

CASE WESTERN RESERVE UNIVERSITY

**Report on Federal Awards in Accordance
With OMB Circular A-133 for the Year Ended June 30, 2010**

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

FINANCIAL

CASE WESTERN RESERVE UNIVERSITY
Consolidated Statements of Financial Position
June 30, 2010 and 2009
(in thousands of dollars)

	June 30, 2010	June 30, 2009
Assets		

CASE WESTERN RESERVE UNIVERSITY
Consolidated Statements of Cash Flows
For the Years Ended June 30, 2010 and 2009
(in thousands of dollars)

	Year Ended June 30, 2010	Year Ended June 30, 2009
	\$ 15,309	\$ (464,027)
	64,406	64,918
	98	83
Amortization of bond premiums	(710)	(676)
	(37,343)	183,861
	(41,963)	111,018
	6,130	1,590
	-	(125)
	(3,732)	(4,103)
	162	5,554
Contributions restricted for long-term investment	(27,028)	(21,591)
Decrease in accounts and receivab 3(v)1Y92310 Tdecreas	(1,183)	(1,183)

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CASE WESTERN RESERVE UNIVERSITY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010
IN THOUSANDS OF DOLLARS

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

The Financial Accounting Standards Board (“FASB”) issued Accounting Standards Codification (“ASC”) 958, “Not for Profit Entities,” in August 2008. The standard provides guidance on the net asset classification of donor restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) and expands disclosures about an organization’s endowment (both donor restricted and board designated funds). The University’s Board of Trustees (“Board”) has interpreted UPMIFA as requiring the preservation of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulation to the contrary. As a result of this interpretation, the University classifies as permanently restricted net assets, (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the University in a manner consistent with the standard of prudence prescribed by UPMIFA.

Contributions

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

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

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

Grants and Contracts (Government and Private)

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

Cash and Cash Equivalents

The University considers all highly liquid investments with an original maturity of 90 days or less when purchased as cash and cash equivalents, except those amounts managed by investment managers as part of the investment pool or unspent bond proceeds, which are classified as investments.

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.

CASE WESTERN RESERVE UNIVERSITY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010
IN THOUSANDS OF DOLLARS

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, i.2 Tm (d5.08 733Td ()iw ()iw46 510.253 0 0. u)-4i.2 T0 Tw 1f i.9 0 0 9 3liae rece ur. urg2(ec)iw

CASE WESTERN RESERVE UNIVERSITY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

CASE WESTERN RESERVE UNIVERSITY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010
IN THOUSANDS OF DOLLARS

4. Investments

The University's investments (excluding funds held in trust by others) at June 30, 2010 and 2009, were as follows:

	2010		2009	
	Fair Market Value	Cost	Fair Market Value	Cost
Cash & cash equivalents	\$ 196,572	\$ 196,572	\$ 77,185	\$ 77,176
Certificates of deposit	6,000	6,000	-	-
Domestic stocks	26,132	27,985	17,993	23,088
International securities	29,734	31,313	142,467	154,491
Bonds				
Government and municipal	25,865	25,801	20,391	20,507
Corporate	16,795	16,124	22,262	23,436
Mutual funds	252,192	235,489	201,524	194,230
Derivatives	(21,624)	8,406	55,178	56,723
Limited partnerships and other				
Venture capital	65,841	58,053	57,443	51,758
Private equity	226,315	225,390	210,831	236,017
Hedge funds	321,210	276,342	303,687	287,730
Other	27,647	19,031	47,849	36,860
Equity real estate	90,826	108,885	105,081	109,106
Total	<u>\$ 1,263,505</u>	<u>\$ 1,235,391</u>	<u>\$ 1,261,891</u>	<u>\$ 1,271,122</u>

The investments were held for the following purposes:

	2010	2009
Investment pool:		
Endowment	\$ 850,573	\$ 843,952
Donor restricted funds	266,063	268,537
Board designated funds	22,343	21,180
Funds held for the benefit of others	7,649	7,436

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CASE WESTERN RESERVE UNIVERSITY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010
IN THOUSANDS OF DOLLARS

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

	2010	%	2009	%
Investment pool:				
Cash & cash equivalents	\$ 204,840	17.7%	\$ 123,119	10.7%
Investments	911,796	79.0%	989,370	86.0%
Unpooled investments	36,794	3.2%	36,180	3.2%
Cash awaiting investment	725	0.1%	1,453	0.1%
Total Assets	<u>\$ 1,154,155</u>	<u>100.0%</u>	<u>\$ 1,150,122</u>	<u>100.0%</u>

A unit market value for the pool is used to account for pooled transactions. The unit market values are \$36.42 (2010) and \$35.82 (2009). The total investment return for the pooled investments, net of external manager fees, approximated 7.19% (2010) and -19.01% (2009).

Spending Policy

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

A constant growth component seeks to provide growth in annual spending equal to the rate of academic inflation as measured by the Higher Education Price Index.

A market value component based on 5% of the average of the three previous calendar year-end market values.

**CASE WESTERN RESERVE UNIVERSITY
NOTES TO CONSOLIDATED FINAN-RVE**

CASE WESTERN RESERVE UNIVERSITY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010
IN THOUSANDS OF DOLLARS

6. Fair Value Measurements

Financial instruments carried at fair market value as of June 30, 2010 by the ASC 820 valuation hierarchy are as follows:

	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Investments				
Cash & cash equivalents	\$ 45,633	\$ 148,030	\$ 2,909	\$ 196,572
Certificates of deposit	6,000	-	-	6,000
Domestic stocks	24,747	1,385	-	26,132
International securities	12,636	17,098	-	29,734
Bonds				
Government and municipal	10,130	15,735	-	25,865
Corporate	6,648	10,147	-	16,795
Mutual funds	237,032	-	15,160	252,192
Derivatives	268	(21,726)	(166)	(21,624)
Limited partnerships and other				
Venture capital	-	-	65,841	65,841
Private equity	-	-	226,315	226,315
Hedge funds	-	65,655	255,555	321,210
Other	146	74	27,427	27,647
Equity real estate	213	-	90,613	90,826
Total investments	343,453	236,398	683,654	1,263,505
Funds held in trust by others	-	-	255,729	255,729
Pension Plan Assets (Note 9)				
Cash & cash equivalents	1,616	-	-	1,616
Mutual funds	34,747	-	-	34,747
Limited partnerships and other				
Hedge funds	-	-	47,123	47,123
Other	-	-	590	590
Equity real estate	-	-	2,289	2,289
Total pension plan assets (note 9)	36,363	-	50,002	86,365
Total assets at fair market value	\$ 379,816	\$ 236,398	\$ 989,385	\$ 1,605,599
Interest rate swaps payable	\$ -	\$ 24,838	\$ -	\$ 24,838

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:

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IN THOUSANDS OF DOLLARS

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

The fair values of the securities held by limited partnerships that do not have readily determinable fair values are determined by the general partner based on appraisals or other estimates that require varying degrees of judgment.

If no public market exists for the investment securities, the fair value is determined by the general partner taking into consideration, among other things, the cost of the securities, prices of recent significant placements of securities of the same issuer, subsequent developments concerning the companies to which the securities relate, or other estimates requiring varying degrees of judgment. The University regularly reviews, evaluates and performs significant due diligence around these investments to ensure that the values provided by the investment managers are appropriate measures of fair value. The University agrees with the valuations and assumptions used in determining the fair value of these investments.

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

Mutual	Cash &	Int'l
Funds	Derivatives	

CASE WESTERN RESERVE UNIVERSITY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010
IN THOUSANDS OF DOLLARS

calculated in accordance with US GAAP. The University's investments in private equity, real estate and certain hedge funds in the absolute return portfolio are fair valued based on the most current NAV.

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

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

Category	Fair Market Value	Unfunded Commitments	Redemption Frequency	Notice Period
Limited partnerships and other				
Venture capital (a)	\$ 65,841	\$ 37,573	n/a	
Private equity (b)	226,315	108,621	n/a	
Hedge funds (c)	255,555	5,694	varies	30 - 60 days
Other (d)	27,427	25,269	n/a	
Equity real estate	17,889			n/a

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010
IN THOUSANDS OF DOLLARS

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, 4(t)3/LBody utioi tha(es)6(n-9(y)20c 0 T

CASE WESTERN RESERVE UNIVERSITY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010
IN THOUSANDS OF DOLLARS

Location	Derivative Type	2010	2009
Investment Income			
	Options (over the counter)	\$ 38,328	\$ 21,422
	Futures contracts	(8,188)	(70,726)
		\$ 30,140	\$ (49,304)
Unrealized gains (losses)			
	Total return swaps	\$ (10,962)	\$ -
	Options (over the counter)	68	

CASE WESTERN RESERVE UNIVERSITY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010
IN THOUSANDS OF DOLLARS

9. Retirement Plans

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

	<u>2010</u>	<u>2009</u>
Benefit obligation at June 30	\$ 118,267	\$ 103,584
Fair value of plan assets at June 30	<u>86,365</u>	<u>78,022</u>
Funded status at June 30	<u>\$ (31,902)</u>	<u>\$ (25,562)</u>
Accumulated benefit obligation	\$ 117,137	\$ 102,999

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

	<u>2010</u>	<u>2009</u>
Net periodic benefit cost	\$ 4,023	\$ 1,900
Employer contributions	442	-
Benefits paid	3,128	2,769

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

Fiscal 2011	\$ 3,428
Fiscal 2012	\$ 4,417
Fiscal 2013	\$ 4,518
Fiscal 2014	\$ 5,626
Fiscal 2015	\$ 4,564

Amounts expected to be paid between 2016 and 2020 total \$36,222. The University’s estimated employer contribution for the defined benefit plan in fiscal 2011 will depend on the results of the July 1, 2010 actuarial valuation.

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

	<u>2010</u>	<u>2009</u>
Benefit obligation:		
Discount rate	6.25%	6.50%
Rate of compensation increase	4.25%	4.50%
Measurement date	6/30/10	6/30/09
Census date	7/1/09	7/1/08
Net periodic benefit cost:		
Discount rate	6.50%	7.00%
Expected return on plan assets	8.50%	8.50%
Rate of compensation increase	4.50%	4.50%

The expected long-term rate of return for the defined benefit plan was estimated using market benchmarks for equities and bonds applied to the plan's target asset allocation. The expected return on equities was computed utilizing a valuation framework that projected future returns based on current equity valuations rather than

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IN THOUSANDS OF DOLLARS

historical returns. Management estimated the rate by which the plan assets would outperform the market in the future based on historical experience adjusted for changes in asset allocation and expectations for overall lower future returns on equities compared to past periods.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010
IN THOUSANDS OF DOLLARS

CASE WESTERN RESERVE UNIVERSITY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010
IN THOUSANDS OF DOLLARS

CASE WESTERN RESERVE UNIVERSITY
Schedule of Expenditures of Federal Awards

For the year ended June 30, 2010

FEDERAL GRANTOR/PROGRAM TITLE	Catalog of Federal Domestic Assistance Number	Pass Through Entity Identifying Number	Expenditures
Research and Development and Research Training Cluster - University			
Research and Development - University			
Department of Agriculture			
Direct Programs			
Other Department of Agriculture Programs	10.000		\$ 2,021
Pass Through Programs			
University of Maryland	10.206	USM-GR-02557-A10	24,862
Department of Agriculture Subtotal			<u>26,883</u>
Department of Commerce			
Direct Programs			
Measurement and Engineering Research and Standards	11.609		87,438
Pass Through Programs			
Ohio State University Research Foundation	11.417	RF01125890	4,727
Ohio State University Research Foundation	11.431	RF01148473	61,988
University of Michigan	11.432	3001071084	28,838
University of Michigan	11.432	3001262960	17,777
University of Michigan	11.432	3001332173	25,423
			<u>138,753</u>
Department of Commerce Subtotal			<u>226,191</u>
Department of Defense			
Direct Programs			
Other Department of Defense Programs	12.000		123,852
Basic and Applied Scientific Research	12.300		1,785,589
Military Medical Research and Development	12.420		1,477,741
Basic Scientific Research-ARRA	12.431		525,130
Air Force Defense Research Sciences Program-ARRA	12.800		805,623
Research & Technology Development	12.910		1,153,089
Pass Through Programs			
Advanced Technology Institute	12.000	2006-386	17,491
Giner, Inc.	12.000	W911NF-08-C0062	172,807
Timken Company	12.000	F33615-03-D-2353	(1,732)
Timken Company	12.000	TIMKEN	(7,665)
University of California, Berkeley	12.000	4714-10417	358,313
			<u>539,214</u>
Ohio Aerospace Institute	12.300	R-300-100197-10000	24,060
University of Washington	12.300	429159	85,508
			<u>109,568</u>
Ardiem Medical, Inc.	12.420	W81XWH0720044	285,930
Cleveland Clinic Foundation	12.420	W81XWH-07-1-0656	4,525
Rutgers University	12.420	S1072764	301,638
Henry M. Jackson Foundation-ARRA	12.800	680044	2,774
Princeton University-ARRA	12.800	00001440	314,004
University of Utah	12.910	10013049	102,720
			<u>1,011,591</u>
Department of Defense Subtotal			<u>7,531,397</u>
Department of Housing and Urban Development			
Direct Programs			
General Research and Technology Activity	14.506		63,380
Healthy Homes Demonstration Grants	14.901		213,280
Pass Through Programs			
Ohio Department of Transportation	14.900		35,000

CASE WESTERN RESERVE UNIVERSITY
Schedule of Expenditures of Federal Awards

For the year ended June 30, 2010

FEDERAL GRANTOR/PROGRAM TITLE	Catalog of Federal Domestic Assistance Number	Pass Through Entity Identifying Number	Expenditures
Department of Housing and Urban Development Subtotal			311,660
Department of the Interior			
Direct Programs			
U.S. Geological Survey_Research and Data Collection	15.808		9,000
Department of the Interior Subtotal			9,000
Department of Transportation			
Direct Programs			
Highway Planning and Construction-ARRA	20.205		47,309
Pass Through Programs			
University of Akron	20.701	DTRT06-G-0037	23,726
Department of Transportation Subtotal			71,035
National Aeronautics and Space Administration			
Direct Programs			
Aerospace Education Services Program	43.001		835,353
Technology Transfer	43.002		448,309
Pass Through Programs			
California Institute of Technology	43	44E-1083742	876 Tm

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Schedule of Expenditures of Federal Awards

For the year ended June 30, 2010

FEDERAL GRANTOR/PROGRAM TITLE	Catalog of Federal Domestic Assistance Number	Pass Through Entity Identifying Number	Expenditures
University of Utah	47.041	10012597-CWRU	38,793
Yale University School of Medicine	47.049	Y-08-18	64,668
University of Southern California	47.050	119935	19,246
University of Iowa	47.074	420-40-32A	107,219
University of California, Santa Barbara	47.075	KK1051 / SES-1025846	36,804
University of Chicago	47.078	ANT-0638937	298,159
Civilian Research & Development Foundati	47.079	KYB2-2880-BI-07	(103)
ADA Technologies, Inc.-ARRA	47.082	10-0004S	46,553
National Science Foundation Subtotal			14,706,758
Environmental Protection Agency			
Pass Through Programs			
Buffalo State College	66.469	GL00E7530-CWR	9,993
Environmental Protection Agency Subtotal			9,993
Department of Energy			
Direct Programs			
Other Department of Energy Programs	81.000		(1,889)
Office of Science Financial Assistance Program-ARRA	81.049		552,103
Renewable Energy Research and Development-ARRA	81.087		601,920
Pass Through Programs			
3M Company	81.000	USMMM040W3	269,191
Advanced Technology Institute	81.000	ATI 2005-301	48,067
Thomas Jefferson University	81.000	100223371	5,628
University of Pittsburgh	81.000	H133E070024	85,729
Los Alamos National Laboratories	81.036	61008-001-08	21,441
Stanford University-ARRA	81.049	DE-FG02-05ER64136	45,914
BASF Fuel Cell, Inc.-ARRA	81.087	DE-PS36-07GO97012	91,135
Bayer MaterialScience LLC-ARRA	81.087	DE-EE0001361	33,463

FEDERAL GRANTOR/PROGRAM TITLE

**Catalog of
Federal
Domestic
Assistance
Number**

**Pass Through
Entity
Identifying
Number**

CASE WESTERN RESERVE UNIVERSITY
Schedule of Expenditures of Federal Awards

For the year ended June 30, 2010

FEDERAL GRANTOR/PROGRAM TITLE	Catalog of Federal Domestic Assistance Number	Pass Through Entity Identifying Number	Expenditures
The University of British Columbia	93.279	DA021525	105,645
Association of American Medical Colleges	93.283	U36/CCU319276	(3,150)
City of Cleveland	93.283	CITY OF CLEVELAND	175,148
Hemophilia Foundation of Michigan	93.283	U01/DD000203	11,996
Brown University	93.286	EB007401	24,655
Massachusetts Institute of Technology	93.286	57100002285	106,152
University of California, San Francisco	93.286	5365SC	43,632
University of the Virgin Islands	93.307	CALLWOOD-2008-1	22,644
Wake Forest University	93.361	WFUHS10104	7,676
Massachusetts Institute of Technology	93.389	5710001819	19,473
University of Alabama	93.389	RR025777	48,044
University of Mississippi	93.389	RR017701; 66208-CWRU	194,422
University of Utah	93.389	10006464-03	28,168
Massachusetts General Hospital	93.39	GM075946	3,160
Ohio State University Research Foundatio	93.39	60003197	30
American College of Radiology	93.393	CA021661	115
George Washington University	93.393	09-M33	73,566
Henry Ford Health System	93.393	CA112379	73,347
Huntsman Cancer Institute	93.393	10014775-01	1,390
Moffitt Cancer Center	93.393	10-14922-99-04-G5	11,819
National Childhood Cancer Foundation	93.393	19659	18,655
University of Minnesota	93.393	H001238301	795
University of South Carolina	93.393	PO:22060 SUB:10-1773	471
University of Texas- MD Anderson Cancer	93.393	28954/98012595	23,639
University of Texas- MD Anderson Cancer	93.393	CA139020	39,139
Virginia Commonwealth University	93.393	PD300205-SC101314	62,312
Virginia Commonwealth University	93.393	PT102388-SC101313	104,614
BioInVision, Inc.	93.394	CA124270	58,570
Burnham Institute	93.394	CA071932	109,449
ContraDyn, Inc.	93.394	CA128130	32,949

CASE WESTERN RESERVE UNIVERSITY
Schedule of Expenditures of Federal Awards

For the year ended June 30, 2010

FEDERAL GRANTOR/PROGRAM TITLE	Catalog of Federal Domestic Assistance Number	Pass Through Entity Identifying Number	Expenditures
Brigham and Women Hospital	93.837	HL048743	466,900
Cleveland Clinic Foundation	93.837	U01 HL087314	68,436
Kent State University	93.837	443165-CWRU	28,606
Loyola University Chicago	93.837	HL053353	20,692
NIH-National Heart, Lung, and Blood Inst	93.837	HL092933	478,231
Northern California Institute for Resear	93.837	2 FRAM 767-01	(44,643)
Northwestern University	93.837	PROJ0001040	40,656
St. Lukes's Roosevelt Institute for Heal	93.837	HL062509	6,425
University of California, Los Angeles	93.837	1568 G KB381	17,945
University of Maryland	93.837	SR00000925	442,305
University of Michigan	93.837	3001346374	42,742
University of Pittsburgh	93.837	115835-2	1,000
University of Pittsburgh	93.837	HL098177	14,596
University of Toledo	93.837	2008-007	11,448
Washington University	93.837	WU-09-186	10,098
The Broad Institute, Inc.	93.838	571002293-02	58,739
University of Chicago	93.838	37781	161,598
University of North Carolina	93.838	5-34400	217,411
University of North Carolina	93.838	5-51358	67,934
Cincinnati Children's Hospital	93.846	U01AR055054	1,583
Drexel University	93.846	232222-3850	97,586
Duke University	93.846	APPLE SITE 16	27,948
University of Rochester	93.846	5-29797	69,758
Cincinnati Children's Hospital	93.847	102243	34,463
Cleveland Clinic Foundation	93.847	PRELIMINARY	20,194
Department of Agriculture	93.847	5306-51530-019-17G	13,557
George Washington University	93.847	10-D02	573,967
George Washington University	93.847	DK061230	497
MedID 73/Lang (x-n71909r49Tm[497])TJET EMC /P MCID 127/o4(i)-4(ni) TJET [93.847,59]17(t)-4(on U)5ida)-5()BDC BT1 0 0 1 110.05 564.98 Tm[93.847])TJET			

HL092933497x442,305

**Catalog of
Federal
Domestic
Assistance**

**Pass Through
Entity
Identifying**

CASE WESTERN RESERVE UNIVERSITY
Schedule of Expenditures of Federal Awards

For the year ended June 30, 2010

FEDERAL GRANTOR/PROGRAM TITLE	Catalog of Federal Domestic Assistance Number	Pass Through Entity Identifying Number	Expenditures
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286		395,078
Advanced Nursing Education Traineeships	93.358		141,558
Nursing Research	93.361		474,896
National Center for Research Resources	93.389		2,901,346
Cancer Biology Research	93.396		222,995
Cancer Research Manpower	93.398		2,037,335
Cancer Research Manpower-ARRA	93.407		18,896
Cancer Research Manpower-ARRA	93.701		220,370
Cardiovascular Diseases Research	93.837		408,093
Lung Diseases Research	93.838		726,569
Blood Diseases and Resources Research	93.839		193,713
Arthritis, Musculoskeletal and Skin Diseases Research	93.846		373,383
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847		583,302
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		592,448
Allergy, Immunology and Transplantation Research	93.855		160,318
Microbiology and Infectious Diseases Research	93.856		7,626
Biomedical Research and Research Training	93.859		2,316,637
Child Health and Human Development Extramural Research	93.865		913,705
Aging Research	93.866		(2,943)
Vision Research	93.867		338,212
Grants for Training in Primary Care Medicine and Dentistry	93.884		582,780
Scholarships for Health Professions Students from Disadvantaged Backgrounds	93.925		43,093
Geriatric Education Centers	93.969		407,474
International Research and Research Training	93.989		1,203,227
Pass through programs			
Michigan State University	93.648	61-5101CWR	77,148
Research Foundation of State University	93.648	09-35	100,418
University of Georgia	93.989	RTW006900	54,317
Vanderbilt University	93.989	TW007988	53,413
Department of Health & Human Services Subtotal			16,546,493
Total Research Training Grants			18,049,192
Sub Total Research and Development and Research Training Cluster - University Only			231,475,879
Research and Development - Cleveland Clinic Lerner College of Medicine (see Footnote 1)			
Department of Health & Human Services			
Direct Programs			
Environmental Health	93.113		239,393
Oral Diseases & Disorder Research	93.121		339,526
Human Genome Research	93.172		806,048
Human Genome Research	93.173		606,883
Research and Training in Complementary and Alternative Medicine	93.213		10,843

CASE WESTERN RESERVE UNIVERSITY
Schedule of Expenditures of Federal Awards

For the year ended June 30, 2010

FEDERAL GRANTOR/PROGRAM TITLE	Catalog of Federal Domestic Assistance Number	Pass Through Entity Identifying Number	Expenditures
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CASE WESTERN RESERVE UNIVERSITY
Schedule of Expenditures of Federal Awards

For the year ended June 30, 2010

FEDERAL GRANTOR/PROGRAM TITLE	Catalog of Federal Domestic Assistance Number	Pass Through Entity Identifying Number	Expenditures
University of California at Irving	93.399	U10CA037429	81,140
University of Colorado	93.399	R01CA068099	(2,498)
Beth Israel Deaconess Medical Center-ARRA	93.701	RC1CA146596Z	4,658
Biomedical Imaging/Bioengineering-ARRA	93.701	R03EB009651	34,483
May Clinic-ARRA	93.701	U01DK062410Z	59,212
Texas A&M-ARRA	93.701	R21HL093689	32,097
University of Cincinnati-ARRA	93.701	R01NS039512Z	10,213
University of Michigan-ARRA	93.701	RC2HL101740	8,632
University of Washington-ARRA	93.701	R01DK081368	83,495
University of Washington-ARRA	93.701	R01GM048085Z	70,667
Wake Forest University-ARRA	93.701	RC2HL101487	41,520
Washington University School of Med-ARRA	93.701	-	36,989
Biomec Cardiovascular Inc.	93.837	R44HL065815	87,547
Medstar Research Institute	93.837	U01HL064244	189,748
Mount Sinai School of Medicine	93.837	U01HL088942	126,651
Perfusion Solutions Inc.	93.837	R43HL096144	21,614
Pixel Velocity Inc.	93.837	R44HL071379	329
University of Washington at St. Louis	93.837	R01HL074283	81,755
University of Connecticut	93.837	P01HL070694	32,187
University of Houston	93.837	R01HL085487	77,367
University of Pittsburgh	93.837	R01HL075038	(120,968)
University of Texas	93.837	U01HL087318	137,912
Duke University	93.838	Site 113	23,469
Duke University	93.838	U10HL080413	5,773
Tulane University Health SCI CT	93.838	U10 HL080510	37,269
University of Alabama at Birmingham	93.838	R01HL085324	29,196
University of Washington at St. Louis	93.838	R01HL091762	37,108
Vanderbilt University	93.838	R01HL083839	10,000
Biomec Cardiovascular Inc.	93.839	R44HL067483	(25,256)
Burke Medical Research Institute	93.839	R01HL082511	25,708
Nanomimetics, Inc.	93.839	R43HL082095	11,307
University of Washington at St. Louis	93.839	U01HL088476	28,639
University of Illinois	93.839	U54HL090513	232,011
Boston University	93.846	U54RR019497	157,710
Brigham & Woman's Hospital	93.846	R01AR055557	36,355
Cincinnati Children's Hospital RSC	93.846	P60AR047784	4,020
Cincinnati Children's Hospital RSC	93.846	R01AR049735	8,960
Seattle Children's Hospital	93.846	R01AR049762	46,359
Vanderbilt University	93.846	R01AR053684	9,281
Bertec	93.847	R44DK084844	4,035
Diapedia LLC	93.847	R44DK059074	12,889
Mayo Clinic	93.847	U01DK062410	78,751
Metrohealth Hospital	93.847	DK077668	99,882
Neurotron Inc.	93.847	R41DK074987	(22,554)
Technest Inc.	93.847	R44DK071469	30,325
Vanderbilt University	93.847	U01DK072473	18,569
Feinstein Institute for M	93.847	R33DK070341	66,606
Loyola University Chicago	93.847	U01DK064044	(2,364)
New England Medical CTR-T	93.847	K24DK078204	1,472
University of Illinois	93.847	R01DK072231	19,441
University of Pennsylvania	93.847	U01DK060990	291,033
University of Pittsburgh	93.847	R01DK070910	(21,870)
Wayne State University	93.847	U01NS061264	20,708
Brigham & Women's Hospital	93.853	R01NS049639	(213)
Cleveland Medical Devices	93.853	R42NS054348	95,016
Cleveland Medical Devices	93.853	R44NS042451	75,563
Cleveland Medical Devices	93.853	R44NS043816	45,000
Cleveland Medical Devices	93.853	U44NS057969	101,815
Columbia University	93.853	R01NS047530	1,750
Columbia University	93.853	R01NS048212	178
Columbia University	93.853	U01NS043975	(3,330)

FEDERAL GRANTOR/PROGRAM TITLE

**Catalog of
Federal
Domestic
Assistance
Number**

**Pass Through
Entity
Identifying
Number**

Expenditures

CASE WESTERN RESERVE UNIVERSITY
Schedule of Expenditures of Federal Awards

For the year ended June 30, 2010

FEDERAL GRANTOR/PROGRAM TITLE	Catalog of Federal Domestic Assistance Number	Pass Through Entity Identifying Number	Expenditures
Great Lakes Science Center	93.389	GLMSET	18
Booz Allen Hamilton, Inc.	93.393	79950CBS10	28,495
Booz Allen Hamilton, Inc.	93.393	79950CSB10	258
Children's Hospital and Regional Medical	93.846	413820230101	7,042
Scripps Research Institute	93.853	5-22770	(159)
University of Alabama	93.855	5R13AI1440-10	7,368
Social & Scientific Systems, Inc.	93.855	1 U01 AI068636-01	10,134
			<u>64,743</u>
Department of Health & Human Services Subtotal			<u>207,020</u>
Total Other Federal Assistance			<u>1,102,949</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 324,142,108</u>

CASE WESTERN RESERVE UNIVERSITY
 NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2010

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, 2009 to June 30, 2010 for on-campus research and for the CCLCM is 57% of modified total direct costs. The base rates for off-campus research for the same period vary depending upon the location of the research.

4. Loan Advances:

The following schedule represents total loans advanced to students by the University and balances outstanding for the Perkins, Nursing, Health Profession Student and Disadvantaged Students Loan Programs for the year ended June 30, 2010:

CFDA **Outstanding**

The Perkins Loan administrative cost allowance totalled \$0 for the year ended June 30, 2010.

5. Federal Family Education Loan Program

During the year ended June 30, 2010, the University disbursed the following loan amounts under the Federal Family Education Loan Program (FFELP) (which includes Stafford Loans, unsubsidized Stafford Loans, and Parents Plus Loans for Undergraduate Students):

	CFDA Number	Amounts	
Federal Family Education Loan Program	84.032	\$ 102,816,128	

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

During the year ended June 30, 2010, the University made principal and interest payments of \$498,910,730 upon t g8(n

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



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

To the Board of Trustees,
Case Western Reserve University:

We have audited the consolidated financial statements of Case Western Reserve University and its affiliated entities, (the "University") as of and for the year ended June 30, 2010, and have issued our report thereon dated October 13, 2010. We conducted our audit in accordance with auditing standards generally



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

To the Board of Trustees,
Case Western Reserve University:

We have audited the compliance of Case Western Reserve University (the "University") with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010 except as described in the second paragraph of this letter. The University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the University's management. Our responsibility is to express an opinion on the University's compliance based on our audit.

We did not audit the University's compliance with the billing, cash receipts, due diligence and portfolio management compliance requirements specified by the Federal Perkins Loan Program and described in the OMB *Circular A-133 Compliance Supplement*. Compliance with these requirements was audited by other auditors whose report thereon has been furnished to us, and our opinion expressed herein, insofar as it relates to the University's compliance with those requirements, is based solely on the report of the other auditors.

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 t
other procedures as we considered necessary in the circumstances. We believe that our audit provides a



CASE WESTERN RESERVE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2010

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:

Unqualified

Internal control over financial reporting:

- | | | |
|--|------------------------------|---|
| • Material weakness(es) identified? | <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 |

CASE WESTERN RESERVE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2010

Section II - Financial Statement Findings

No current year findings.

CASE WESTERN RESERVE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2010

CASE WESTERN RESERVE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2009

Summary of Prior Year Findings and Questioned Costs

No prior year findings.



Management's Corrective Action Plan

Finding #2010-