
				2015	2014
OPERATING REVENUES					
Student tuition and fees	\$ 394,365			\$ 394,365	\$ 368,739
Less: Student aid	(160,801)			(160,801)	(150,257)
	233,564			233,564	218,482
Investment returns distributed for operations	67,885			67,885	63,309
FHBO returns distributed	15,095	\$ 454		15,549	14,857
Investment returns on operating investments	11,854			11,854	20,393
Grants and contracts	234,124			234,124	249,232
CCLCM grants and contracts	81,192			81,192	82,996
Gifts and pledges	20,184	42,620	\$ 24,738	87,542	85,237
State of Ohio appropriation	2,770			2,770	2,773
Facilities and administrative cost recovery	70,611			70,611	72,495
Organized activities	13,228			13,228	12,907
Other sources	46,374		662	47,036	41,592
Auxiliary services - students	54,203			54,203	50,122
Auxiliary services - other	11,084			11,084	11,897
Net assets released from restrictions	28,459	(28,884)	425	-	-
TOTAL OPERATING REVENUES	\$ 890,627	\$ 14,190	\$ 25,825	\$ 930,642	\$ 926,292
OPERATING EXPENSES					
Instructional	305,429			305,429	290,341
Sponsored research and training	242,118			242,118	248,959
Other sponsored projects	25,071			25,071	28,893
CCLCM research and training	81,192			81,192	82,996
Libraries	21,926			21,926	22,549
Student services	26,049			26,049	24,063
University services	98,303			98,303	94,016
Auxiliary services - students	59,338			59,338	55,021
Auxiliary services - other	14,878			14,878	14,600
TOTAL OPERATING EXPENSES	\$ 874,304	\$ -	\$ -	\$ 874,304	\$ 861,438
NET OPERATING ACTIVITY	\$ 16,323	\$ 14,190	\$ 25,825	\$ 56,338	\$ 64,854
NON-OPERATING ACTIVITIES					
Long-term investment activities					
Investment income	\$ 2,144	\$ 54,740	\$ 3,073	\$ 59,957	\$ 59,261
Net (depreciation) appreciation	(1,835)	(2,751)	(4,804)	(9,390)	165,053
Total long-term investment activities	309	51,989	(1,731)	50,567	224,314
Long-term investment income and gains distributed for operations	(67,885)			(67,885)	(63,309)
Change in liabilities due under life-income agreements			(2,248)	(2,248)	(3,633)
Loss on disposal of plant assets	(311)			(311)	(438)
Pension plan changes other than periodic benefit costs	(14,555)			(14,555)	(7,012)
Net assets released from restrictions	85,205	(85,205)		-	-
NET NON-OPERATING ACTIVITY	\$ 2,763	\$ (33,216)	\$ (3,979)	\$ (34,432)	\$ 149,922
CHANGE IN NET ASSETS	\$ 19,086	\$ (19,026)	\$ 21,846	\$ 21,906	\$ 214,776
Beginning Net Assets	182,867	988,939	978,878	2,150,684	1,935,908
ENDING NET ASSETS	\$ 201,953	\$ 969,913	\$ 1,000,724	\$ 2,172,590	\$ 2,150,684

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	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 21,906	\$ 214,776
<i>Adjustments to reconcile change in net assets to net cash provided by operating activities:</i>		
Depreciation	64,240	61,383
Amortization of bond issuance costs	194	585
Amortization of bond premiums	(2,499)	(3,095)
Increase in capital appreciation notes	-	124
Realized and unrealized net gains on investments	(65,861)	(212,331)
Increase to annuities payable resulting from actuarial adjustments	2,248	3,633
Gifts of property and equipment	(250)	(2,284)
Loss on disposal of plant assets	311	438
Contributions restricted for long-term investment	(26,355)	(9,885)
Decrease (increase) in accounts and loans receivable, net	3,335	(5,940)
Increase in pledges receivable, net	(1,027)	(3,140)
(Increase) decrease in prepaid expenses and other assets	(59)	94
Decrease (increase) in funds held in trust by others	3,451	(34,593)
Increase in accounts payable and accrued expenses	6,887	658
Increase in deferred income and other liabilities	593	967
Decrease in refundable advances	(1,969)	(2,643)
Increase in accrued pension liability	12,114	15,063
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 17,259	\$ 23,810
CASH FLOWS FROM INVESTING ACTIVITIES		
Student loans		
Collected	\$ 6,842	\$ 6,606
Issued	(8,541)	(7,911)
Proceeds from the sale of investments	2,287,530	2,865,863
Purchase of investments	(2,273,309)	(2,787,905)
Proceeds from the sale of plant assets	814	265
Purchases of property, plant, equipment and books	(91,444)	(69,095)
NET CASH (USED FOR) PROVIDED BY INVESTING ACTIVITIES	\$ (78,108)	\$ 7,823
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in federal advances for student loans	\$ 2,922	\$ 2,350
Contributions restricted for long-term investment	20,957	3,143
Proceeds from the sales of investments received as gifts	5,398	6,742
Proceeds from short-term debt	60,000	60,000
Repayment of short-term debt	(80,000)	(45,000)
Proceeds from commercial paper	5,000	-
Repayment of commercial paper	(15,061)	(11,000)
Proceeds from notes and bonds payable	56,887	114,985
Repayment of notes and bonds payable	(29,956)	(129,046)
Increase to annuities payable resulting from new gifts	847	373
Decrease to annuities payable resulting from payments	(3,877)	(4,452)
NET CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES	\$ 23,117	\$ (1,905)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	\$ (37,732)	\$ 29,728
Cash and cash equivalents, beginning of year	180,828	151,100
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 143,096	\$ 180,828
SUPPLEMENTAL DATA:		
Interest paid in cash	\$ 12,578	\$ 13,282
Construction-in-progress payments included in accounts payable	9,114	4,998

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, 2015, and for the year then ended, as well as summarized information for the year ended June 30, 2014, 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.

Triangle Residential LP is a limited partnership formed in 2005 that owned and operated two apartment buildings and a parking garage located in the Ford-Euclid-Mayfield Road area through March 31, 2015. 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.

Effective March 31, 2015, Triangle Residential LP assigned to the University all of its right, title, and interest in all of its contracts and leases. All right, title, and interest in all tangible and intangible personal property were also assigned to the University by Triangle Residential LP. In addition, the Ground Lease between Triangle Residential LP and the University was terminated effective March 31, 2015. All transactions, assets, and liabilities related to the operation of the two apartment buildings and the parking garage are included in the accounts of the University beginning April 1, 2015.

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 for intended purposes. 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

Operating investments are stated at fair value and 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, 2015 and 2014, 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.

Split-Interest Agreements

The University has split-interest agreements consisting primarily of pooled income funds, charitable gift annuities and charitable remainder unitrusts and annuities. Contributions are recognized at the date the trusts and annuities are established, net of a liability for the present value of the estimated future cash outflows to beneficiaries. These assets are invested and payments are made to donors and beneficiaries in accordance with the respective agreements.

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 plan in accordance with ASC 715, "Plans." The University recognizes the overfunded or underfunded status of a defined benefit postretirement plan as an asset or liability in its consolidated statements 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, 2014, 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, 2015 and 2014. 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, 2015 and 2014.

New Pronouncements

In May 2014, the FASB issued Accounting Standard Update (“ASU”) 2014-09: “Revenue from Contracts with Customers (Topic 606)” at the conclusion of a joint effort with the International Accounting Standards Board to create common revenue recognition guidance for U.S. GAAP and international accounting standards. This framework ensures that entities appropriately reflect the consideration to which they expect to be entitled in exchange for goods and services by allocating transaction price to identified performance obligations and recognizing revenue as performance obligations are satisfied. Qualitative and quantitative disclosures are required to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The standard is effective for fiscal years beginning after December 15, 2018. The University is evaluating the impact this will have on the consolidated financial statements for fiscal year ending June 30, 2020, the first year in which the standard is effective.

In April 2015, the FASB issued ASU 2015-03: “Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs”, which requires all costs incurred to issue debt to be presented in the balance sheet as a direct deduction from the carrying value of the associated debt liability. The standard is effective for fiscal years beginning after December 15, 2015. The University is evaluating the impact this will have on the consolidated financial statements for fiscal year ending June 30, 2017, the first year in which the standard is effective.

In May 2015, the FASB issued the disclosure changes required by ASU 2015-07: “Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent).” Investments that are measured using net asset value will no longer be categorized in the fair-value hierarchy. The standard is effective for fiscal years beginning after December 15, 2016. The University is evaluating the impact this will have on the consolidated financial statements for fiscal year ending June 30, 2018, the first year in which the standard is effective.

2. ACCOUNTS AND LOANS RECEIVABLE

Accounts and loans receivable of the University at June 30, 2015 and 2014 were as follows:

	2015	2014
ACCOUNTS RECEIVABLE, NET		
Grants, contracts and others	\$ 50,594	\$ 52,825
Students	2,160	2,814
STUDENT LOANS, NET	53,589	52,340
ACCOUNTS AND LOANS RECEIVABLE, NET	\$ 106,343	\$ 107,979
Allowance for doubtful accounts:		
Accounts receivable	\$ 3,703	\$ 3,915
Loans receivable	\$ 2,134	\$ 2,107

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

which the borrowers operate, the level of delinquent loans and the past history of the various borrowers and the University. Factors also considered by management when performing its assessment, in addition to general economic conditions and the other factors described above, included, but were not limited to, a detailed review of the aging of the various receivables and loans, 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, 2015 is adequate to absorb credit losses inherent in the portfolio as of that date.

3. PLEDGES RECEIVABLE

Unconditional promises to give are included in the consolidated financial statements as pledges receivable and revenue of the appropriate net asset category. Multi-year pledges are recorded after discounting based on the market rate to the present value of expected future cash flows. The discount rate utilized for fiscal 2015 and 2014 was 5%.

Unconditional promises to give at June 30, 2015 and 2014 are expected to be realized in the following periods:

	2015	2014
In one year or less	\$ 26,295	\$ 16,781
Between one year and five years	74,520	76,820
More than five years	10,459	19,026
	111,274	112,627
Less: Discount	(7,840)	(8,278)
Less: Allowance	(5,844)	(7,786)
TOTAL PLEDGES RECEIVABLE, NET	\$ 97,590	\$ 96,563

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. Management considers the allowance for doubtful accounts to be prudent and reasonable. Management believes that the allowance for doubtful accounts at June 30, 2015 is adequate to absorb any uncollectible pledges as of that date.

Pledges receivable at June 30, 2015 and 2014 had the following restrictions:

	2015	2014
Department programs and activities	\$ 27,032	\$ 39,313
Endowments for scholarships and department programs and activities	24,460	25,248
Building construction	46,098	32,002
TOTAL PLEDGES RECEIVABLE, NET	\$ 97,590	\$ 96,563

Uncollectible pledges totaling \$3,940 (2015) and \$3,169 (2014) were written off against the allowance for uncollectible pledges. The University had conditional pledge commitments totaling \$43,725 at June 30, 2015.

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, 2015 and 2014 were as follows:

	2015	2014
Cash and cash equivalents	\$ 39,049	\$ 14,935
Domestic stocks	45,384	76,055
International securities	23,079	40,150
Global securities	110,681	117,511
Bonds		
Government and municipal	6,922	6,885
Corporate	8,167	23,549
Mutual funds	414,750	261,786
Derivatives	38,325	5,109
Limited partnerships and Other		
Venture capital	105,390	100,350
Private equity	238,595	287,838
Real estate	101,885	102,119
Hedge funds	385,232	432,033
Other	47,753	45,252
Equity real estate	80	80
TOTAL INVESTMENTS	\$ 1,565,292	\$ 1,513,652

	2015	2014
Operating investments, at market	\$ 148,105	\$ 128,699
Investments, held for long-term purposes	1,417,187	1,384,953
TOTAL INVESTMENTS	\$ 1,565,292	\$ 1,513,652

Investment returns shown on the statement of activities are netted against investment management fees of \$9,811 (2015) and \$14,781 (2014). The investments were held for the following purposes:

	2015	2014
Endowment	\$ 1,107,222	\$ 1,089,658
Donor-restricted funds	297,129	305,687
University investments	100,164	55,142
Annuities	50,896	53,459
Funds held for the benefit of others	9,881	9,706
TOTAL INVESTMENTS	\$ 1,565,292	\$ 1,513,652

University investments include unspent bond proceeds of \$24,506 as of June 30, 2015 (Note 8).

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 designated certain funds to function as endowments and has co-invested as such. Purpose-restricted by donor funds were not given to the University with the understanding that the gift amount would be maintained in perpetuity; these funds are classified in temporarily restricted net assets. All other Board-designated funds are classified in unrestricted net assets. Even though the Board has elected to treat these funds in the same fashion as an endowment fund, at its option, the Board may elect to change that treatment and spend these funds in accordance with the donor wishes, if any, without the constraints of the University endowment spending formula. Prior to 2015, unrestricted Board-designated endowments were not reflected in similar funds.

The breakdown of these classifications are:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
				2015	2014
Donor-restricted endowment funds	\$ (7,888)	\$ 526,697	\$ 588,413	\$ 1,107,222	\$ 1,089,658
Donor purpose-restricted funds		287,188		287,188	290,857
Board-designated funds	44,764			44,764	-
TOTAL ENDOWMENT AND SIMILAR FUNDS	\$ 36,876	\$ 813,885	\$ 588,413	\$ 1,439,174	\$ 1,380,515

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 4.77% (2015) and 15.96% (2014).

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 2015 and 2014 pooled endowment and similar funds spending allocation approximated 4.88% and 5.04%, respectively, of beginning market value. The total amount allocated was \$65,578 and \$62,216, 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 2015 and 2014 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 totaled \$5,900 in 2015 and \$6,500 in 2014.

Changes in endowment and similar funds net assets for fiscal year 2015 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
				2015	2014
Endowment and similar funds net assets, beginning of year	\$ (9,156)	\$ 829,102	\$ 560,569	\$ 1,380,515	\$ 1,256,079
Add: Beginning balance, unrestricted Board-designated	37,720			37,720	-
Investment income	3,102	42,457		45,559	53,982
Realized and unrealized (losses) gains	(2,688)	7,610		4,922	117,589
TOTAL INVESTMENT RETURN	414	50,067		50,481	171,571
Contributions	8,723	1,832	28,258	38,813	16,213
Current year withdrawals		(56)	(414)	(470)	(39)
Current year expenditures	(2,093)	(65,792)		(67,885)	(63,309)
Reclassification of deficits in donor-designated funds	1,268	(1,268)		-	-
ENDOWMENT AND SIMILAR FUNDS NET ASSETS, END OF YEAR	\$ 36,876	\$ 813,885	\$ 588,413	\$ 1,439,174	\$ 1,380,515

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 \$7,888 (2015) and \$9,156 (2014). 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, \$526,697 (2015) and \$538,245 (2014) 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, 2015 and 2014 by the ASC 820 valuation hierarchy are as follows:

June 30, 2015	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
INVESTMENTS				
Cash and cash equivalents	\$ 34,988	\$ 4,061		\$ 39,049
Domestic stocks	1,627	980	\$ 42,777	45,384
International securities		5,005	18,074	23,079
Global securities		32,747	77,934	110,681
Bonds				
Government and municipal		6,922		6,922
Corporate		8,167		8,167
Mutual funds	409,311	5,439		414,750
Derivatives		38,325		38,325
Limited partnerships and Other				
Venture capital			105,390	105,390
Private equity			238,595	238,595
Real estate			101,885	101,885
Hedge funds		105,516	279,716	385,232
Other		42	47,711	47,753
Equity real estate			80	80
TOTAL INVESTMENTS	\$ 445,926	\$ 207,204	\$ 912,162	\$ 1,565,292
FUNDS HELD IN TRUST BY OTHERS	\$ -	\$ -	\$ 336,825	\$ 336,825
PENSION PLAN ASSETS				
Cash and cash equivalents	\$ 4,070			\$ 4,070
Mutual funds	54,513	\$ 8,432		62,945
Limited partnerships and Other				
Hedge funds		80,415		80,415
Equity real estate			\$ 7,734	7,734
TOTAL PENSION PLAN ASSETS (Note 9)	\$ 58,583	\$ 88,847	\$ 7,734	\$ 155,164
ASSETS AT FAIR VALUE	\$ 504,509	\$ 296,051	\$ 1,256,721	\$ 2,057,281
Interest rate swaps payable	\$ -	\$ 20,600	\$ -	\$ 20,600
LIABILITIES AT FAIR VALUE	\$ -	\$ 20,600	\$ -	\$ 20,600

June 30, 2014

	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
INVESTMENTS				
Cash and 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 and 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

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
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
Investment income	(4,305)	(1,736)	8,204	21,441	(1,812)	13,835	628	36,255
Unrealized gains (losses)	23,668	6,121	3,079	(34,799)	14,104	(1,618)	(221)	10,334
Purchases	2,034	34	12,702	23,738	7,488	19,989	20	66,005
Settlements	(51,539)	(25,491)	(18,945)	(59,623)	(74,747)	(31,689)	(1,344)	(263,378)
June 30, 2015	\$ 42,777	\$ 96,008	\$ 105,390	\$ 238,595	\$ 279,716	\$ 109,699	\$ 384,536	\$ 1,256,721

The net realized and unrealized gains and losses in the table above are included in the University's consolidated statement of activities in one of two financial statement lines: *Investment income* or *Net (depreciation) 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	\$ 42,777	
International securities (b)	monthly, quarterly	30 - 90 days	18,074	
Global securities (c)	monthly, quarterly	30 - 90 days	77,934	
Limited partnerships and Other				
Venture capital (d)			105,390	\$ 25,299
Private equity (e)			238,595	80,746
Real estate (f)			101,885	27,000
Hedge funds (g)	monthly, quarterly, annually	30 - 90 days	279,716	1,067
Other (h)			47,711	240
Equity real estate (i)			80	
TOTAL			\$ 912,162	\$ 134,352

(a) **Domestic stocks** include funds invested in 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 0% of the net asset value is accessible within one year or less, with all funds accessible within three years.

(b) **International securities** include funds invested in equity securities domiciled in countries outside of the United States including developed and emerging markets. Approximately 100% of the net asset value is accessible within one year or less.

(c) **Global securities** include funds invested in equity securities domiciled in both Domestic stocks and International securities. Investments in this asset class have a mandate for global securities worldwide. Approximately 100% of the net asset value is accessible within one year or less.

(d) **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.

e) **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.

f) **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.

g) **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 84% of the net asset value in this class is accessible within one year or less, with all funds accessible within three years.

h) **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.

i) **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 relationships.

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, quarterly, or annually), 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.

Swaptions: Swaptions are a specific type of Option which gives the buyer the right, but not the obligation, to enter into a specified swap agreement with the counterparty on a specified future day.

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 OTC 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	2015		
			Level 1 Fair Value	Level 2 Fair Value	Level 3 Fair Value
Investments					
	Total return swaps	\$ 288,601		\$ 33,519	
	Options (over-the-counter)			(230)	
	Futures contracts	20,234		4,872	
	Forward contracts			(5)	
	Interest rate hedges			216	
	Yield curve hedges	332,069		(47)	
TOTAL DERIVATIVES, 2015			\$ -	\$ 38,325	\$ -

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	\$ -

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	2015	2014
Net effect on investment income			
	Total return swaps	\$ 14,020	\$ 22,544
	Options (over-the-counter)	7,519	(3,649)
	Interest rate hedges	152	
	Yield curve hedges	208	
		\$ 21,899	\$ 18,895
Unrealized gains (losses)			
	Total return swaps	1,291	10,086
	Options (over-the-counter)		7,952
	Futures contracts	(959)	
	Interest rate hedges	(267)	
	Yield curve hedges	248	(61)
		\$ 313	\$ 17,977
NET EFFECT OF DERVATIVES		\$ 22,212	\$ 36,872

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:

	2015	2014
Land and land improvements	\$ 56,099	\$ 52,180
Building and building improvements	1,222,821	1,165,187
Equipment and software	275,034	264,005
Library books	40,566	38,917
Construction-in-progress	86,361	73,543
	1,680,881	1,593,832
Less: Accumulated depreciation	(914,787)	(858,183)
TOTAL PROPERTY, PLANT, EQUIPMENT AND BOOKS, NET	\$ 766,094	\$ 735,649

The above assets include \$476,126 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 \$430 (2015) and \$38 (2014). The expected cost to complete construction-in-progress is approximately \$22,543.

Depreciation expense included in the consolidated statement of activities is \$64,240 (2015) and \$61,383 (2014).

8. NOTES AND BONDS PAYABLE

Notes and bonds payable are as follows:

		Interest Rate(s)	Maturity (Calendar Year)		2015		2014
OHEFC revenue notes and bonds:	Series 1990	6.50%	2015-2020	\$	11,650	\$	11,650
	Series 1994	6.125 - 6.25%	2015-2018		16,500		20,000
	Series 1997	6.25%	2014				1,855
	Series 2001	0.04%	2015-2022		10,605		11,200
	Series 2002A	0.04%	2023-2031		64,875		64,875
	Series 2006	4.00 - 5.25%	2015-2044		78,330		79,860
	Series 2008A	0.04%	2030-2044		60,000		60,000
	Series 2008C	4.00 - 5.25%	2015-2033		47,805		50,490
	Series 2012A	2.00 - 5.00%	2015-2023		26,680		27,520
	Series 2013A	2.00 - 5.00%	2015-2023		39,180		42,120
	Series 2014A	0.55%	2030-2044		67,500		67,500
	Series 2015A	2.00 - 5.00%	2015-2034		51,630		
OHEFC commercial paper		0.09 - 0.10%	2030		68,939		79,000
Compass Group USA, Inc.		-n/a-	2015-2019		1,162		1,462
Housing and Urban Development loan:	Part A	4.96%	2015				11,679
	Part B	5.33%	2015				4,032
TOTAL LIABILITY				\$	544,856	\$	533,243
Line of credit					20,000		40,000
Unamortized bond premium					18,463		15,705
TOTAL NOTES AND BONDS PAYABLE				\$	583,319	\$	588,948

The fair market value of the University's notes and bonds payable is approximately \$594,067 (2015) and \$610,163 (2014) 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 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 refinanced for the OHEFC Series 2008B bonds was \$67,500. The financing fees of \$182 were not included in the refinancing and were expensed.

In February 2015, the OHEFC Series 2015A bonds were issued to finance the construction of the new residence hall in the amount of \$37,240 and to refinance the Housing and Urban Development Part A and Part B loans in the amount of \$14,390. The total amount of the bond issue was \$51,630. Deferred financing fees of \$707 were paid and the unamortized balance is included in Prepaid expenses and other assets.

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. During 2014, \$11,000 of principal was paid down and made available for financing of future projects. In August 2014, \$5,000 was drawn to provide bridge financing for the new residence hall. During 2015, \$15,061 of principal was paid down making \$21,061 of funds available for the financing of future projects. The amount outstanding under the commercial paper program was \$68,939 (2015) and \$79,000 (2014), 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 0.63% (2015) and 0.67% (2014).

The University has revolving lines of credit with two financial institutions in the amount of \$70,000 to finance working capital. The \$30,000 line is subject to review and renewal annually, and the \$40,000 line is subject to renewal in December 2017. The amount outstanding was \$20,000 (2015) and \$40,000 (2014).

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 VRDOs	Total Maximum Principal Payments
2016	\$ 16,385	\$ 95,480	\$ 111,865
2017	15,070	20,000	35,070
2018	30,800	80,000	110,800
2019	16,013	-	16,013
2020	16,345	30,000	46,345
Thereafter	450,243	(225,480)	224,763
TOTAL	\$ 544,856	\$ -	\$ 544,856

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 ("VRDOs") and commercial paper if they cannot be remarketed. Outstanding VRDOs 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 \$18,637 (2015) and \$20,125 (2014).

Certain borrowing agreements require that the University comply with certain covenants. The University is in compliance with these provisions as of June 30, 2015.

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:

	2015	2014
Benefit obligation at June 30	\$ 223,119	\$ 204,471
Fair value of plan assets at June 30	155,164	148,630
FUNDED STATUS AT JUNE 30	\$ (67,955)	\$ (55,841)

Accumulated benefit obligation **\$ 221,975** **\$ 203,742**

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

	2015	2014
Net periodic benefit cost	\$ 8,004	\$ 8,051
Employer contributions	10,445	
Benefits paid	5,632	4,665

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

2016	\$ 5,325
2017	5,521
2018	6,103
2019	6,649
2020	7,380

Amounts expected to be paid between 2021 and 2025 total \$48,064. The University's estimated employer contribution for the defined benefit plan in fiscal 2016 will depend on the results of the July 1, 2015 actuarial valuation and is estimated to be \$6,770.

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

	2015	2014
BENEFIT OBLIGATION		
Discount Rate	4.75%	4.75%
Rate of compensation increase	2.25%	2.25%
Measurement date	6/30/15	6/30/14
Census date	7/1/14	7/1/13
NET PERIODIC BENEFIT COST		
Discount rate	4.75%	5.25%
Expected return on plan assets	8.50%	8.50%
Rate of compensation increase	2.25%	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. 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 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:

	2015	2014
Equity securities	31.00%	33.00%
Fixed income securities	12.00%	10.00%
Real estate	5.00%	5.00%
Other	52.00%	52.00%
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:

	2015	2014
NET LIABILITY	\$ (67,955)	\$ (55,841)
UNRESTRICTED NET ASSETS		
Actuarial losses	78,318	63,763
AMOUNT RECOGNIZED AS REDUCTION OF UNRESTRICTED NET ASSETS	\$ 78,318	\$ 63,763

The estimated amortization of prior year service costs expected in fiscal 2016 totals \$4,303. 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:

	2015	2014
Change in actuarial losses	\$ 14,555	\$ 7,012
TOTAL LOSS RECOGNIZED, UNRESTRICTED NET ASSETS	14,555	7,012
Net periodic benefit cost		
	8,004	8,051
TOTAL LOSS RECOGNIZED, STATEMENT OF ACTIVITIES	\$ 22,559	\$ 15,063

During fiscal 2015, the Board approved a change to the defined benefit plan with an effective date of June 30, 2015. The University elected to close the plan to new entrants. Employees hired prior to July 1, 2015 may enter and continue to participate in the defined benefit plan. This change had no effect on the valuations stated for the plan at year end.

Benefit plan costs for the defined contribution plan are \$20,364 (2015) and \$20,225 (2014).

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 \$81,192 (2015) and \$82,996 (2014).

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 statements 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 \$19,382 (2015) and \$20,118 (2014). 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 Deferred income and other liabilities is \$543 (2015) and \$772 (2014).

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, 2015, 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, 2015, 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, 2015, with comparative fair values for June 30, 2014. 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	2015		2014
					Level 2 Fair Market Value		
\$ 18,875	4.34%	Aug. 12, 2004	Oct. 1, 2022	LIBOR	\$ (1,541)	\$	(1,778)
15,000	4.43%	Jun. 5, 2002	Jun. 5, 2022	LIBOR	(2,943)		(3,174)
15,000	3.60%	Sept. 25, 2002	Sept. 25, 2022	LIBOR	(2,202)		(2,300)
35,000	3.81%	Aug. 4, 2004	Aug. 1, 2034	LIBOR	(9,029)		(8,074)
100,000	3.37%	Jan. 3, 2012	Jan. 1, 2017	SIFMA	(4,885)		(7,491)
TOTAL INTEREST RATE SWAP AGREEMENT LIABILITY					\$ (20,600)	\$	(22,817)

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 \$2,144 (2015) and \$3,703 (2014) 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 \$6,220 (2015) and \$6,224 (2014).

13. RESTRICTED NET ASSETS

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

	Temporarily Restricted	Permanently Restricted	2015	2014
Endowment				
True endowment	\$ 526,697	\$ 588,413	\$ 1,115,110	\$ 1,098,814
Funds functioning as endowment (FFE)	287,188		287,188	290,857
Total true endowment and FFE	813,885	588,413	1,402,298	1,389,671
Funds held in trust by others		336,825	336,825	340,275
TOTAL UNIVERSITY ENDOWMENT	\$ 813,885	\$ 925,238	\$ 1,739,123	\$ 1,729,946
Other net assets				
Pledges receivable	70,054	20,323	90,377	90,931
Funds held in trust by others, unused income	5,307		5,307	4,853
Student loan funds		36,201	36,201	35,333
Split-interest agreements		15,630	15,630	16,911
Purpose restricted gifts	80,667	3,332	83,999	89,843
TOTAL NET ASSETS	\$ 969,913	\$ 1,000,724	\$ 1,970,637	\$ 1,967,817

14. SUBSEQUENT EVENTS

The University has performed an evaluation of subsequent events through October 3, 2015, the date on which the consolidated financial statements were issued.

In September 2015, the University completed the purchase of real property from the Cleveland Institute of Art. The property was acquired as part of a joint purchase with the Cleveland Museum of Art as described in Note 10.

In September 2015, the Board approved the commencement of the construction phase of the Health Education Campus, a

joint project with the Cleveland Clinic Foundation. At this time, it is expected that the project will be funded by gifts and private grants.

In July 2015, the OHEFC Series 2015B bonds were issued to refinance the balance of the OHEFC Series 2001A bonds (\$10,605) and the OHEFC Series 2002A bonds (\$64,875) for a total of \$75,480. The financing fees of \$176 were not included in the refinancing and were expensed.

CASE WESTERN RESERVE UNIVERSITY
Schedule of Expenditures of Federal Awards

For the year ended June 30, 2015

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		8,085
Pass Through Programs			
The Ohio State University	11.417	60025701/RF01328174	2,724
Department of Commerce Subtotal			10,809
Department of Defense			
Direct Programs			
Research and Development	12.		748,247
Basic and Applied Scientific Research	12.300		1,140,657
Basic Scientific Research - Combating Weapons of Mass Destruction	12.351		3,012
Military Medical Research and Development	12.420		3,094,973
Basic Scientific Research-ARRA	12.431		239,546
Air Force Defense Research Sciences Program	12.800		2,657,014
Research & Technology Development	12.910		57,241
Pass Through Programs			
Clinical Research Management, Inc.	12.	CWRU-08-01	827,232
National Center for Defense Manufacturing and Machining	12.	FA8650-12-2-7230	79,025
University of Virginia	12.351	GG11485-138899	18,793
Ardiem Medical, Inc.	12.420	W81XWH0720044	(235)
Cleveland Veteran's Administration Medical Research and Education Foundation	12.420	Bogie-VA001DOD	9,133
Medical University of South Carolina	12.420	W81XWH (MUSC13-004)	19,020
Rutgers University	12.420	W81XWH (3423)	(858)
University of Pittsburgh	12.420	0027150 (408007-1)	391
Wake Forest University	12.420	WFUHS 441073C CF-03	34,945
Johns Hopkins University-ARRA	12.431	W81XWH1020090	283,459
University of Notre Dame	12.431	202239	7,142
Fisk University	12.630	W911NF-13-1-0153	40,984
University of Washington	12.800	7637699	55,793
Johns Hopkins University	12.910	2001175091	113,698
MacDonald Environmental Sciences Ltd.	12.910	MESL (Watanabe)	14,714
University of Maryland	12.910	Z923801	105,567
University of Virginia	12.910	GG11379-136861	117,042
Department of Defense Subtotal			9,666,535
Department of Housing and Urban Development			
Direct Programs			
Transformation Initiative Research Grants: Natural Experiments	14.524		(1)
Healthy Homes Technical Studies Grants	14.906		201,122
Pass Through Programs			
Environmental Health Watch	14.913	OHHP0001-11	(21,313)
Department of Housing and Urban Development Subtotal			179,808
Department of the Interior			
Direct Programs			
Science and Technology Projects Related to Coal Mining and Reclamation	15.255		62,328
Pass Through Programs			
U.S. Geological Survey Research and Data Collection	15.808	51147674	5,827
Department of the Interior Subtotal			68,155
Department of Justice			
Pass Through Programs			
Cuyahoga County Board of Commissioners	16.812	CE1300229	37,997
Department of Justice Subtotal			37,997
National Aeronautics and Space Administration			
Direct Programs			
Aerospace Education Services Program	43.001		756,303
Technology Transfer	43.002		(391)
Exploration	43.003		351,508
Space Operations	43.007		88,548

CASE WESTERN RESERVE UNIVERSITY
Schedule of Expenditures of Federal Awards

For the year ended June 30, 2015

FEDERAL GRANTOR/PROGRAM TITLE	Catalog of Federal Domestic Assistance Number	Pass Through Entity Identifying Number	Expenditures
Education	43.008		48,960
Cross Agency Support	43.009		120,093
Pass Through Programs			
Universities Space Research Association	43.	04555-004	1,462,259
Materials Answers, LLC	43.001	NNX14CL25P	33,731
Princeton University	43.001	00002045	305,691
National Aeronautics and Space Administration Subtotal			<u>3,166,702</u>
National Science Foundation			
Direct Programs			
Engineering Grants	47.041		2,601,654
Mathematical & Physical Sciences	47.049		7,504,259
Geosciences	47.050		214,147
Computer and Information Science & Engineering	47.070		1,451,557
Biological Sciences	47.074		2,468,327
Social, Behavioral and Economic Sciences	47.075		60,178
Education and Human Resources	47.076		56,433
International Science and Engineering (OISE)	47.079		722,842
Office of Cyberinfrastructure	47.080		45,884
Trans-NSF Recovery Act Research Support-ARRA	47.082		180,986
Pass Through Programs			
PolymerPlus LLC	47.041	POLYMERPLUS	30,602
vascuVis Inc.	47.041	1353532	20,609
Columbia University	47.049	5-25107; PO#G02694	54,615
University of California, Davis	47.049	201222382-01	20,405
University of Michigan	47.049	3002527784	91,378
University of Chicago	47.050	FP052668	254,040
University of Southern California	47.050	119935	490
Rehabilitation Institute Research Corp.	47.070	PRIME CNS-0932263	25,415
University of California, Davis	47.074	201117695-01	(107)
The Ohio State University	47.075	60029525	22,489
University of Denver	47.076	SC37033A-01-00	71,688
National Science Foundation Subtotal			<u>15,897,891</u>
Environmental Protection Agency			
Direct Programs			
Environmental Education Grants	66.951		13,647
Pass Through Programs			
Buffalo State College	66.469	GL-00E00503-CWR	4
Environmental Protection Agency Subtotal			<u>13,651</u>
Department of Energy			
Direct Programs			
Office of Science Financial Assistance Program	81.049		906,409
Conservation Research and Development	81.086		225,226
Renewable Energy Research and Development	81.087		276,065
Fossil Energy Research and Development	81.089		421,773
Stewardship Science Grant Program	81.112		245,583
Advanced Research and Projects Agency Energy Financial Assistance Program	81.135		1,675,460
Pass Through Programs			
Faraday Technology, Inc.	81.049	DE-SC0007516	265,865
Bay Area Photovoltaic Consortium	81.087	60220829-51077-T	142,880
Indiana University	81.087	BL-4344500-CWRU	15,153
LEEDCo, Inc.	81.087	LEEDCOINC	40,893
LG Fuel Cell Systems Inc.	81.087	DE-FE0012077	148,477
Department of Energy Subtotal			<u>4,363,784</u>
Department of Education			
Pass Through Programs			
Cincinnati Children's Hospital	84.133	H133B090010 (107354)	59,641
Department of Education Subtotal			<u>59,641</u>

CASE WESTERN RESERVE UNIVERSITY
Schedule of Expenditures of Federal Awards

For the year ended June 30, 2015

FEDERAL GRANTOR/PROGRAM TITLE	Catalog of Federal Domestic Assistance Number	Pass Through Entity Identifying Number	Expenditures
Department of Health & Human Services			
Direct Programs			
Research and Development	93.		6,145,511
Family Smoking Prevention and Tobacco Control Act Regulatory Research	93.077		3,853
Food and Drug Administration Research	93.103		78,910
Maternal and Child Health Federal Consolidated Programs	93.110		183,125
Environmental Health	93.113		143,224
Oral Diseases & Disorder Research	93.121		2,237,163
Grants to Increase Organ Donations	93.134		310,544
Centers for Research and Demonstration for Health Promotion and Disease Prevention	93.135		863,032
Human Genome Research	93.172		1,146,933
Research Related to Deafness & Communications Disorders	93.173		1,981,080
Improvement Projects	93.185		48,415
Research and Training in Complementary and Alternative Medicine	93.213		591,685
Research on Healthcare Costs, Quality and Outcomes	93.226		920,966
National Center on Sleep Disorders Research	93.233		33,919
Mental Health Research Grants	93.242		2,625,320
Alcohol Research Programs	93.273		348,575
Drug Abuse and Addiction Research Programs	93.279		2,204,933
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283		2,955,509
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286		5,020,703
Minority Health and Health Disparities Research	93.307		1,400,182
Trans-NIH Research Support	93.310		1,793,835
National Center for Advancing Translational Sciences	93.350		11,928,787
Research Infrastructure Programs	93.351		674,622
Nursing Research	93.361		1,487,542
Cancer Cause & Prevention Research	93.393		2,270,842
Cancer Detection and Diagnosis Research	93.394		3,399,524
Cancer Treatment Research	93.395		1,659,797
Cancer Biology Research	93.396		4,522,195
Cancer Centers Support Grants	93.397		6,447,046
Cancer Research Manpower	93.398		804,055
Cancer Control	93.399		1,141,200
Health Promotion and Disease Prevention Research Centers: PPHF 2012 - Affordable Care Act Projects-ARRA	93.542		395,019
Child Abuse and Neglect Discretionary Activities	93.670		60,296
Trans-NIH Recovery Act Research Support-ARRA	93.701		(223)
Cardiovascular Diseases Research	93.837		11,085,003
Lung Diseases Research	93.838		4,632,276
Blood Diseases and Resources Research	93.839		1,422,650
Arthritis, Musculoskeletal, and Skin Diseases Research	93.846		3,757,491
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847		16,139,840
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		9,697,987
Allergy, Immunology and Transplantation Research	93.855		16,602,404
Biomedical Research and Research Training	93.859		7,597,649
Child Health and Human Development Extramural Research	93.865		4,438,273
Aging Research	93.866		767,439
Vision Research	93.867		11,621,226
Medical Library Assistance	93.879		268,804
Pass Through Programs			
Ohio Department of Health	93.079	FAM-32995-01	30,368
Pennsylvania State University	93.103	FD00341(CWRUFD003410)	1,570
American Academy of Pediatrics	93.110	6636-99951-731100	72,456
Children's Hospital of Philadelphia	93.110	MC20218-05 (320896)	5,712
Cleveland Clinic Foundation	93.110	228SUB; 328SUB	(47)
Cleveland Clinic Foundation	93.110	407-SUB; 505-SUB	59,290
Genetic Alliance	93.110	MC16509-05-05 (Genetic A)	19,858
Hemophilia Foundation of Michigan	93.110	1-H30MC24047-01-00	8,787
The Ohio State University	93.110	MMC22849 (60041867)	1,269
Wright State University	93.121	1R01DE024732-01A1	4,394
University of South Carolina	93.135	14-248811570-FB10	982
Johns Hopkins University	93.172	2001451384	1,479
University of North Carolina	93.172	HG05277 (5031041)	50,946
University of Utah	93.172	10020594-2	7,263
Vanderbilt University	93.172	VUMC 43957	30,890
Massachusetts Eye and Ear Infirmary	93.173	EY022305 (ME&EI)	140,156
University of Michigan	93.173	DC009410 (3002992709)	73,554
Hemophilia Foundation of Michigan	93.184	ATH(CDC12-13-HTC443)	9,963
Ohio State University	93.213	60033066	171,986
Cincinnati Children's Hospital	93.226	130341	5,668

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Harvard University	93.226	HS021636-01 (HARVARD)	1,554
Rhode Island Hospital	93.226	701-713-7041-OH	27,620
Northwestern University	93.233	204-SUBI	119,189
Geisinger Clinic	93.242	U01HG006382	85,773
Johns Hopkins University	93.242	MH (2001815868)	792,269
Johns Hopkins University	93.242	MH (2001856949)	10,781
Massachusetts General Hospital	93.242	MH106053 (225144)	31,104
University of California, San Diego	93.242	10313885004	36,035
University of Rochester	93.242	MH (416088-G)	173,264
University of Rochester	93.242	R01MH014701 (416536)	22,319
University of Texas Health Science Center	93.242	MH (153442/152932)	86,822
Vanderbilt University	93.242	VUMC 40221/MH096972	297,487
Catholic Charities Corporation	93.243	1H79TI-022425-02	11,819
Ohio Department of Mental Health	93.243	99-3095-SPOP-14-1453	70,123
Ohio Department of Mental Health	93.243	99-3095-SSHS-P-15-1453	74,304
University of Oklahoma	93.262	AI(RS20040600-01-A1)	43,036
Nova Southeastern University	93.279	DA019048 (331985)	22,948
The Miriam Hospital	93.279	710-9958	21,625
The Miriam Hospital	93.279	710-9981	70
University of Cincinnati	93.279	007073-026	16,623
University of North Carolina	93.279	DA030156(5-30857)	123,300
Central Brain Tumor Registry of the Unit	93.283	DP003831 (CWRU02)	17,563
Columbia University	93.286	EB(1 (GG007812))	3,150
Medical University of South Carolina	93.286	EB012099 (MUSC13-050)	36,456
Purdue University	93.286	4102-64822	23,476
Rehabilitation Institute Research Corporation	93.286	EB11615	(682)
Mayo Clinic Rochester	93.307	MD008934(63706900)	92,898
Dartmouth College	93.350	TR001086(1592)	232,576
American College of Radiology	93.393	CA021661	143,394
Baylor College of Medicine	93.393	CA139020 (5600779094)	48,243
Duke Univ. Comprehensive Cancer Center	93.393	203-0309	125,845
George Washington University	93.393	09-M33	(2,210)
Kaiser Permanente	93.393	R01 CA140377	41,757
University of Georgia	93.393	RR166-833/4945286	5,242
Akrotome Imaging	93.394	CA180296	49,500
American College of Radiology	93.394	CA80098 (ROTG-ACIN)	(1,039)
Fred Hutchinson Cancer Research Ctr	93.394	0000728543	247,442
The Ohio State University	93.394	CA183713(60040784)	93,426
Riverside Research	93.394	NYO.G00386P.012382.1	123,234
University of California, San Diego	93.394	UCSD	(1,250)
University of Miami	93.394	CA160593 (660555)	110,422
University of Michigan	93.394	3001861745	18,948
University of Michigan	93.394	3001942590	15,753
University of Pennsylvania	93.394	557445	75,109
University of Texas Health Science Center	93.394	152906	45,244
American College of Obstetricians & Gynecology	93.395	27469-094	133,947
Children's Hospital of Philadelphia	93.395	CA098543	36,351
Children's Hospital of Philadelphia	93.395	CA180886-01	11,029
Dana Farber Cancer Institute	93.395	CA188288 (1236001)	580
Lentigen Corporation	93.395	CA128269-LENTINGEN	328,641
National Surgical Adjuvant Breast & Bowel Project	93.395	TFED41-728	59,978
NRG Oncology Foundation, Inc.	93.395	CA180868(CWRU-YR 1)	67,212
The Ohio State University	93.395	CA044971(60035402)	20,558
National Surgical Adjuvant Breast & Bowel	93.399	TIND-728	70,856
Cuyahoga County Board of Health	93.738	REACH CCBH (TrapI)	42,259
Ohio Department of Health	93.758	ODH (FREDMAN)	56,403
Affinity Therapeutics	93.837	HL121928	16,757
Biofunc	93.837	HL107037	(4,281)
Brigham and Women Hospital	93.837	HL114473(109593)	272,109
Brigham and Women Hospital	93.837	HL117713 (109135)	302
Cincinnati Children's Hospital	93.837	HL105333 (109363)	48,148
Duke University	93.837	HL075443 (203-1044)	411,637
Duke University	93.837	HL084904 (177494)	17,232
Henry Ford Health System	93.837	HL028982 (HFHS)	237,380
Henry Ford Health System	93.837	HL074237 (HFHS)	265,001
Henry Ford Health System	93.837	HL090550 (HFHS)	139,643
Kent State University	93.837	443165-CWRU	51,242
Kent State University	93.837	HL119977(403013-CWRU)	40,253
Sovelis LLC	93.837	HL118807	46,856
The Ohio State University	93.837	HL126563 (60045030)	179,187

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University of California, Los Angeles	93.837	1568 G KB381	(3,082)
University of California, San Francisco	93.837	HL117713 (138316-4000)	59,201
University of Chicago	93.837	FP053547	26,438
University of Colorado, Denver	93.837	FY15.734.001	7,999
University of Maryland	93.837	SR00000925	(171,836)
University of Michigan	93.837	HL094345	2,128
University of North Carolina	93.837	HL123677 (5-50144)	16,538
University of Pennsylvania	93.837	562070	7,295
University of Pittsburgh	93.837	0025070(406794-2)	179,495
University of Pittsburgh	93.837	9005405 (119281-1)	934
University of Pittsburgh	93.837	0041063(409584-1)	35,494
University of South Carolina	93.837	HL112787 (14-2475)	11,302
University of Texas Southwestern Medical	93.837	0007173A	(3)
Wake Forest University	93.837	HHSN268201100027C	656,894
Washington University	93.837	HL118305 (WU-14-243)	21,459
Vanderbilt University	93.837	HL121429 (VUMC 44275)	35,033
Vanderbilt University	93.837	HL056693 (VUMC 53100)	9,260
Brigham and Women Hospital	93.838	HL113338 (108605)	40,253
Cincinnati Children's Hospital	93.838	HL109362 (CCHMC)	19,335
Emory University	93.838	S859799	10,460
Mayo Foundation- Rochester	93.838	HL056470 (63677679)	102,374
Pennsylvania State University	93.838	HL(CWU HL 109086)	35,701
University of Washington	93.838	HL06800 (747426)	22,052
Vanderbilt University	93.838	HL079937(VUMC 38162)	27,976
Vanderbilt University	93.838	HL102020 (VUMC44296)	35,846
Baylor College of Medicine	93.839	HL095647(5600698388)	2,566
Cincinnati Children's Hospital	93.839	HL095647 (136444)	26,354
Burnham Institute	93.846	AR056273	75,686
Cincinnati Children's Hospital	93.846	AR047363 (108808)	24,389
Cleveland Clinic Foundation	93.846	180-SUB1/213-SUBI	151,618
Drexel University	93.846	232222; 232486-3850	79,768
Cleveland Clinic Foundation	93.847	4655430	36,576
Cleveland Clinic Foundation	93.847	DK101500	17,268
Dialysis Clinic Inc.	93.847	DIALYSIS CL (NEGREA)	169,753
Emory University	93.847	S624243	(12,174)
George Washington University	93.847	DK (S-GRD1213-EAS)	622,997
George Washington University	93.847	DK (S-LIF1314-JB01)	47,635
George Washington University	93.847	DK061230 (12-D02)	306,750
Georgia Regents University	93.847	DK076169 (25732-6)	(442)
Georgia Regents University	93.847	DK076169 (25730-10)	1,268
Georgia Regents University	93.847	DK076169 (25034-47)	74,520
Georgia Regents University	93.847	25732-55	21,355
Medical University of South Carolina	93.847	DK104833	1,556
Northwestern University	93.847	60031497	183,141
Stanford University	93.847	6020764851126-H	26,832
Thermalin Diabetes Incorporated	93.847	DK088506	144,538
Thermalin Diabetes Incorporated	93.847	DK094668	(1,089)
Thermalin Diabetes Incorporated	93.847	DK100186	11,223
Thermalin Diabetes Incorporated	93.847	DK100190	14,627
Thermalin Diabetes Incorporated	93.847	DK103445	34,895
Thermalin Diabetes Incorporated	93.847	2R44DK092041-02A1-1	150,000
University of California, San Francisco	93.847	7081SC	39,842
University of Medicine & Dentistry, NJ	93.847	DK090593 (UMDNJ)	31,493
University of Michigan	93.847	DK079912	(867)
University of Michigan	93.847	3001822742	465
University of Michigan	93.847	DK083912	30,888
University of Michigan	93.847	DK099845(3002984283)	8,310
University of North Carolina	93.847	5-31660	12,433
University of Pennsylvania	93.847	UM1DK100846	16,359
University of Pittsburgh	93.847	0010564 (122066-3)	7,414
University of Utah	93.847	10017651-02	(2,612)
University of Utah	93.847	10019509-03	(25,984)
Vanderbilt University	93.847	R01DK(VUMC40347)	92,264
Yale University School of Medicine	93.847	M13A11503(A09021)	7,045
Cincinnati Children's Hospital	93.853	107759	29,355
Cleveland Clinic Foundation	93.853	NS081443	32,583
ConservoCare	93.853	ConservoCare	3,413
Drexel University	93.853	232475-5826	103,563
Johns Hopkins University	93.853	2001049002	32,234
Johns Hopkins University	93.853	2001958471	3,574

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Northwestern University	93.853	60029363 CWRU	70,089
University of California, San Diego	93.853	10322639	(198)
University of California, San Diego	93.853	NS076896(S9000249)	(1,644)
University of California, San Francisco	93.853	NS049477 (8077SC)	61,816
University of Minnesota	93.853	NS085188 (N003584201)	202,631
University of Pittsburgh	93.853	NS 0017392 (122175-2)	187,909
Van Andel Research Institute	93.853	NS060729-07 V1858-1	119,819
Vanderbilt University	93.853	2797-018496	31,413
Yale University School of Medicine	93.853	NS044876 (A07593)	7,312
Beth Israel Deaconess Medical Center	93.855	AI095985 (01027421 CORE E)	698,663
Brigham and Women Hospital	93.855	AI068636 (108080)	22,020
Brigham and Women Hospital	93.855	AI068636 (108561)	24,291
Brigham and Women Hospital	93.855	AI068636 (110230)	8,708
Brigham and Women Hospital	93.855	AI068636 (110256)	203,404
Brigham and Women Hospital	93.855	AI068636 (B&WH)	(138)
Brigham and Women Hospital	93.855	AI068636 (SUB)	327
Brigham and Women Hospital	93.855	AI106701 (109928)	44,271
Brigham and Women Hospital	93.855	AI106701 (SUB)	375,688
Brigham and Women Hospital	93.855	AI068636(111668)	174,508
Brigham and Women Hospital	93.855	AI068636(111857)	58,751
Brigham and Women Hospital	93.855	AI068638(110668)	115,610
Brigham and Women Hospital	93.855	AI068638(110198)	1,378
Brigham and Women Hospital	93.855	AI068638(110758)	59,988
Brigham and Women Hospital	93.855	AI068638(109928)	32,257
Children's Hospital of Boston	93.855	AI084011 (75940)	1,554
Children's Hospital of Oakland	93.855	AI (12.8216.003)	4,360
Colorado State University	93.855	AI115619 (G-16851-1)	18,085
Duke University	93.855	AI098588 (203-2437)	2,829
Duke University	93.855	AI104681 (203-9707)	264,372
Duke University	93.855	AI104681 (203 9894)	97,247
Emory University	93.855	AI107960 (T270260)	182,264
Emory University	93.855	AI110334 (T310399)	147,485
Fred Hutchinson Cancer Research Ctr	93.855	AI068614(0000750859)	2,824
Fred Hutchinson Cancer Research Ctr	93.855	AI068614(000819593)	228,687
Iowa State University	93.855	AI091031(430-23-05B)	45,132
Johns Hopkins University	93.855	2001317194	105,209
Magee-Women's Research Institute and Foundation	93.855	AI068633(9329)	31,514
Magee-Women's Research Institute and Foundation	93.855	AI068633(9374)	8,614
Mount Sinai School of Medicine of the NE	93.855	AI (0255-1358-4609)	195,062
Mount Sinai School of Medicine of the NE	93.855	AI (0255-1611-4609)	222,114
Rutgers, The State University of New Jersey	93.855	AI030155(8095)	90,166
Social & Scientific Systems, Inc.	93.855	A5207	44
St. Jude Children's Research Hospital	93.855	112192019-7633216	92,337
University of Alabama, Birmingham	93.855	AI (000397076-007)	269,911
University of Alabama, Birmingham	93.855	000503356-SP02-SC01	262,452
University of California, San Francisco	93.855	AI096109(8428SC)	139,127
University of California, San Francisco	93.855	AI096109(8429SC)	156,766
University of Maryland	93.855	AI0277630 (1400231)	34,258
University of North Carolina	93.855	AI050410 (5-33806)	19,060
University of North Carolina	93.855	AI096113(5-31533)	324,899
University of North Carolina	93.855	AI096113(5100235)	121,215
University of South Florida	93.855	AI(6408-1063-00-A)	216,598
University of Southern California	93.855	AI104751(54233861)	8,468
University of Southern California	93.855	AI101750(61454407)	3,920
University of Southern California	93.855	AI101492(54267827)	5,941
University of Texas Medical Branch	93.855	0007207A	16,592
University of Washington	93.855	AI104920(759576)	164,031
University of Washington	93.855	747348	(14,721)
Vanderbilt University	93.855	AI093234 (VUMC 51740)	82,261
ViTi, Inc.	93.855	AI091267 (9003_CWRU)	127,789
Washington University	93.855	AI057160 (WU-13-229)	43,463
Washington University	93.855	WU-12-223	(4,752)
The J. Craig Venter Institute	93.856	JCVI-12-013	16,215
Cleveland Clinic Foundation	93.859	(GM050009) CCLCM	27,858
CommonWealth Informatics, Inc.	93.859	GM112523	4,720
Mayo Foundation- Rochester	93.859	GM061388 (63246114)	110,024
New York Structural Biology Center	93.859	GM(NYSBCG01908-4)	99,301
University of California, San Diego	93.859	10313432-001	121,494
University of Michigan	93.859	3002520016	143,432
University of Michigan	93.859	GM083241(3002596977)	4,246

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University of Pittsburgh	93.859	0029564(123550-8)	363,706
University of Pittsburgh	93.859	GM(0024510 123320-1)	174,793
University of Texas at Austin	93.859	GM111926 (UTA15-000330)	183
University of Utah	93.859	GM (10027535-14-8S1)	44,343
University of Virginia	93.859	GM (GC12257 145836)	39,719
University of Washington	93.859	GM110569 (755978)	257,292
Vanderbilt University	93.859	GM109145 (VUMC 53101)	9,317
Celsense	93.865	HD079116 (CELSENSE)	11,920
Children's National Medical Center	93.865	HD (30002425-03)	121,311
Children's National Medical Center	93.865	HD (30000744-13-03)	(1,301)
Children's Research Institute	93.865	388509	1,271
Children's Research Institute	93.865	HD076885 (933813)	257,888
Cincinnati Children's Hospital	93.865	HD042729 (106049)	92,880
George Washington University	93.865	21050	516,663
Kent State University	93.865	403004 CWRU	31,522
RTI International	93.865	8-312-0212512	1,765
RTI International	93.865	HD036790 (0212456)	250,614
RTI International	93.865	HD063036	76,689
StimDesigns LLC	93.865	HD076520	2,517
The Ohio State University	93.865	60035809-CWRU	236,103
University of Pittsburgh	93.865	HD079647	14,642
Duke University	93.866	AG034661 (2039364)	15,825
Medical University of South Carolina	93.866	AG046543 (MUSC14-074)	2,051
Neogene Bioscience LLC	93.866	AG (2013 CHAMBER P1)	23,244
Purdue University	93.866	AG047447(4102-62336)	22,641
Rensselaer Polytechnic Institute	93.866	A12193	(19)
ReXceptor Inc	93.866	AG048658-(REXCEPTOR)	54,363
RMD, Inc.	93.866	AG044234 (C13-19)	4,723
University of California, San Diego	93.866	AG010483 (37336810)	9,646
University of California, San Diego	93.866	AG010483 (45891447)	206
University of California, San Diego	93.866	AG024904 (114-ADNI-2)	(1,054)
University of California, San Diego	93.866	AG030048 (114CWRU)	23,132
University of California, Santa Barbara	93.866	KK1331	2,299
University of Pennsylvania	93.866	AG047133 (564315)	134,885
Virginia Commonwealth University	93.866	PD302561-SCI03652	100,271
Wake Forest University	93.866	WFUHS 110918 Canady	4,872
Jaeb Center for Health Research	93.867	EY012358	11,535
Jaeb Center for Health Research	93.867	EY014231 (DRCRN 58)	2,166
Jaeb Center for Health Research	93.867	EY020791 (JAEB)	5,864
Jaeb Center for Health Research	93.867	EY11751	1,000
Massachusetts Eye and Ear Infirmary	93.867	EY020928 (ME&EI)	44,038
University of Arkansas for Medical Science	93.867	EY021646 (37882)	(176)
University of Miami	93.867	EY012118 (661456)	271,581
University of Pennsylvania	93.867	EY022879 (564824)	1,575
University of Pennsylvania	93.867	EY023164 (560636)	420,602
The Ohio State University	93.879	LM011075 (60036993)	1,284
Northeast Ohio Medical University	93.884	HP20645	2,073
Cuyahoga County Board of Health	93.944	CCBH (TRAPL)	103,566
Cincinnati Children's Hospital	93.946	DP005361 (134940)	3,662
Department of Health & Human Services Subtotal			175,052,507
Department of Homeland Security			
Direct Programs			
Assistance to Firefighters Grant	97.044		8,502
Pass through Programs			
Iowa State University	97.077	428-20-01	100,991
Department of Homeland Security Subtotal			109,493
Total Research and Development - University Only (see Footnote 1)			208,626,973
Research Training - University			
Department of Commerce			
Direct Programs			
Science, Technology, Business and/or Education Outreach	11.620		2,750
Pass Through Programs			
The Ohio State University	11.417	60025701	5,956
Department of Commerce Subtotal			8,706

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Department of Defense			
Direct Programs			
Basic and Applied Scientific Research	12.300		(609)
Department of Defense Subtotal			(609)
National Aeronautics and Space Administration			
Direct Programs			
Aerospace Education Services Program	43.001		9,290
Education	43.008		63,948
Cross Agency Support	43.009		176,275
National Aeronautics and Space Administration Subtotal			249,513
National Science Foundation			
Direct Programs			
Education and Human Resources	47.076		425,553
National Science Foundation Subtotal			425,553
Department of Education			
Direct Programs			
Graduate Assistance in Areas of National Need	84.200		446,609
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	84.325		255,372
Department of Education Subtotal			701,981
Vietnam Education Foundation			
Direct Programs			
Fellowship Program	85.802		22,792
Vietnam Education Foundation Subtotal			22,792
Department of Health & Human Services			
Direct Programs			
Maternal and Child Health Federal Consolidated Programs	93.110		(2,320)
Oral Diseases & Disorder Research	93.121		114,665
Nurse Anesthetist Traineeships	93.124		43,038
Research Related to Deafness and Communication Disorders	93.173		12,075
National Center on Sleep Disorders Research	93.233		(890)
Mental Health Research Grants	93.242		28,458
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		65,876
Advanced Nursing Education Grant Program	93.247		90,597
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286		420,806
National Center for Advancing Translational Sciences	93.350		650,275
Nurse Education, Practice Quality and Retention Grants	93.359		305,007
Nursing Research	93.361		345,893
Cancer Research Manpower	93.398		1,296,233
Affordable Care Act (ACA) Advanced Nursing Education Expansion Initiative	93.513		326,257
Cardiovascular Diseases Research	93.837		1,472,917
Lung Diseases Research	93.838		(45)
Arthritis, Musculoskeletal and Skin Diseases Research	93.846		350,272
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847		434,016
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		231,102
Allergy, Immunology and Transplantation Research	93.855		411,605
Biomedical Research and Research Training	93.859		2,119,800
Child Health and Human Development Extramural Research	93.865		95,555
Aging Research	93.866		179,462
Vision Research	93.867		381,814
Grants for Training in Primary Care Medicine and Dentistry	93.884		1,034,508
International Research and Research Training	93.989		700,959
Pass through programs			
Ohio Department of Mental Health	93.150	99-3095-SPEMP-T-15-15193	14,352
Ohio Department of Mental Health	93.243	99-3095-SPEMP-T-15-15107	49,742
Research Foundation for the State University of New York	93.648	14-69	2,106
Makerere University	93.853	NS0808968 (01-02)	29,228

CASE WESTERN RESERVE UNIVERSITY
Schedule of Expenditures of Federal Awards

For the year ended June 30, 2015

FEDERAL GRANTOR/PROGRAM TITLE	Catalog of Federal Domestic Assistance Number	Pass Through Entity Identifying Number	Expenditures
Cuyahoga Community College	93.859	GM049010 (TRI-C)	6,715
Ohio Department of Mental Health	93.958	99-GB-14-411-02-001	5,198
Ohio Department of Mental Health	93.958	99-3095-BESTPRACT-T	497,542
Ohio Department of Mental Health	93.958	99-3095-BESTPRACT	89,167
Ohio Department of Mental Health	93.958	99-3095-FCSPT-P-15	291,170
Ohio Department of Mental Health	93.958	99-3095-T-15-15155	3,295
Ohio Department of Mental Health	93.958	99MHBGC14100201485	(116)
Ohio Department of Alcohol & Drug Addiction Services	93.959	99-3095-SAMI-T-13031	(11,375)
Ohio Department of Mental Health and Addiction Services	93.959	99-3095-SAMI-T-15-03	105,055
Department of Health & Human Services Subtotal			12,190,014
Total Research Training Grants			13,597,950
Sub Total Research and Development and Research Training Cluster - University only (see Footnote 1)			222,224,923
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		175,763
Human Genome Research	93.172		21,889
Research Related to Deafness and Communication Disorders	93.173		67,826
National Center on Sleep Disorders Research	93.233		784,628
Mental Health Research Grants	93.242		774,470
Geriatric Academic Career Awards	93.250		65,870
Alcohol Research Programs	93.273		3,375,458
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286		312,938
Trans-NIH Research Support	93.310		106,892
Research Infrastructure Programs	93.351		611,057
National Center for Research Resources	93.389		503,039
Cancer Cause & Prevention Research	93.393		2,060,022
Cancer Detection and Diagnosis Research	93.394		375,760
Cancer Treatment Research	93.395		3,019,159
Cancer Biology Research	93.396		4,240,352
Cancer Research Manpower	93.398		733,729
Cardiovascular Diseases Research	93.837		16,579,004
Lung Diseases Research	93.838		5,666,329
Blood Diseases & Resources Research	93.839		3,049,442
Arthritis, Musculoskeletal, & Skin Diseases Research	93.846		2,491,414
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847		6,261,211
Kidney Diseases, Urology and Hematology Research	93.849		(29,571)
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		10,729,229
Allergy, Immunology and Transplantation Research	93.855		3,235,790
Biomedical Research and Research Training	93.859		3,554,800
Child Health and Human Development Extramural Research	93.865		1,684,905
Aging Research	93.866		2,102,293
Vision Research	93.867		3,037,271
Pass Through Programs			
Massachusetts General Hospital	93.213	U01AT000613	7,766
Butler Hospital	93.242	U01MH076179	187
FHC, Inc.	93.242	R34MH107037	6,579
Flocel, Inc.	93.242	R42MH093302	111,522
Vanderbilt University	93.242	R01MH095621	176,837
Yale University	93.242	U01MH081902	18,526
Applied Nanotech	93.273	R43AA022854	18,962
Massachusetts General Hospital	93.286	R01EB009048	76,524
University Of Southern California	93.286	R01EB010197	4,796
Vanderbilt University	93.350	UH2TR000491	196,863
Boston University	93.389	U54RR019497	(25)
Lam Foundation	93.389	U54RR019498	(1,000)
Sloan-Kettering Cancer Research	93.393	R01CA179115	11,344
St. Jude Children's Research Hospital	93.393	R01CA157838	2,894
Stanford University	93.393	UM1CA167551	39,112
University Of North Carolina Chapel Hill	93.393	R01CA059005	567
University Of North Carolina Chapel Hill	93.393	R01CA098286	112,344
Advance Cell Diagnostics	93.394	R44CA122444	(78,031)
Advance Cell Diagnostics	93.394	R44CA168019	136,740
Advance Cell Diagnostics	93.394	R43CA192728	10,458
Cornell University	93.394	R01CA184712	23,478

CASE WESTERN RESERVE UNIVERSITY
Schedule of Expenditures of Federal Awards

For the year ended June 30, 2015

FEDERAL GRANTOR/PROGRAM TITLE	Catalog of Federal Domestic Assistance Number	Pass Through Entity Identifying Number	Expenditures
Fred Hutchinson Center	93.394	R01CA018953	10,337
Harvard University	93.394	R01CA151532	36,386
The Ohio State University	93.394	UM1CA183713	66,349
University of California, San Francisco	93.394	R01CA158200	28,612
University of Texas	93.394	U01CA086402	679
American College Of Radiology	93.395	U10CA021661	16,107
Brigham and Women's Hospital	93.395	U10CA076001	11,088
Children's Hospital of Philadelphia	93.395	U10CA098543	2,032
Duke University	93.395	U10CA076001	(4,122)
Fred Hutchinson Center	93.395	U01CA154967	24,932
Fred Hutchinson Center	93.395	R01CA160684	5,107
Gynecological Oncology Group	93.395	U10CA027469	2,425
Johns Hopkins University	93.395	U01CA137443	38,174
Massachusetts General Hospital	93.395	P01CA084203	32,821
NRG Oncology Foundation, Inc.	93.395	U10CA180868	7,000
Sloan-Kettering Cancer Research	93.395	R01CA182551	13,201
Southwestern Oncology Group	93.395	U10CA004919	(706)
Southwestern Oncology Group	93.395	U10CA32102	387
Wake Forest University	93.395	R21CA175671	4,241
Fred Hutchinson Center	93.396	U01CA105492	43,223
The Ohio State University	93.396	R01CA143082	10,556
The Ohio State University	93.396	P01CA124570	323,810
University of Minnesota	93.396	R01CA172986	108,803
Sarcoma Alliance For Research	93.397	U54CA168512	50,000
Oregon Health & Science University	93.399	U10CA037429	69
Emmes Corporation-ARRA	93.701	U01NS026835Z	3,540
The Ohio State University	93.701	P01CA124570Z	673
Bringham & Women's Hospital	93.837	P50HL112349	33,433
Bringham & Women's Hospital	93.837	R01HL034594	81,463
Bringham & Women's Hospital	93.837	U01HL101422	2,022
Duke University	93.837	R01HL105448	7,623
Duke University	93.837	U01HL084904	22,796
Mount Sinai School Of Medicine	93.837	U01HL088942	198,472
New England Research Institute	93.837	U01HL105463	297
New England Research Institute	93.837	U01HL107407	14,416
The Ohio State University	93.837	R34HL123586	8,582
University of Colorado	93.837	K23HL096895	(21)
University of Colorado	93.837	R34HL109369	7,103
University of Colorado	93.837	R24HL12376701	255,441
University Of Pennsylvania	93.837	R01HL105993	212,019
University Of Pennsylvania	93.837	R01HL115041	17,812
University Of Pennsylvania	93.837	R01HL118018	117,307
University of Virginia	93.837	U01HL117006	106,759
Virginia Commonwealth University	93.837	IUM1HL116885	88,786
Baystate Medical Center	93.838	R18HL108810	18,334
Brigham & Women's Hospital	93.838	U01HL102225	20,135
Fred Hutchinson Center	93.838	U01HL102547	46,663
National Jewish Health	93.838	R01HL114587	51,847
Pennsylvania State University	93.838	U10HL109086	95,448
University Of Alabama At Birmingham	93.838	R01HL085324	102,453
University of Colorado	93.838	R01HL114587	5,467
University Of Pennsylvania	93.838	R01HL113988	13,853
University Of Washington At St. Louis	93.838	R01HL056643	59,007
Vanderbilt University	93.838	R01HL117074	83,318
Cincinnati Children's Hospital	93.839	R01HL114582	3,850
New England Research Institute	93.839	U01HL072268	(9,600)
University of Michigan	93.839	U01HL117658	407,373
University of Rochester	93.839	R01HL095109	(785)
University Of Washington At St. Louis	93.839	U01HL088476	16,790
Brigham & Women's Hospital	93.846	R01AR055557	15,478
Cincinnati Children's Hospital	93.846	P60AR047784	30
Drexel University	93.846	R01AR047904	3
Hospital for Special Surgery	93.846	R01AR064840	19,464
University Of Alabama At Birmingham	93.846	R21AR062300	1,334
University Of Pennsylvania	93.846	R01AR064153	8,194
University Of Pennsylvania	93.846	U54AR057319	137,720
Vanderbilt University	93.846	R01AR053684	67,671
Beth Israel Deconess Med	93.847	R01DK085185	15,582
Children's Mercy Hospital and Clinic	93.847	U01DK066143	8,666
Diapedia LLC.	93.847	R44DK059074	3,645

CASE WESTERN RESERVE UNIVERSITY
Schedule of Expenditures of Federal Awards

For the year ended June 30, 2015

FEDERAL GRANTOR/PROGRAM TITLE	Catalog of Federal Domestic Assistance Number	Pass Through Entity Identifying Number	Expenditures
Harvard University	93.847	R01DK100383	23,515
Johns Hopkins University	93.847	R01DK097087	194,967
Kaiser Permanente	93.847	R01DK076165	46,748
Mayo Clinic	93.847	R01DK090358	47,268
Mayo Clinic	93.847	U01DK062410	79,798
New England Medical Center - Tufts	93.847	DK098245	200,352
New York University	93.847	R33DK070341	(4,308)
Northwestern University	93.847	R01DK102438	9,758
Oxford University	93.847	U01DK085545	(5,320)
University Health Network	93.847	R01DK091288	12,570
University of Cincinnati	93.847	R21DK089280	14,924
University Of Utah	93.847	R01DK088777	98,977
University Of Utah	93.847	R01DK090046	55,600
Wake Forest University	93.847	R56DK100669	9,260
Advanced Circulatory Systems Inc.	93.853	R44NS054372	1,322
Beth Israel Deconess	93.853	U01NS074425	5,875
Boston University	93.853	U54NS092090	87,973
Cincinnati Child Hosp Rsc	93.853	U01NS076788	(5,020)
Columbia University	93.853	R01NS078059	(1,010)
Columbia University	93.853	U01NS043975	(56)
Emmes Corporation	93.853	IU01NS026835	22,032
Great Lakes Neuro Technologies	93.853	R43NS076052	28,349
Great Lakes Neuro Technologies	93.853	R44NS065554	5,530
H-Cubed Inc	93.853	R44NS052939	92,980
Iron Horse Diagnostics Inc.	93.853	R42NS083227	9,997
Massachusetts General Hospital	93.853	U01NS082329	141,310
Medical College of Wisconsin	93.853	R01NS035929	86,141
Neurodx Development LLC	93.853	R44NS067772	48
Northwestern University	93.853	U01NS080818	34,139
Rutgers, The State University of New Jersey	93.853	R01NS038384	4,238
The Ohio State University	93.853	R01NS083767	104,224
University North Texas	93.853	R01NS048837	88,105
University Of California At L A	93.853	R01NS074980	47,458
University Of California At San Francisco	93.853	R01NS062820	1,000
University Of California At San Francisco	93.853	U01NS053998	1,168
University Of Iowa	93.853	R01NS077946	(550)
Wayne State University	93.853	U01NS061264	8,509
Yale University	93.853	U01NS044876	1,372
Brigham & Women's Hospital	93.855	U01AI063623	181,049
Duke University	93.855	SUM1AI104681	78,249
Duke University	93.855	AI056363	112,052
Duke University	93.855	U01AI113315	17,549
Fred Hutchinson Center	93.855	U54CA163438	2,181
Johns Hopkins University	93.855	U01AI109657	500
Mount Sinai School Of Medicine	93.855	U01AI063594	733,560
National Jewish Health	93.855	U01AI097073	4,715
Northwestern University	93.855	U01AL084146	19,095
University Of North Carolina Chapel Hill	93.855	SUM1AI104681	53,597
University of Pennsylvania	93.855	R01AI104887	339,422
University Of Washington At St. Louis	93.855	U01AI077810	29,205
Vanderbilt University	93.855	R01AI065744	(1,917)
Duke University	93.859	R01GM083165	(234)
Research Triangle International	93.865	U01HD069031	164,517
Sportsguard Laboratories	93.865	R41HD079158	32,408
University of Kansas	93.865	R01HD069043	39,316
University Of South Florida	93.865	U01DK061055	12,107
Mount Sinai School Of Medicine	93.866	R01AG029656	6,044
New England Medical Center - Tufts	93.866	R01AG027002	41,448
University of Nebraska	93.866	R01AG037120	(21,292)
Albert Einstein Medical College	93.867	R01EY010254	(6,804)
Duke University	93.867	R01EY023039	164,689
Emory University	93.867	U10EY013272	16,403
Jackson Laboratories	93.867	R01EY016501	29,295
Jaeb Center Health Research	93.867	U10EY011751	7,303
Thomas Jefferson University	93.867	R01EY012042	94,169
University of Pennsylvania	93.867	U10EY023530	52,127
Department of Health & Human Services Subtotal			83,419,382
Total Research and Development - Cleveland Clinic Lerner College of Medicine			83,419,382

CASE WESTERN RESERVE UNIVERSITY
Schedule of Expenditures of Federal Awards

For the year ended June 30, 2015

FEDERAL GRANTOR/PROGRAM TITLE	Catalog of Federal Domestic Assistance Number	Pass Through Entity Identifying Number	Expenditures
Total Research and Development and Research Training Cluster			305,644,305
Highway Planning & Construction			
Department of Justice			
Direct Programs			
Highway Planning and Construction	20.205		108,522
Total Department of Justice-Highway Planning & Construction Cluster			108,522
Medicaid			
Department of Health & Human Services			
Pass through programs			
Cincinnati Children's Hospital	93.778	G-1415-07-0060/ODM201404/133503	28,954
Cincinnati Children's Hospital	93.778	G-1415-07-0060/ODM201436/134709	164,949
The Ohio State University	93.778	G-1415-07-0060/ODM201316/60038231	20,394
The Ohio State University	93.778	G-1213-07-0343/OHP201209/60036810	32,146
The Ohio State University	93.778	G-1415-07-0060/OMD201409/60046085	1,228,576
The Ohio State University	93.778	G-1415-07-0060; ODM201409	1,063,029
Total Department of Health & Human Services-Medicaid Cluster			2,538,048
Student Financial Aid			
Department of Education			
Student Financial Aid Cluster			
Federal Supplemental Educational Opportunity Grants	84.007		1,370,414
Higher Education Institutional Aid	84.031		1,063,574
Federal Pell Grant Program	84.063		3,583,109
Total Department of Education-SFA Cluster			6,017,097
SNAP-Supplemental Nutrition Assistance Program			
Department of Agriculture			
Pass Through Programs			
The Ohio State University	10.561	20H430128(60047119)	21,509
Department of Agriculture Subtotal			21,509
TRIO			
Department of Education			
Direct Programs			
TRIO Upward Bound	84.047		485,174
Total Department of Education-TRIO Cluster			485,174
OTHER FEDERAL ASSISTANCE			
Department of Health & Human Services			
Pass Through Programs			
Ohio Department of Mental Health	93.150	99-3095-ENGAGE-C-15-1552	1,958
Ohio Department of Mental Health	93.150	99-3095-ENGAGE-P-15-15170	480
Great Lakes Science Center	93.389	GLSC (MACLEISH)	52,153
Educational Development Center	93.600	90HC0006 EDC 11511	(2,162)
University of Mississippi	93.859	66662060714-02	12,444
University of Mississippi	93.859	66662060715-02	109,463
City of Cleveland	93.926	CT5005SG 2015-035	120,996
City of Cleveland	93.926	CT5005SG 2015-107	13,549
Ohio Department of Health	93.994	ODH/DHHS (TRAPL)	4,275
Department of Health & Human Services Subtotal			313,156
Total Other Federal Assistance			313,156
TOTAL EXPENDITURES OF FEDERAL AWARDS			315,127,811

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*. Therefore some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic consolidated financial statements.

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 \$19,664,695.

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.

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, 2014 to June 30, 2015 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.

CASE WESTERN RESERVE UNIVERSITY
 NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2015

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, 2015:

	CFDA Number	Advances	Outstanding Balance
Perkins Loan Program	84.038	\$ 2,236,193	\$ 11,941,917
Nursing Student Loan Program	93.364	\$ 22,000	\$ 265,992
Health Professional Student Loan Program/PCL	93.342	\$ 192,000	\$ 1,906,523
Loan for Disadvantaged Students	93.342	\$ -	\$ 10,695

The Perkins Loan administrative cost allowance totaled \$0 for the year ended June 30, 2015.

The loan programs noted above are administered directly by the University and balances and transactions relating to these programs are included in the University's basic consolidated financial statements.

5. Federal Direct Loan Program

During the year ended June 30, 2015, 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	\$ 111,641,451

The University is responsible only for the performance of certain administrative duties with respect to the Federal Direct Loan programs and, accordingly, these loans are not included in the University's basic consolidated financial statements. It is not practical to determine the balance of loans outstanding under these programs as of June 30, 2015.

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

As of June 30, 2014, the University's HUD mortgage note had a balance of \$15,710,994. As of June 30, 2015, the University's HUD mortgage note was fully paid off and there were no continuing compliance requirements. See note 8 of the financial statements for further information regarding these agreements.

**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, 2015, 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 3, 2015.

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.

PricewaterhouseCoopers LLP

October 3, 2015



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

To the Board of Trustees,
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, 2015. 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.

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, 2015.

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 23, 2016

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

CASE WESTERN RESERVE UNIVERSITY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2015

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
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Identification of major programs: CFDA Number(s)	Name of Federal Program or Cluster	
Various	Research & Development and Research Training Cluster	
93.778	Medicaid	
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, 2015

Section II – Financial Statement Findings

None noted.

Section III – Federal Award Findings and Questioned Costs

None noted.

CASE WESTERN RESERVE UNIVERSITY
SUMMARY OF STATUS OF PRIOR AUDIT FINDINGS

For the year ended June 30, 2015

Summary of Status of Prior Audit Findings

There are no findings from prior years that require an update in this report.