



CASE WESTERN RESERVE UNIVERSITY

Report on Federal Awards In Accordance
With OMB Circular A-133 For the Year Ended
June 30, 2007

Entity Identification
Number 1-341018992-A1

CASE WESTERN RESERVE UNIVERSITY

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

June 30, 2007

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FINANCIAL

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

To the Board of Trustees,
Case Western Reserve University:

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of activities and cash flows present fairly, in all material respects, the financial position of Case Western Reserve University and its affiliated entities (the University) at June 30, 2007, and the consolidated changes in their net assets and their cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the University's 2006 financial statements, and in our report dated October 20, 2006, we expressed an unqualified opinion on those financial statements. We conducted our audit of these statements in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2007 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters for the year ended June 30, 2007. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

PricewaterhouseCoopers LLP

October 19, 2007

CASE WESTERN RESERVE UNIVERSITY
Consolidated Balance Sheet
June 30, 2007 and 2006
(in thousands)

	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Assets		
Cash and temporary investments	\$ 100,417	\$ 111,907
Accounts and loans receivable, net	125,292	130,229
Securities pledged under lending agreements	84,083	91,812
Pledges receivable, net	52,928	67,272
Prepaid expenses and other assets	12,368	15,116
Intangible pension assets		2,028
Investments	1,599,556	1,395,630
Property, plant, equipment and books, net	822,941	822,029
Funds held in trust by others	326,033	295,404
Total assets	\$ 3,123,618	\$ 2,931,427
Liabilities		
Accounts payable and accrued expenses	\$ 78,378	\$ 52,800
Deferred income and other liabilities	27,842	24,582
Payable under securities lending agreements	86,892	93,874
Annuities payable	52,616	51,685
Refundable advances	12,394	8,423
Accrued pension liability	1,133	10,497
Notes and bonds payable	589,357	622,506
Refundable federal student loans	17,001	17,271
Total liabilities	865,613	881,638
Net Assets		
Unrestricted	1,376,105	1,202,264
Temporarily restricted	27,297	46,921
Permanently restricted	854,603	800,604
Total net assets	2,258,005	2,049,789
Total liabilities and net assets	\$ 3,123,618	\$ 2,931,427

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

CASE WESTERN RESERVE UNIVERSITY
Consolidated Statement of Activities
For the Year Ended June 30, 2007
with summarized financial information for the year ended June 30, 2006
(in thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Year Ended June 30, 2007	Year Ended June 30, 2006
Operating revenues					
Student tuition and fees	\$ 247,071			\$ 247,071	\$ 228,752
Less: Student aid	(96,226)			(96,226)	(89,661)
	<u>150,845</u>			<u>150,845</u>	<u>139,091</u>
Endowment Income	75,191		\$ 414	75,605	75,209
Grants and contracts	243,860			243,860	253,769
CCLCM grants and contracts	90,680			90,680	86,075
Gifts and pledges	9,047	\$ 10,562	16,978	36,587	42,908
State of Ohio appropriation	3,911			3,911	3,900
Facilities and administrative cost recovery	66,904			66,904	67,045
Organized activities	10,759			10,759	9,000
Other sources	42,691		2,189	44,880	27,511
Auxiliary services	39,766			39,766	35,329
Net assets released from restrictions	30,189	(30,189)			
Total operating revenues	<u>763,843</u>	<u>(19,627)</u>	<u>19,581</u>	<u>763,797</u>	<u>739,837</u>
Operating expenses					
Instructional	253,473			253,473	242,435
Sponsored research and training	233,808			233,808	232,730
Other sponsored projects	27,203			27,203	33,651
CCLCM research and training	90,680			90,680	86,075
Libraries	19,676			19,676	20,708
Student services	19,047			19,047	20,719
University services	86,923			86,923	84,975
Auxiliary enterprises - students	37,471			37,471	32,878
Auxiliary enterprises - others	23,369			23,369	25,864
Total operating expenses	<u>791,650</u>			<u>791,650</u>	<u>780,035</u>
Net operating (deficit) revenues	<u>(27,807)</u>	<u>(19,627)</u>	<u>19,581</u>	<u>(27,853)</u>	<u>(40,198)</u>
Nan-operating revenues and expenses					
Investment and other income	76,457	3	33,366	109,826	125,544
Net appreciation in the fair market value of Investments	125,522		5,407	130,929	4,130
Actuarial adjustment to annuity payable			(4,355)	(4,355)	(287)
Gain (loss) on disposal of plant assets	2,166			2,166	(797)
Adjustment for minimum pension liability					16,837
Non-operating revenues, net	<u>204,145</u>	<u>3</u>	<u>34,418</u>	<u>238,566</u>	<u>145,427</u>
Increase In net assets before effect of accounting changes	<u>176,338</u>	<u>(19,624)</u>	<u>53,999</u>	<u>210,713</u>	<u>105,229</u>
Cumulative effect of change In accounting principle	<u>(2,497)</u>			<u>(2,497)</u>	<u>(7,687)</u>
Increase In net assets	<u>173,841</u>	<u>(19,624)</u>	<u>53,999</u>	<u>208,216</u>	<u>97,542</u>
Beginning net assets	<u>1,202,264</u>	<u>46,921</u>	<u>800,604</u>	<u>2,049,789</u>	<u>1,952,247</u>
Ending net assets	<u>\$ 1,376,105</u>	<u>\$ 27,297</u>	<u>\$ 854,603</u>	<u>\$ 2,258,005</u>	<u>\$ 2,049,789</u>

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

CASE WESTERN RESERVE UNIVERSITY
Consolidated Statement of Cash Flows
For the Years Ended June 30, 2007 and 2006
(in thousands)

	Year Ended June 30, 2007		Year Ended June 30, 2006	
CASH FLOWS FROM OPERATING ACTIVITIES				
Change in net assets	S	208,216	S	97,542
<i>Adjustments to reconcile change in net assets to net cash provided by operating activities:</i>				
Cumulative effect - change in accounting principle		5,736		7,687
Depreciation		57,477		55,984
Amortization		41		
Loss on defeasance of debt		3,015		
Net unrealized appreciation in the fair market value of investments		(130,929)		(4,130)
Realized gains on investments		(71,661)		(79,932)
Increase to annuities payable resulting from actuarial adjustments		4,355		287
Gifts of property and equipment		(42)		(40)
(Gain) loss on disposal of plant assets		(2,167)		797
Contributions restricted for long-term investment		(15,173)		(8,277)
Decrease (increase) in accounts and notes receivable, net		7,955		(4,120)
Decrease (increase) in pledges receivable, net		14,344		(4,035)
Decrease in prepaid expenses and other assets		4,238		832
Decrease in intangible pension assets		2,028		465
Increase in funds held in trust by others		(30,629)		(13,626)
Increase (decrease) in accounts payable and accrued expenses		21,289		(11,679)
Decrease in deferred income and other liabilities		(1,706)		(5,071)
Increase in refundable advances		3,971		638
Decrease in accrued pension liability		(9,364)		(17,302)
Net cash provided by operating activities		<u>70,994</u>		<u>16,020</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Student loans collected		6,541		8,509
Student loans issued		(9,559)		(7,278)
Proceeds from the sale of Investments		1,754,373		2,008,675
Purchases of investments		(1,755,709)		(1,900,295)
Proceeds from the sale of buildings and land		3,427		4,809
Purchases of property, plant, equipment and books		(56,088)		(114,182)
Net cash (used for) provided by Investing activities		<u>(57,015)</u>		<u>238</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Decrease in federal advances for student loans		(270)		(1,124)
Decrease (Increase) in securities pledged under lending agreements		7,729		(41,234)
(Decrease) Increase in payables under securities lending agreements		(6,982)		41,344
Contributions restricted for long-term investment		15,173		8,277
Proceeds from bond issues and long-term debt		115,737		68,176
Payment of bond issuance costs		(1,530)		
Repayment of debt		(151,902)		(43,147)
(Payments on) withdrawals from annuities payable		(4,100)		782
Increase to annuities payable resulting from new gifts		676		621
Net cash (used for) provided by financing activities		<u>(25,469)</u>		<u>33,695</u>
Net (decrease) Increase in cash and cash equivalents		(11,490)		49,953
Cash and cash equivalents, beginning of year		111,907		61,954
Cash and cash equivalents, end of year	S	100,417	S	111,907
SUPPLEMENTAL SCHEDULE OF NON-CASH ACTIVITIES				
Construction in progress payments Included in accounts payable	S	7,842	S	3,553
Effect of FIN 47 included in deferred income and other liabilities		6,131		8,600
Effect of FIN 47 included in purchases of property, plant and equipment		1,292		2,062

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

Part 2 - Summary of Significant Accounting Policies and Terms

This part explains the accounting practices the University uses in its consolidated financial statements.

Basis of Accounting Presentation	<p>The consolidated financial statements use the accrual basis of accounting. These statements include the accounts of the University, Triangle Residential LP and Triangle Residential LLC.</p> <p>Triangle Residential LP is a limited partnership formed in 2005 that owns and operates two apartment buildings, a parking garage and a commercial structure located in the Ford-Euclid-Mayfield Road area. The University is the sole limited partner. The general partner is Triangle Residential LLC, a wholly owned subsidiary of the University, also formed in 2005. The University, through Triangle Residential LP, plans to operate the properties pending finalization of plans to develop an arts, entertainment and residential complex in the area.</p>
Net Asset Categories	<p>The consolidated financial statements present information about the University's financial position and activities using three categories of net assets:</p> <ul style="list-style-type: none">• Unrestricted net assets have no donor-imposed restrictions. They are available for any purpose consistent with the University's mission.• Temporarily restricted net assets are subject to specific donor-imposed restrictions that must be met by University actions or through the passage of time.• Permanently restricted net assets are subject to donor-imposed restrictions that the University must honor in perpetuity. Usually, donors allow part or all of the income to be used for a designated purpose.
Cash and Temporary Investments	<p>Investments with a maturity of three months or less when purchased are reported as temporary investments (i.e., cash equivalents) unless they are part of long-term investment pools.</p>
Investments	<p>Investments are stated at fair value. The fair value of all debt and equity securities with readily determinable fair value are based on quotations obtained from national securities exchanges. The alternative investments, which are not readily marketable, are carried at estimated fair values as provided by the investment managers. The University reviews and evaluates the values provided by the investment managers and agrees with the valuation methods and assumptions used in determining the fair value of the alternative investments. Those estimated fair values may differ significantly from the values that would have been used had a ready market for these securities existed. Realized gains and losses on investments are included in investment income. Average cost is generally used to determine gains or losses on securities sold. Unrealized changes in the fair market value of investments are shown as net unrealized appreciation or depreciation.</p>

Contributions	Contributions (including unconditional pledges) are recognized as either temporarily restricted or permanently restricted net assets when donors' commitments are received. Conditional pledges become revenue when the conditions are substantially met. Gifts whose restrictions are met in the same fiscal year in which they are received are reported with unrestricted contribution revenues.
Grants and Contracts (Government and Private)	Revenues from government and private grants and contracts are recognized as earned in accordance with the terms of the contract. Any government revenue received before it is expended is recorded as a refundable advance. Expenses incurred for government grants before revenue is received are recorded as receivables.
Collections	The University's collections of historically significant artifacts, scientific specimens, and art objects are held for education, research, scientific inquiry, and public exhibition. Therefore, their value is not reflected in the University's financial statements.
Funds Held in Trust by Others	Funds held in trust by others are assets held and administered by outside trustees from which the University derives income or residual interest. Funds held in trust by others are reported at their fair value as of June 30, 2007, which approximates the present value of the future income flows from these funds.
Allocation of Certain Expenses	The statement of activities presents expenses by function. Some expenses - such as depreciation, amortization, and expenses related to the operation of the physical plant - are allocated by square footage. Interest expense is allocated to the functions that derive the greatest benefit from the facilities financed.
Use of Estimates	Financial statements using accounting principles generally accepted in the United States of America rely on estimates. At June 30, management makes certain estimates and assumptions, which affect assets and liabilities, disclosures of contingent assets and liabilities, and reported revenues and expenses during the period. Actual results may differ from these estimates.
Comparative Information	The statement of activities includes prior year summarized comparative information in total, but not by net asset category. Such information does not include enough detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the University's financial statements for the year ending June 30, 2006, from which it was derived.

Comparative
Information
(continued)

Certain reclassifications have been made to the summarized prior year financial information for comparative purposes. The unamortized bond premium for fiscal 2006 was reclassified from deferred income to bonds and notes payable, and accrued benefit costs for 2006 were reclassified from accounts payable to accrued pension liability to conform to the current year's balance sheet presentation. Certain rental income for 2006 was reclassified from other sources to auxiliary services in the statement of activities to conform to the current year's presentation. Finally, both proceeds from the sale of investments and purchases of investments in the investing activities section of the 2006 statement of cash flows have been modified downward by \$553 million to reflect an adjustment to gross amounts previously reported.

Income
Taxes

The University is generally exempt from income taxes under Section 501 (c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is made in the financial statements.

Part 3 - Notes

These notes clarify and amplify data in the financial statements. Unless otherwise indicated, all dollar values are listed in thousands as of June 30.

NOTE A
 Accounts and
 Loans
 Receivable

Accounts and loans receivable are as follows:

	<u>2007</u>	<u>2006</u>
Accounts receivable, net:		
Grants, contracts and others	\$ 74,838	\$ 80,132
Students	6,562	7,464
Student loans, net	43,892	42,633
	<u>\$ 125,292</u>	<u>\$ 130,229</u>
Allowances for doubtful accounts:		
Accounts receivable	\$ 19,907	\$ 10,867
Loans receivable	\$ 2,290	\$ 1,938

NOTE B
 Pledges
 Receivable

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

	<u>2007</u>	<u>2006</u>
In one year or less	<u>\$ 6,993</u>	<u>\$ 31,363</u>
Between one year and five years	38,308	32,566
More than five years	14,593	15,532
	<u>59,894</u>	<u>79,461</u>
Less: Discount	(3,633)	(5,459)
Less: Allowance	(3,333)	(6,730)
	<u>\$ 51,928</u>	<u>\$ 67,212</u>

Pledges receivable have been made for the following purposes:

	<u>2007</u>	<u>2006</u>
Department programs and activities	<u>\$ 15,246</u>	<u>\$ 26,346</u>
Endowments for scholarships and department programs and activities	19,699	18,386
Building construction	17,983	22,540
	<u>\$ 52,928</u>	<u>\$ 67,272</u>

The University had conditional pledge commitments totaling \$31,071 (2007) and \$31,621 (2006).

NOTE B
 Pledges Receivable
 (continued)

Uncollectible pledges totaling \$11,904 (2007) were written off against the allowance for uncollectible pledges and University Services expense. Uncollectible pledges totaling \$2,728 (2006) were written off against University Services expense.

NOTE C
 Investments

Investments (except funds held in trust by others) are as follows:

	2007	
	Fair Market	
	Value	Cost
Short-term investments	\$ 110,762	\$ 110,762
Domestic stocks	124,072	96,322
International securities	281,836	183,711
Bonds		
• U.S. Government	254	253
• Corporate	133,406	134,826
Mutual funds	100,168	89,714
limited partnerships and other		
• Venture capital	42,878	34,673
• Private equity	242,529	188,531
• Hedge fund	386,597	300,312
• Other	101,440	76,568
Equity real estate	75,614	70,905
Total	<u>\$ 1,599,556</u>	<u>\$ 1,286,577</u>
	2006	
	Fair Market	
	Value	Cost
Short-term investments	\$ 61,591	\$ 61,591
Domestic stocks	182,199	146,590
International securities	226,383	175,284
Bonds		
• U.S. Government	54,445	55,064
• Corporate	140,195	142,536
Mutual funds	118,435	112,077
limited partnerships and other		
• Venture capital	27,229	28,969
• Private equity	162,553	145,354
• Hedge fund	289,248	235,269
• Other	95,518	75,804
Equity real estate	37,834	35,042
Total	<u>\$ 1,395,630</u>	<u>\$ 1,213,580</u>

NOTE C
Investments
(continued)

Included in the University's cash and investments are unexpended bond proceeds. These funds are temporarily held by trustees under the bond indenture for future capital expenditures. The proceeds are invested in cash, U.S. government and corporate bonds and mutual funds. The fair value of these assets totaled \$65,243 (2007) and \$96,410 (2006).

The University's spending policy determines the amount of endowment income to be used as operating revenue and distributed for spending during the year. Distributions in excess or deficit of amounts actually earned are transferred to or from the endowment pool, honoring any donor restrictions. The fiscal 2007 endowment and similar funds distribution of \$2.03 per unit totaled \$61,170, of which \$48,751 was accumulated realized gains. For fiscal 2006, the distribution of \$2.00 per unit totaled \$59,271, of which \$46,022 was accumulated realized gains.

Certain endowment and similar fund assets are pooled for efficient investment purposes. The unit market value for each pool is used to account for pooled transactions. The unit market values are \$47.70 (2007) and \$41.41 (2006).

Investments in stocks, bonds, mutual funds, and other investments are exposed to a variety of uncertainties, including interest rate, market fluctuation, and credit risks. Due to the level of risk associated with certain investments, the value of these investments could change. Such changes could materially affect the amounts reported in the financial statements.

Investment strategies employed by outside managers incorporate the use of financial instruments with off-balance sheet risk. These financial instruments include international investment funds with underlying equity interests as well as forward and futures contracts that are subject to foreign currency translation gains and losses. Management does not anticipate that losses, if any, resulting from its market or credit risks would materially affect the financial position of the University; however, there can be no assurances.

The University is obligated under certain limited partnerships and similar agreements to provide future funding for further investment. The University had unfunded commitments of approximately \$201,278 (2007) and \$218,629 (2006) that are likely to be called in the future.

The University has a securities lending agency agreement for the purpose of lending securities held or beneficially owned by the University. Under this agreement, the University's agent receives collateral in the form of cash or U.S. government securities in exchange for loaning securities to approved borrowers. The agent invests these funds on behalf of the University until the securities are returned. The amount of collateral required for securities traded principally in the United States is equal to 102% of the market value of the securities borrowed. For equities traded principally outside the United States, the amount of collateral required is 105%. For fixed income securities traded principally outside the United States, the amount of collateral required is 102%. The fair value of securities on loan is \$84,083 (2007) and \$91,812 (2006). The fair value of collateral received is \$86,892 (2007) and \$93,874 (2006). Cash collateral is reflected in the cash and temporary investments balance.

NOTE 0
 Property,
 Plant,
 Equipment,
 and Books

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

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

	2007	2006
Land and land improvements	<u>\$ 38,920</u>	<u>\$ 38,838</u>
Building and building improvements	982,817	963,362
Equipment and software	213,340	192,673
Library books	30,688	29,770
Construction-In-progress	70,479	60,093
	<u>1,336,244</u>	<u>1,284,736</u>
Less: accumulated depreciation	<u>(513,303)</u>	<u>(462,707)</u>
	<u>\$ 822,941</u>	<u>\$ 822,029</u>

The above assets include \$448,367 leased from the Ohio Higher Education Facility Commission (OHEFC). The University may purchase each of the leased assets for a nominal amount at the end of the lease period. Therefore, these assets have been capitalized and are included in the above listing. Also included in the University's financial statements is the obligation for related bonds issued by the OHEFC.

NOTE E Bonds and Notes Payable	Bonds and notes payable are as follows:				
	Interest	Maturity	2007	2006	
Ohio Higher Education Facilities Commission revenue bonds and notes:					
Series 1988	7.85-7.90%	2009-2013	\$23,188	\$21,464	
Series 1990	6.50 - 7.15%	2007-2020	11,968	12,066	
Series 1994	6.00 - 6.25%	2014-2018	20,000	20,000	
Series 1997	4.70 - 6.00%	2006-2018		10,120	
Series 1997	5.00-5.50%	2006-2017		17,700	
Series 1997	4.90-6.25%	2009-2014	8,920	8,920	
Series 2001	Variable	2007-2022	16,200	17,520	
Series 2002	Variable	2023-2031	64,875	64,875	
Series 2002	5.00 - 5.50%	2019-2022		35,125	
Series 2004	3.625 - 5.00%	2016-2034	78,158	109,203	
Series 2004	Variable	2008-2044	1n,826	1n,826	
Series 2006	3.75-5.25%	2012-2044	90,917		
United States government housing bonds:					
Series 1966	3.00-3.50%	2007-2016	1,135	1,275	
Series 1971	3.00%	2006-2016	1,125	1,235	
Ohio Higher Education Facilities Commission commercial paper	-Various-	-Various-	63,000	63,000	
Ohio Higher Education Facilities Commission capital lease 2006	6.75%	2008-2018	710		
Ohio Higher Education Facilities Commission capital lease 2006	4.123%	2008-2018	12,880		
National City Bank commercial note	LIBOR + .25%			13,417	
Key Bank line of credit	UBOR + .25%	2009		30,000	
Compass Group USA note	-n/a-	2007-2014	1,088	1,200	
Department of Housing and Urban Development mortgages:					
HUD - Part A	4.96%	2007-2041	12,932	13,079	
HUD - Part B	5.33%	2007-2041	4,435	4,481	
			<u>\$589,357</u>	<u>\$622,506</u>	

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

The Ohio Higher Education Facility Commission (OHEFC) authorized a tax-exempt commercial paper program in February 2000 to provide construction funds for several approved capital projects and to refinance earlier projects. The program authorizes the University to issue up to \$63,000 for as long as 30 years. The amount outstanding under this program as of June 30 is

NOTE E
 Bonds and
 Notes
 Payable
 (continued)

\$63,000, with maturities not exceeding 270 days from the issuance date. Interest rates for this program averaged 3.59% (2007) and 2.95% (2006).

In November 2004, the University opened a \$50,000 line of credit with a financial institution to finance working capital. In November 2005, the line was increased to \$100,000. The amount outstanding at June 30 totaled \$0 (2007) and \$30,000 (2006).

In August 2005, the University opened a \$33,000 commercial note with a financial institution to provide bridge funding for the acquisition, improvement and development of the Triangle properties until a mortgage note could be secured. In May 2006, the terms of this note were amended and restated. The balance due at June 30 was \$0 (2007) and \$13,417 (2006).

In January 2006, the University borrowed \$17,637 from the Department of Housing and Urban Development (HUD). The proceeds from this loan were used to refund the portion of the commercial note used to acquire the Triangle properties. The balance due at June 30 for Part A of the HUD loan was \$12,932 (2007) and \$13,079 (2006). The balance due at June 30 for Part B of the HUD loan was \$4,435 (2007) and \$4,481 (2006).

In December 2006, the OHEFC series 2006 bonds were issued to refinance certain previously issued and outstanding OHEFC bonds. The issues refinanced and amounts defeased are as follows:

OHEFC series 1997A -	\$ 7,245
OHEFC series 1997C -	\$ 15,245
OHEFC series 20028 -	\$ 35,125
OHEFC series 2004A -	\$ 28,260

Deferred financing fees of \$1,530 were paid and are included in prepaid expenses and other assets.

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

2008 -	\$ 2,062
2009 -	\$ 2,473
2010 -	\$ 4,446
2011 -	\$ 4,571
2012 -	\$ 4,960

Interest payments for fiscal year 2007, including payments for variable rate debt, were \$16,753. Interest income under interest rate swap agreements during fiscal 2007 totaled \$5,856. See Note J.

Certain borrowing agreements require the University to maintain reserves as additional collateral against its borrowings. These agreements **also** require that the University comply with certain covenants. The University is in compliance with these provisions.

NOTE F
 Fair Value of
 Investments

The University's financial instruments consist principally of cash, temporary investments, accounts and pledges receivable, loans receivable, and long-term investments, as well as obligations under bonds and notes payable. Cash and temporary investments, pledges receivable, investments and other assets are recorded at approximate fair value.

Loans receivable are amounts due from students primarily under federally sponsored programs. Since notes receivable under federal student loan programs are not saleable and can be assigned only to the U.S. government or its designee, it is not practical to determine their fair value.

The fair value of the University's bonds and notes payable is approximately \$572,037 (2007) and \$583,374 (2006). These values were estimated utilizing the discounted future cash outflows at rates for similar debt.

NOTE G
 Retirement
 Plans

The University has both defined benefit and defined contribution pension plans for its employees. The funded status of the University's defined benefit plan is as follows:

	2007	2006
Benefit obligation at June 30	\$ 89,846	\$ 83,265
Fair value of plan assets at June 30	88,713	71,399
Funded status at June 30	<u>\$ (1,133)</u>	<u>\$ (11,866)</u>
Accumulated benefit obligation	\$ 88,976	\$ 81,896

Weighted-average assumptions used to determine the benefit obligation at the end of year are as follows:

	2007	2006
Discount rate	<u>6.50%</u>	<u>6.50%</u>
Rate of compensation increase	4.50%	4.50%
Measurement date	6/30/07	6/30/06
Census date	7/1/06	7/1/05

In accordance with ERISA requirements, the University has established a trust to hold plan assets for its defined benefit plan. 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 equity-oriented investments (approximately 64% weight), real estate (approximately 16%), and fixed-income investments (approximately 20%). The weightings of the investments relative to each other in the total portfolio fluctuate as market conditions vary; they are adjusted as necessary to remain within acceptable ranges.

NOTE G
 Retirement
 Plans
 (continued)

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

	<u>2007</u>	<u>2006</u>
Equity securities	61.00%	65.00%
Fixed income securities	15.00%	16.00%
Real estate	18.00%	17.00%
Other	6.00%	2.00%
Total	<u>100.00%</u>	<u>100.00%</u>

The expected long-term rate of return 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, which projected future returns based on current equity valuations rather than historical returns. Management estimated the rate by which the plan assets would outperform the market in the future based on historical experience adjusted for changes in asset allocation and expectations for overall lower future returns on equities compared to past periods.

The amounts recognized in the University's balance sheet and in unrestricted net assets are as follows:

	<u>2007</u>	<u>2006</u>
Balance sheet:		
Intangible asset	\$	\$ 2,028
Accrued pension liability	(1,133)	(10,497)
Unrestricted net assets:		
Prior service costs	1,693	N/A
Actuarial losses	6,285	N/A
Minimum pension liability adjustment	N/A	(7,509)
Intangible asset	N/A	2,028
	<u>\$ 7,918</u>	<u>\$ (5,481)</u>

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

2008 -	\$4,442
2009 -	\$3,742
2010 -	\$3,681
2011 -	\$ 3,969
2012 -	\$3,913

Amounts expected to be paid between 2013 and 2017 total \$29,828. The University's estimated contribution for the defined benefit plan in fiscal 2008 is \$7,098. This amount may decrease based on the results of the July 1, 2007 actuarial valuation.

The estimated amortization of prior year service costs expected in fiscal 2008 totals \$336.

NOTE G
 Retirement
 Plans
 (continued)

Benefit plan costs for the defined benefit and defined contribution plans are as follows:

	<u>2007</u>	<u>2006</u>
Defined benefit plan		
Net periodic benefit cost	\$ 3,108	\$ 5,712
Employer contributions	12,941	7,621
Benefits paid	3,276	2,837
Defined contribution plan		
Employer contributions	18,897	19,444

The weighted-average assumptions used to determine net periodic benefit cost for the defined benefit plan are as follows:

	<u>2007</u>	<u>2006</u>
Discount rate	6.50%	5.25%
Expected return on plan assets	9.00%	9.00%
Rate of compensation increase	4.50%	4.50%

The adoption of FAS 158 (see Note K) had the following incremental effect on amounts related to the defined benefit plan reported in the University's balance sheet as of June 30, 2007:

	Before adopting FAS 158	Adjustments to adopt FAS 158	After adopting FAS 158
Accrued pension liability	\$ 263	\$ 870	\$ 1,133
Intangible asset	1,693	(1,693)	
Unrestricted net assets	5,415	2,563	7,978

NOTEH
 Commitments
 and
 Contingencies

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

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

NOTE H
Commitments
and
Contingendes
(continued)

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 \$90,680 (2007) and \$86,075 (2006).

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

The expected cost to complete construction in progress is approximately \$4,252.

NOTE I
Related Party
Transaction
(Utilities)

In 1998, the University entered into a thirty-year agreement with the Medical Center Company (a cooperative utility company formed by and serving institutions in the University Circle area) to purchase chilled water and other utilities for several University buildings. The amounts purchased were \$16,248 (2007) and \$14,860 (2006). No obligation associated with this agreement is recorded in the accompanying financial statements.

NOTEJ
 Derivatives
 and Other
 Financial
 Instruments

The University makes limited use of interest rate swap agreements to manage interest rate risk associated with variable rate debt. Under interest rate swap agreements, the University and its counterparty agree to exchange the difference between the fixed rate and variable rate interest amounts calculated by reference to specified notional principal amounts during the agreement period. Operations are charged the variable rate interest; the difference between the fixed and variable interest amounts under the swap agreements is recorded in non-operating revenues and expenses as investment and other income.

Information related to the long-term interest rate swap agreements to which the University is a party, including the associated OHEFC borrowing where applicable and the asset (liability) recognized in the balance sheet are as follows:

Date of Agreement	OHEFC Borrowing	Notional Amount	Effective Rate	Maturity Date	2007	2006
February 2001	Series 2001	\$18,875	4.34%	2022	\$ (388)	\$ (363)
May 2002	Series 2002	15,000	4.43%	2022	(764)	(744)
September 2002	Series 2002	15,000	3.60%	2022	516	580
October 2003	Series 2004	35,000	3.81%	2034	774	794
March 2004	Series 2004	60,000	2.46%	2009		2,115
March 2004	Series 2004	20,000	1.92%	2007		285
March 2004	Series 2004	20,000	1.92%	2007		283
January 2007	Series 2004	100,000	3.37%	2012	1,544	

The University selected the combination of variable rate bond issues and long-term interest rate swap agreements to obtain fixed rate financing at the lowest available cost at the time of the transaction. Changes in the fair value of derivative instruments are recorded in non-operating revenues and expenses as investment and other income.

NOTE K
 Recently
 Issued
 Accounting
 Pronounce-
 ments

In 2005, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 47, "Accounting for Conditional Asset Retirement Obligations" (FIN 47), which is effective for the University as of and for the year ended June 30, 2006. FIN 47 was issued to provide clarity surrounding the recognition of conditional asset retirement obligations, as referred to in FASB Statement No. 143, "Accounting for Asset Retirement Obligations." FIN 47 defines a conditional asset retirement obligation as a legal obligation to perform an asset retirement activity in which the timing or method of settlement are conditional on a future event that may or may not be within the control of the entity. FIN 47 also provides guidance with respect to the criteria to be used to determine whether sufficient information exists to reasonably estimate the fair value of an asset retirement obligation. Based on the guidance in FIN 47, management of the University determined that sufficient information was available to reasonably estimate the fair value of known asset retirement obligations.

NOTE K
Recently
Issued
Accounting
Pronounce-
ments
(continued)

FIN 47 requires the initial application of the interpretation to be recognized as a cumulative effect of a change in accounting principle. Specifically, FIN 47 requires the recognition, as a cumulative effect, of the cumulative accretion and accumulated depreciation for the time period from the date the liability would have been recognized had the provisions of the interpretation been in effect when the liability was incurred to the date of adoption of this Interpretation. The liability incurred date is presumed to be the date upon which the legal requirement to perform the asset retirement activity was enacted.

Upon initial application of FIN 47, the University recognized \$7,687 as the cumulative effect of a change in accounting principle in the statement of operations. Conditional asset retirement obligations included within other liabilities in the balance sheet were \$6,131 (2007) and \$8,600 (2006). Property, plant and equipment at June 30, includes asset retirement cost at inception for non-fully depreciated assets of \$1,292 (2007) and \$2,062 (2006). The accretion for 2007 was \$266.

In September 2006, the FASB issued Statement of Financial Accounting Standard No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans, an Amendment of FASB Statements No. 87, 88, 106, and 132(R)" (SFAS 158). SFAS 158 requires an employer to recognize the overfunded or underfunded status of a defined benefit postretirement plan as an asset or liability in its balance sheet in the year in which the change occurs, with an offsetting impact to unrestricted net assets. The University adopted the provisions of SFAS 158 effective June 30, 2007. As a result of this change, the University recorded a pension liability in its balance sheet in the amount of \$1,133. It also recognized \$2,497 as the cumulative effect of a change in accounting principle in the statement of activities. See Note G.

CASE WESTERN RESERVE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

for the year ended June 30, 2007

<u>FEDERAL GRANTOR/PROGRAM TITLE</u>	<u>Catalog of Federal Domestic Assistance Number</u>	<u>Pass Through Entity Identifying Number</u>	<u>Expenditures</u>
Research and Development and Research Training Cluster - University			
Research and Development - University			
Department of Agriculture			
Direct Programs			
Department of Agriculture	10.000		1,409
Grants for Agricultural Research Competitive Research	10.206		38,477
Pass Through Programs			
University of Southern Mississippi	10.206	USM-GR-02557-A10	5,720
University of Wisconsin - Madison	10.206	P631536	43,411
			<hr/> 49,131
Department of Agriculture Subtotal			<hr/> 89,017
Department of Commerce			
Direct Programs			
Research and Evaluation Program	11.000		311,806
Pass Through Programs			
Integrated Fuel Cell Technology, Inc.	11.000	INTEGRATED FUEL CELL	(1,143)
Ohio State University Research Foundation	11.417	RF01052994	5,195
Ohio Aerospace Institute	11.612	R-300-100187-40101	72,283
T/J Technologies	11.612	70NANB1 H3055	(594)
Glennan Microsystems Initiative, Inc.	11.609	1015	25,031
			<hr/> 100,m
Department of Commerce Subtotal			<hr/> 412,578
Department of Defense			
Direct Programs			
Other Department of Defense Programs	12		505,372
Basic and Applied Scientific Research	12.300		1,169,592
Military Medical Research and Development	12.420		630,959
Basic Scientific Research	12.431		2,418,800
Air Force Defense Research Sciences Program	12.800		695,641
Research & Technology Development	12.910		320,102
Pass Through Programs			
ADA Technologies, Inc.	12	06-0535S	15,972
Advanced Technology Institute	12	2005-611	8,752
Advanced Technology Institute	12	2006-386	77,769
Dayton Area Graduate Studies Institute	12	SN'2A-05	36,747
Foster-Miller Incorporated	12		(1,210)
Infoscitex	12	1137-1S1	(1,214)
Klab Inc.	12	KLAB	(4,074)
Klab Inc.	12	FA9302-06-C-0007	88,434
Mathematical Systems & Solutions, Inc.	12	NOO014-06-M-0214	8,826
Orbital Research Inc	12	FA8651-05-C-0110	67,537

CASE WESTERN RESERVE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

for the year ended June 30, 2007

FEDERAL GRANTOR/PROGRAM TITLE	Catalog of Federal Domestic Assistance Number	Pass Through Entity Identifying Number	Expenditures
Physical Sciences Inc.	12	30985-1414	(5,887)
Timken Company	12	F33615-03-0-2353	39,888
Timken Company	12	TIMKEN	624,321
University of California, Berkeley	12	4714-10417	639,242
University of Dayton	12	RSC04007	55,9n
Utilty Development Corporation	12	FA9550-04-(OO54	3,847
			1,654,922
Ohio Aerospace Institute	12.300	R-300-100197-10000	9,674
University of California, Berkeley	12.300	KK3115	5,346
University of Washington	12,300	429159	110,109
			125,129
University of Michigan	12.420	F010101	490
University of Callformla, Berkeley	12.431	SA3627	(10,127)
University of Virginia	12.431	GG10799-125509	3,117
Powdermet	12.431	NOO014-06-M-0183	7,809
Callformla Institute of Technology	12.431	1036224	(10,743)
NEI Corporation	12.800	FA8651-06-M-0182	9,643
NEI Corporation	12.800	FA9550-06-(0108	52,989
BloRobots LLC	12.800	FA8651-05-C-0097	29,914
Oregon State University	12.910	RF020A-B	(6,912)
			76,180
Department of Defense Subtotal			7,596,697
National Institute of Justice			
Direct Programs			
National insitute of Justice	16		(29,267)
Pass Through Programs			
Bellefaire Jewish Children's Bureau	16	2001-JtHX-Q090	(2)
			(29,269)
National Institute of Justice Subtotal			(29,269)
Department of Transportation			
Direct Programs			
Pass Through Programs			
National Research Council	20.000	NCHRP-112	1,006
National Academy of Sciences	20.000	HSR-40	(5,743)
Ohio Department of Transportation	20.205	20591	276
			(4,461)
Department of Transportation Subtotal			(4,461)
National Aeronautics and Space Administration			
Direct Programs			
NASA General	43		137,618

CASE WESTERN RESERVE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

for the year ended June 30, 2007

<u>FEDERAL GRANTOR/PROGRAM TITLE</u>	Catalog of Federal Domestic Assistance <u>Number</u>	Pass Through Entity IdentifyInB <u>Number</u>	<u>Expenditures</u>
Aerospace Education Services Program	43.001		241,419
Technology Transfer	43.002		2,486,476
Pass Through Programs			
Ohio State University Research Foundation	43	745432	(3,957)
Oregon Health and Sciences University	43	GPEDI0184A1	10,842
Jet Propulsion Laboratory	43.002	1275965	2,827
Jet Propulsion Laboratory	43.002	1264025	8,999
Makel Engineering Incorporated	43.002	PO-R06151	35,041
Makel Engineering Incorporated	43.002	PO-R06015	5,046
PentaUm Corporation	43,002	NNC07QA14P	3,972
Space Telescope Science Institute	43,002	HST-GO-10407,01-A	20,533
T/J Technologies	43.002	NNC05CB14C	(318)
Universities Space Research Association	43.002	04520-01	1,717,341
Virginia Commonwealth University	43,002	PT090702,SC100220	40,106
Flight Landata, Incorporated	43,002		(10,280)
			<hr/> 1,830,152
National Aeronautics and Space Administration Subtotal			<hr/> 4,695,665
National Endowment for the Arts			
Direct Programs			
Promotion of the Humanities-Collaborative Research	45.161		<hr/> 51,073
National Endowment for the Arts			<hr/> 51,073
National Science Foundation			
Direct Programs			
NSF General	47		73,804
Engineering Grants	47.041		1,056,851
Mathematical & Physical Sciences	47.049		4,464,855
Geosciences	47.050		177,924
Computer and Information Science & Engineering	47.070		1,075,016
Biological Sciences	47.074		738,101
Social, Behavioral and Economic Sciences	47.075		415,287
Education and Human Resources	47.076		(93)
Polar Programs	47.078		110,234
Pass Through Programs			
Faraday Technology, Incorporated	47	DMI0450179	<hr/> (2,200)
			(2,200)
University of Illinois	47.041	2005-05374-03	113,885
TJJ Technologies	47.041	N78B-018	(9,350)
University of Alabama	47.041	06-067	5,253

CASE WESTERN RESERVE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

for the year ended June 30, 2007

<u>FEDERAL GRANTOR/PROGRAM TITLE</u>	Catalog of Federal Domestic Assistance <u>Number</u>	Pass Through Entity Identifying <u>Number</u>	<u>Expenditures</u>
Kent State University	47.049	442216-P070477	24,190
Columbia University	47.049	82507	111,695
			<hr/> 245,673
Southern California Earthquake Center	47.050	083263	40,215
University of California, Berkeley	47.070	SA4180-10020PG	(1,066)
University of California, Davis	47.070	SA4182-23640PG	34,921
			<hr/> 74,070
University of Oregon	47.076	204991C	22,963
University of California, Berkeley	47.078	SA3862-22394PG	33,125
University of Chicago	47.078	23132-B	152,206
			<hr/> 208,294
National Science Foundation Subtotal			<hr/> 8,637,816
Department of Veteran Affairs			
Direct Programs			
Other Department of Veteran's Affairs Programs			295,748
			<hr/> 295,748
Department of Veteran Affairs Subtotal			<hr/> 295,748
Environmental Protection Agency			
Direct Programs			
Other EPA Programs			148,659
Environmental Education Grants			9,579
			<hr/> 158,238
Environmental Protection Agency Subtotal			<hr/> 158,238
Department of Energy			
Direct Programs			
Department of Energy	81		2,935,289
Used Energy-Related Laboratory Equipment Grants	81.022		246,376
Inventions and Innovations	81.036		73,672
University Coal Research	81.057		122,853
Conservation Research and Development	81.086		1,495
Renewable Energy Research and Development	81.087		42,537
Pass Through Programs			
3M Company	81	0001105039	371,329
3M Company	81	USMMM040W3	4,876
Advanced Technology Institute	81	20050521	(21,197)
Advanced Technology Institute	81	ATI	39,506
Ballard Power Systems Incorporated	81	DEFC3603GC13107	107,252
Battelle Memorial Institute	81	4000017402	(188)
Brookhaven National Laboratory	81	82506	(2,668)
Chemsultants	81	DE-FG36.Q6G086043	28,708
De Nora North America, Incorporated	81		(391)

CASE WESTERN RESERVE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

for the year ended June 30, 2007

<u>FEDERAL GRANTOR/PROGRAM TITLE</u>	Catalog of Federal Domestic Assistance <u>Number</u>	Pass Through Entity Identifying <u>Number</u>	<u>Expenditures</u>
DuPont Fuel Cells	81	DE-FC04-02AL67606	(14,368)
Lawrence Livermore National Laboratories	81	B529216	(25)
Makel Engineering Incorporated	81	PO-R05148	(787)
National Renewable Energy Lab	81	XDJ+30630-33	(5n)
Swage10k Company	81		(622)
TIJ Technologies	81	DEFG0204ER84088	(12,491)
University of Chicago	81	1F-01481	(1,164)
University of South Carolina	81	04-0955	24,814
			<hr/> 522,007
Stanford University	81.049	DE-FG02-05ER64136	271,742
			<hr/> 4,215,971
Department of Energy Subtotal			
Department of Education			
Direct Programs			
Research in Special Education	84.324		307,847
			<hr/> 307,847
Department of Education Subtotal			
Department of Health & Human Services			
Direct Programs			
Other DHHS Programs	93		819,519
Food and Drug Administration, Research	93.103		499,907
Maternal & Child Health Federal Consolidated Programs	93.110		554,648
Biological Response to Environmental Health Hazards	93.113		1,163,598
Applied Toxicological Research and Testing	93.114		254,116
Biometry and Risk Estimation Health Risks	93.115		175,294
Project Grant & Cooperative Agreements for TB Control Programs	93.116		3,598,931
Oral Diseases & Disorder Research	93.121		3,126,296
Grants to Increase Organ Donations	93.134		243,003
Human Genome Research	93.1n		2,265,339
Research Related to Deafness & Communications Disorders	93.173		1,499,015
Research and Training in Alternative Medicine	93.213		508,441
Research on Healthcare Costs, Quality and Outcomes	93.226		5n,766
National Center on Sleep Disorders Research	93.233		1,304,549
Mental Health Research Grants	93.242		2,908,113
Alcohol Research Career Development Awards for Scientists and Clinicians	93.271		153,219
Alcohol Research Programs	93.273		907,079
Drug Abuse and Addiction Research Programs	93.279		1,741,516
Mental Health Research Career/Scientist Development Award	93.281		319,349
Centers for Disease Control and Prevention	93.283		3,346,519
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286		5,280,258
National Heart and Lung Research	93.000		(36,587)
Clinical Research	93.389		3,533,826
Nursing Research	93.361		1,146,541

CASE WESTERN RESERVE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

for the year ended June 30, 2007

<u>FEDERAL GRANTOR/PROGRAM TITLE</u>	Catalog of Federal Domestic Assistance Number	Pass Through Entity Identifying Number	<u>Expenditures</u>
Blomedical Technology	93.389		(27,281)
National Center for Research Resources	93.389		2,465,032
Cancer Cause & Prevention Research	93.393		4,629,912
Cancer Detection and Diagnosis Research	93.394		2,165,507
Cancer Treatment Research	93.395		5,071,751
Cancer Biology Research	93.396		2,464,107
Cancer Centers Support Grants	93.397		5,697,076
Cancer Research Manpower	93.398		1,600,951
Cancer Control	93.399		1,835,668
Job Opportunities and Basic Skills Training	93.000		5,544
Cell Biology and Biophysics Research	93.859		2,682,292
Heart & Vascular Diseases Research	93.837		8,964,640
Lung Diseases Research	93.838		6,061,694
Blood Diseases & Resources Research	93.839		1,642,680
Arthritis, Musculoskeletal, & Skin Diseases Research	93.846		3,214,233
Diabetes, Endocrinology & Metabolism Research	93.847		10,315,666
Digestive Diseases & Nutrition Research	93.848		3,004,661
Kidney Disease, Urology & Hematology Research	93.849		3,764,918
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		6,952,003
Biological Basis Research in Neurosciences	93.854		3,113,113
Allergy, Immunology & Transplantation Research	93.855		3,707,009
Microbiology & InfectiOUS Diseases Research	93.856		12,883,702
Biomedical Research and Research Training	93.859		4,892,636
Genetics and Developmental Biology Research	93.859		2,512,870
Population Research	93.865		349,229
Child Health and Human Development Extramural Research	93.865		8,676,306
Aging Research	93.866		8,783,922
Vision Research	93.867		8,579,311
Medical Library Assistance	93.879		264,712
Health Care and Other Facilities	93.887		1,033,140
Center for Medical Rehabilitation Research	93.865		581,1n
International Research and Research Training	93.989		364,214
Pass Through Programs			
Arteriocyte, Incorporated	93.000		269,576
Biochem Analysis Incorporated	93.000		13,976
Blomec, Inc,	93.000	HL068501	(81)
Catholic Healthcare Partners	93.000	CHP	6,979
Institute for Cancer Prevention	93.000	CA0709n	(130)
Johns Hopkins University	93.000	8308-80100-3	11,637
Mt. Sinai Health Care Foundation	93.000	TACT	228
Southwest Research Institute	93.000	599785L	16,nO
Tristan Technologies, Incorporated	93.000	DK066736	26,762
Visiting Nurse Service of New York	93.000		(2,269)
Wayne State University	93.000	WSU03035-A4	11,094
			<hr/> 354,492

CASE WESTERN RESERVE UNIVERSITY
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FEDERAL GRANTOR/PROGRAM TITLE	Catalog of Federal Domestic Assistance Number	Pass Through Entity Identifying Number	Expenditures
Jewish Community Federation of Cleveland	93.048	90AM2610	(319)
Children's Hospital Research Foundation	93.115	CHMC030	719
Johns Hopkins University	93.121	8607-62301	16,087
New Ortho Polymers	93.121	DE016782	(4,490)
Cleveland Clinic Foundation	93.121	974188820602	73,949
University of Pittsburgh	93.134	108079-1	3,033
			<hr/> 88,979
Boston University	93.172	6203-5	91,825
Howard University	93.172	HG002677	811
			<hr/> 92,636
University of Iowa	93.173	1 1207100	69,998
Vanderbilt University	93.173	VUMC32871-R	87,851
Baylor College of Medicine	93.184	100400918	61,049
Cleveland Clinic Foundation	93.226	CCF - HS015076	30,527
Northwestern University	93.226	0600 370 FE75 465	(2)
Rush Presbyterian - St. Luke's Medical Center	93.226	HS015688	12,968
Virginia Commonwealth University	93.226	HS01352	248,716
			<hr/> 511,107
Stanford University	93.233	PY-2343-26447-A	15,150
Washington University	93.233	WU-06-76	310,582
			<hr/> 325,732
Cincinnati Children's Hospital	93.242	CHMC 102316-CWRU	93,412
Duke University	93.242	GCID#100528	13,809
Duke University	93.242	118685 SITE 14	17,782
East Tennessee State University	93.242	5-30230-1	(6,136)
Emory University	93.242	5-41045-G1	31,084
University of Arizona	93.242	V976131	(14,358)
University of Massachusetts Boston	93.242	MH055278	9
University of Mississippi	93.242	MH60451	(9,147)
University of Mississippi	93.242	MH063187	(4,546)
University of Mississippi	93.242	MH067996	157,082
University of North Carolina	93.242	N01MH90001	(12,740)
University of North Carolina	93.242	5-34528	281,600
University of Wisconsin - Madison	93.242	K043444	24,818
Virginia Commonwealth University	93.242	524890/PO P583964	(10,025)
Yale University School of Medicine	93.242	MH060250	(15)
Yale New Haven Hospital	93.252	G920A00134	(193)
			<hr/> 562,436
Thomas Jefferson University	93.273	08Q-04000-R82301	138,386
Flow-Amp Systems, LTD.	93.279	DA016537	136
Research Foundation of State University	93.279	247230	20,604

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Yale University School of Medicine	93.279	DKP1079151	2,165
Association of American Medical Colleges	93.283	U36/CCU319276	466,524
Hemophilia Foundation of Michigan	93.283	U27/CCU513182-08	12,175
			<hr/> 639,990
Association of American Medical Colleges	93.286	MM-0122-02/02	(436)
University of the Virgin Islands	93.307	EXPORT:2007-1	70
University of Connecticut Health Center	93.361	469305	34,204
University of North Carolina	93.361	5-30676	(496)
Massachusetts Institute of Technology	93.389	5710001819	32,753
Nanocomponent, Inc.	93.389	R41 RR022505	10,578
Massachusetts General Hospital	93.390	GM075946	100,360
Ohio State University Research Foundation	93.390	60003197	69,125
			<hr/> 246,158
American College of Radiology	93.393	CA021661	11,753
Henry Ford Health System	93.393	CA112379	97,246
Moffitt Cancer Center	93.393	10-14922-99-01-G5	4,361
National Childhood Cancer Foundation	93.393	15167	42,845
Public Health Television, Inc.	93.393	PUBLIC HEALTH TELEVI	8,697
University of California, Irvine	93.393	CA088164	(8)
			<hr/> 164,894
Burnham Institute	93.394	CA071932	193,244
Ohio State University Research Foundation	93.394	60005370	48,701
			<hr/> 241,945
Attenou, I.I.C.	93.395	CA-110224-01	32
Aventis Pharmaceuticals	93.395	GIA 1111189	40,781
BoWling Green State University	93.395	CA091027	(1,596)
Cleveland Clinic Lerner College of Medicine	93.395	CA083267	56,781
Frontier Science Technology Research Fou	93.395	CWD211-01	(81)
HHS-Health & Human Services- General	93.395	N01-AI-05410	(1,955)
National Childhood Cancer Foundation	93.395	98543-1113	1,098
National Childhood Cancer Foundation	93.395	11224	(9,497)
SAIC-Frederick, Incorporated	93.395	24XS046	(5,497)
SAIC-Frederick, Incorporated	93.395	22XS124A	18,268
University of California, Irvine	93.395	2005-1674	143,248
Virginia Commonwealth University	93.395	520368/PO P638976	1
Washington University	93.395	WU-06-51	3,n1
Wayne State University	93.395	WSU05014	97,767
			<hr/> 343,121
Albert Einstein College of Medicine YU	93.397	ALBERT EINSTEIN COLI	46,628
Oncology Nursing Society	93.398	CA093426	34,117
National Surgical Adjuvant Breast & Bowe	93.399	PIND-IRE-01	25,687
National Surgical Adjuvant Breast & Bowe	93.399	PFED19-IRE-01	22,099
National Surgical Adjuvant Breast & Bowe	93.399	TFED32-11728	107,759

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	<u>Number</u>	<u>Number</u>	
National Surgical Adjuvant Breast & Bowe	93.399	TIND-n8	69,855
Southwest Oncology Group	93.399	CA037429	13,540
University of South Carolina	93.399	06-1262	90,847
			<hr/> 410,532
Exsar Incorporatedoration	93.821	GM064318	95,151
Florida State University	93.821	G15367	(2,766)
Structural Genomix Inc	93.821	SGX Pharmaceuticals	99,590
University of Miami	93.821	GM055796	(3,500)
			<hr/> 188,475
Blomec, Incorporated	93.837	HL065815	57,339
Biomec, Incorporated	93.837	HL65815-02	25,562
Brigham and Women Hospital	93.837	HL048743	155,447
Children's Hospital Research Foundation	93.837	CHMC 181-N	3
Cleveland Clinic Lerner College of Medicine	93.837	HL0n107	59,620
Cleveland Clinic Foundation	93.837	HL069094	(2,470)
Cleveland Clinic Lerner College of Medicine	93.837	095330511101	13
Cleveland Medical Devices, Incorporated	93.837		6,700
HHS-Health & Human Services- General	93.837	HL069894	208
ICON Interventional Systems, Incorporated	93.837	HL0807610	1,461
Interventionallmaging, Incorporated	93.837	HL082076	75,592
Interventionallmaging, Inc.	93.837	HL084822	24,952
Northern California Institute for Research	93.837	2 FRAM 767-01	102,927
University of Michigan	93.837	HL007853	5,933
University of Pittsburgh	93.837	110146-2	125,112
University of Southern California	93.837	H19561	(1,3981
Volcano Incorporated	93.837	HL069094	35,997
Wayne State University	93.837	WSU 03066-A2	35,480
			<hr/> 708,478
Aastrom Biosciences, Inc.	93.838	HL074681	(26,818)
Arterlocyte, Incorporated	93.838	HL080856	(690)
Children's Hospital of Philadelphia	93.838	HL062514	895
HHS-Health & Human Services- General	93.838	N01-HC-95181	4,621,726
Synaptic Pharmaceutical Incorporated	93.838	SYNAPSE	(75)
University of Florida	93.838	INDIANA UNIVINIHI	(724)
University of North Carolina	93.838	5-51638	198,086
University of Pennsylvania	93.838	00481-05-05	151
			<hr/> 4,792,551
Cleveland Clinic Lerner College of Medicine	93.839	HL081011	431,381
HealthONE Alliance	93.839	CA043892	22,950
Medical College of Georgia	93.839	05-10745CI	(3,280)
Medical College of Georgia	93.839	MCG-STOP 11-000967-0	(2,031)
VfaCell Incorporated	93.839	HL074555	8,872
			<hr/> 457,892
Aastrom Biosciences, Incorporated	93.846	DK074201	42,656
Cleveland Clinic Lerner College of Medicine	93.846	NS-043486	(1,130)

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Drexel University	93.846	232222-3850	80,245
Duke University	93.846	APPLE SITE 16	(106)
Indiana University	93,846	AR053237	103,299
Oklahoma Medical Research Foundation	93,846	AR042460	20,2n
University of Utah	93,846	9809032F	(4,976)
			<hr/> 240,265
Cincinnati Children's Hospital	93.847		57,192
George Washington University	93.847	TIK0506	496,693
Medical College of Georgia	93.847	DK76169	410,220
Mount Sinai School of Medicine	93.847	0255-6301-4609	35,635
University of California, San Francisco	93.847	444947-30884	37,739
Vanderbilt University	93.847	VUMC31179-R	24,192
			<hr/> 1,061,671
Cleveland Clinic Lerner College of Medicine	93.849	DK070905	12,673
Emory University	93,849	5-23911-G1	30,139
Children's Mercy Hospital	93.849	04-0032	6,820
Cleveland Clinic Lerner College of Medic	93,849	DK070905	4,489
Columbia University	93.849	DK05n09	541,714
Los Angeles Biomedical Research Institute	93.849	DK069844	50,462
Tufts University	93,849	DK071675	94,121
University of California, San Francisco	93.849	000985	33,375
University of California, San Francisco	93,849	4510SC	51,821
University of Chicago	93.849	TRACS:30004	36,135
University of North Carolina	93.849	DK063455	1,468
University of Pennsylvania	93.849	5-45383-0	25,214
University of Pennsylvania	93.849	5-44131	20,103
			<hr/> 908,534
Children's Hospital and Regional Medical	93.853	CHMC 380	(57,524)
Children's Hospital Research Foundation	93.853	CHMC #345	103,064
Cleveland Clinic Foundation	93,853	205286020201	8,183
Cleveland Medical Devices, Inc.	93.853	NS0444656	(16,984)
HHS-Health & Human Services- General	93.853	N01-NS-1-2333	91,897
Northwestern University	93.853	0600 370 5227 1222	4,149
University of Alabama, Birmingham	93.853	NS042685	28,096
University of Chicago	93.853	24469	19,315
University of Florida	93.853	UF04024	2,010
University of Medicine & Dentistry-New Jersey	93.853	NS-0440976-01A2	8,628
University of South Florida	93,853	6112-162-LO-C	53,076
University of Texas Health Science Center	93.853	122267-122182	948
University of Washington	93.853	WU-05-70	45,019
Washington University	93.853	WU-04-252	6,478
Washington University	93.853	WU-06-35	2,282
Yale University School of Medicine	93,853	A06113	36,370
			<hr/> 335,007

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BioAdvances	93.854	NS38356-01 A1	(7,125)
Cleveland Medical Devices, Inc.	93.854	NS041118	(28,935)
Howard University	93.854	630830-H143806	(1,922)
University of Alaska, Anchorage	93.854	UAF01-0017	(770)
			<hr style="width: 100%; border: 0.5px solid black;"/> (38,752)
Cleveland Clinic Lerner College of Medicine	93.855	075360150601	97,923
Cleveland Clinic Lerner College of Medicine	93.855	CCLCM	8,790
Johns Hopkins University	93.855	8609-04401-X	16,391
Mount Sinal School of Medicine	93.855	MT. SINAI	277,086
Oklahoma Medical Research Foundation	93.855	AI024717	(12,269)
Rush Presbyterian • St. Luke's Medical Center	93.855	AI055793	4,324
University of Alabama, Birmingham	93.855	AI067039	180,374
University of Notre Dame	93.855	201046	106,220
Washington University	93.855	WU-06-203	316,960
Washington University	93.855	WU-06-209	22,080
Washington University	93.855	WU-Q6-211	76,863
			<hr style="width: 100%; border: 0.5px solid black;"/> 1,094,742
Family Health International	93.856	N01-HD-0-3310-502-2	761,583
Midwest Regional Center of Excellence	93.856	U54AI057160	235,861
Rush Presbyterian- St. Luke's Medical Center	93.856	AI055793	433,152
Sodal & Scientific Systems, Incorporated	93.856	AACTG.49.5208.01	59,466
Social & Scientific Systems, Incorporated	93.856		420
Social & Scientific Systems, Incorporated	93.856	BRS-ACURE-Q-.06-00136	523,708
University of Alabama	93.856	AI15440	130,452
University of Alabama, Birmingham	93.856	BAMSG STUDY 4-01	72,586
University of California, Irvine	93.856	114 VN	30,415
University of California, Irvine	93.856	3572SC	(215)
University of Minnesota	93.856	SILCAAT	14,558
University of Washington	93.856	986628	175,776
University of Washington	93.856	860515	55,251
University of Wisconsin • Madison	93.856	J033342	741,629
Washington University	93.856	WU-05-53	(231)
			<hr style="width: 100%; border: 0.5px solid black;"/> 3,234,411
Mayo Foundation- Rochester	93.859	GM061388	163,329
Cleveland Clinic Lerner College of Medicine	93.865	HD049662	25,994
Kent State University	93.865	445727-P070660	13,374
Northwestern University	93.865	0600 370 E361 910	43,969
Ohio State University Research Foundation	93.865	RF01076422/60011063	82,486
Pennsylvania State University	93.865	2253-CWRU-DHHS-8075	38,809
Pennsylvania State University	93.865	2620-CWRU-DHHS-6167	134,640
University of Alabama, Birmingham	93.865	ATN045A	32,686
University of Michigan	93.865	3000640016	16,429
			<hr style="width: 100%; border: 0.5px solid black;"/> 551,716

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<u>FEDERAL GRANTOR/PROGRAM TITLE</u>	Catalog of Federal Domestic Assistance <u>Number</u>	Pass Through Entity Identifying <u>Number</u>	<u>Expenditures</u>
Boston University	93.866	GC159610NGC	257,658
Boston University	93.866	MC-431538-DJW	26,116
California Pacific Medical Center	93.866	2803212-5039	92,650
Research Foundation for Mental Hygiene	93.866	oo245B	9,742
Rutgers University	93.866	RUTGERS UNIVERSITY	27,202
University of California, San Diego	93.866	ADC-023	122,089
University of Michigan	93.866	F001611	(8,031)
University of Washington	93.866	119571	28,854
			<hr/> 556,940
Emmes Corporation	93.867	EMMES CORPORATION	(2,110)
Jaeb Center for Health Research	93.867	EY012358	122,971
Jaeb Center for Health Research	93.867	DRCR- SITE 4051	32,046
Mayo Foundation- Rochester	93.867	REY01n32B	16,583
Ohio State University Research Foundation	93.867	745413	(1,227)
University of California, Irvine	93.867	10205850-003	38,021
University of Southern California	93.867	H31502	109,514
University of Wisconsin •Madison	93.867	P050956	(1,953)
Washington University	93.867	WU-06-180	15,616
			<hr/> 329,461
Cleveland Clinic Lerner College of Medicine	93.879	LMO08154	27,421
Children's Research Institute	93.929	HD039834	81,293
Cleveland Clinic Lerner College of Medicine	93.929	CCLCM	4,070
University of Illinois	93.929	020263 1E0001026	(7,798)
Stanford University	93.989	3601-A	56,096
			<hr/> 161,082
Department of Health & Human Services Subtotal			<hr/> <u>182,707,140</u>
Total Research and Development- University Only			<hr/> <u>209,134,060</u>
Research Training Grants- University			
Department of Defense			
Direct Programs			
Other Department of Defense Training Programs	12		2,324
Military Medical Research and Development	12.420		96,714
Basic Scientific Research	12.431		8,332
Basic, Applied and Advanced Research In Science and Engineering	12.630		50,221
			<hr/> 157,591
Department of Defense Subtotal			<hr/> <u>157,591</u>
Department of Housing and Urban Development			
Direct Programs			
Other Department of Housing and Urban Development	14.000		196,634
Public Housing Neighborhood Networks Grants	14.875		28,558
			<hr/> 225,192
Department of Housing and Urban Development Subtotal			<hr/> <u>225,192</u>

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National Institute Of Justice			
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560		133,294
National Institute Of Justice Subtotal			133,294
National Aeronautics and Space Administration			
Direct Programs			
Technology Transfer	43.002		55,146
National Aeronautics and Space Administration Subtotal			55,146
National Science Foundation			
Direct Programs			
Education and Human Resources	47.076		311,549
Mathematical and Physical Sciences	47.049		(324)
Pass Through Programs			
City of Cleveland Board of Education	47	47-076	315,526
Ohio State University Research Foundation	47.076	745923	17,264
National Science Foundation Subtotal			644,015
Department of Education			
Direct Programs			
Graduate Assistance In Areas of National Need	84.200		708,313
Special Education Personnel Preparation to Improve S ervices	84.325		276,932
Department of Education Subtotal			985,245
Department of Health & Human Services			
Direct Programs			
Food and Drug Administration- Research	93.989		133,382
Maternal and Child Health Federal Consolidated Programs	93.110		150,980
Nurse Anesthetist Traineeships	93.124		16,055
Geriatric Training for Physicians, Dentists and Behavioral/Mental Health Professionals	93.156		291,869
Human Genome Research	93.1n		25,333
Biological Research Related to Deafness and Communicative Disorders	93.173		24,902
National Research S ervice Awards Health S ervices Research	93.225		258,037
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.233		227,679
National Center on Sleep.Disorders Research	93.243		150,599
Advanced Education Nursing Grant Program	93.247		392,167
Alcohol National Research Service Awards for Research Training	93.2n		1,659
Mental Health National Research S ervice Awards for Research Training	93.282		29,143

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Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286		38,324
Professional Nurse Traineeship	93.358		89,858
Basic Nurse Education and Practice Grants	93.359		284,299
Nursing Research	93.361		151,014
Cancer Treatment Research	93.395		11,927
Cancer Biology Research	93.396		414,204
Cancer Centers Support Grants	93.397		22,539
Cancer Research Manpower	93.398		1,756,635
Cancer Control	93.399		351,693
Refugee and Entrant Assistance Voluntary Agency Programs	93.567		121,079
Biophysics and Physiological Sciences	93.859		1,363,305
Heart and Vascular Diseases Research	93.837		807,230
Lung Diseases Research	93.838		952,354
Blood Diseases and Resources Research	93.839		259,096
Arthritis, Musculoskeletal and Skin Diseases Research	93.846		2n,679
Diabetes, Endocrinology and Metabolism Research	93.847		5n,584
Digestive Diseases and Nutrition Research	93.848		244,675
Kidney Diseases, Neurology , Hematology Research	93.849		224,632
Extramural Research Programs In the Neurosciences	93.853		53,681
Allergy, Immunology, and Transplantation Research	93.855		(68,183)
Microbiology and Infectious Diseases Research	93.856		275,548
Biomedical Research and Research Training	93.859		301,718
Genetics and Developmental Biology Research	93.859		8,364
Child Health and Human Development Extramural Research	93.865		1,6n,339
Aging Research	93.866		348,971
Vision Research	93.867		358,432
Grants for Training In Primary Care Medicine and Dentistry	93.884		n2,403
Resource and Manpower Development in the Environmental	93.000		(955)
Center for Medical Rehabilitation Research	93.865		304,248
Fogarty International Research Collaboration Award	93.989		203,179
Grants for Geriatric Education Centers	93.969		132,165
International Research and Research Training	93.989		1,471,893
Pass through programs			
Tulane University Medical Center	93.000	TUL-166	5,426
Miami University	93.243	CG01175-01	20,046
Department of Health & Human Services Subtotal			<u>15,454,207</u>
Total Research Training Grants			<u>17,654,690</u>
Sub Total Research and Development and Research TrainInB Cluster			<u>226,788,750</u>

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Research and Development- Cleveland Clinic Lerner College of Medicine (see Footnote 1)			
Department of Health & Human Services			
Direct Programs			
Oral Diseases & Disorder Research	93.121		385,623
Human Genome Research	93.172		80,129
Research Related to Deafness and Communication Disorders	93.173		632,985
Research and Training in Alternative Medicine	93.213		328,314
Research on Healthcare Costs, Quality and Outcomes	93.226		20,707
Alcohol National Research Service Awards for Research Training	93.272		75,021
Alcohol Research Programs	93.273		1,167,142
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286		518,282
Mentoring Partnership Program- Protege	93.294		4,068
Trans-NIH Research Support	93.310		203,136
National Center for Research Resources	93.389		1,174,998
Academic Research Enhancement Award	93.000		89,234
Cancer Cause & Prevention Research	93.393		3,103,198
Cancer Detection and Diagnosis Research	93.394		193,186
Cancer Treatment Research	93.395		4,490,506
Cancer Biology Research	93.396		6,972,380
Cancer Centers Support Grants	93.397		30,331
Cancer Research Manpower	93.398		323,825
Cancer Control	93.399		276,751
Family Violence Prevention and Services/Grants for Battered Women's Shelters_Grants to States and Indian Tribes	93.671		305,575
Cell Biology and Biophysics Research	93.859		287,566
Heart & Vascular Diseases Research	93.837		18,490,681
Lung Diseases Research	93.838		3,551,992
Blood Diseases & Resources Research	93.839		9,115,868
Arthritis, Musculoskeletal, & Skin Diseases Research	93,846		3,126,633
Diabetes, Endocrinology and Metabolism Research	93.847		473,538
Digestive Diseases & Nutrition Research	93.848		1,728,171
Kidney Disease, Urology & Hematology Research	93.849		4,951,528
Extramural Research Programs In the Neurosciences and Neurological Disorders	93.853		7,963,993
Biological Basis Research in Neurosciences	93.853		3,356
Allergy, Immunology & Transplantation Research	93.855		4,507,926
Microbiology and Infectious Diseases Research	93.856		758,846
Biomedical Research and Research Training	93.859		2,030,973
Population Research	93.865		222,976
Child Health and Human Development Extramural Research	93.865		3,616,595
Aging Research	93.866		1,917,563
Vision Research	93.867		1,298,131
Medical Library Assistance	93,879		431,798
Center for Medical Rehabilitation Research	93,929		276,894
Other HHS Programs	93		70,845

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FEDERAL GRANTOR/PROGRAM TITLE	Catalog of Federal Domestic Assistance Number	Pass Through Entity Identifying Number	Expenditures
<u>Pass Through Programs</u>			
American College of Radiology	93	CA 21661	155,582
Blomec Incorporated	93	2 R44 HL067483	139,873
Boston University	93	1 R01 NS016367-08	42
City of Hope	93	5 R01 CA096670-02	4,068
Cleveland Blolabs	93	1 R01 AI066497-01	338,944
Cornell University	93	5 P01 HL072942	179,486
CTRC Research	93		2,951
Duke University	93	1 U01 HL063747-01A2	55,257
Duke University	93	1 U01 HL69015 01	5,459
Duke University	93	5 U10 CA07600HO	2,318
Foster-Miller Inc	93	5 R44 AR047257-03	23,974
Foster-Miller Inc	93	2 R44 HL059030-02	18,158
Foster-Miller Inc	93	5 R44 HL065819-04	7,577
Foster-Miller Inc	93	5 R44 HL067487-03	43,660
H-Cubed, Inc.	93	1 R43 NS052939-01	41,051
John Wayne Cancer Institute	93	1 P01 0012582-34	(77,532)
Johns Hopkins University	93	5 P50 CA058236-12	4,943
Mt. Sinai School of Medicine	93	1 U01 NS045719-01	17,528
Nanoprobes, Incorporated	93	5 R42 CA083618	80,876
Nanoprobes, Incorporated	93	5 R44 GM064257-03	46,636
Nanoprobes, Incorporated	93	1 R43 CA111182	9,023
Ohio State University	93	1 K01 NS046582-03	4,250
Progenies	93	2 R44 CA091746	14,370
SHOT	93	2 R44 HL074606-01	31,548
UMDNJ	93	NS 38384-01	51,024
UMDNJ	93	NS 43975-01	(1,310)
University of California	93	1 N01 AI015416	673,706
University of Pittsburgh	93	5 R01 CA095023-03	11,439
University of Texas' MD Anderson Cancer Center	93	1 N01 CN095040-01	18,596
Vanderbilt University	93	5 U01 DK061018-05	4,879
Westat Corp	93		33,838
Woman & Infants Hospital	93	1 P20 RR018728-01	(647)
			<u>1,941,567</u>
Cleveland Medical Devices	93.113	1 R41 NS054348-01A1	47,859
Blomec Incorporated	93.173	DC 04741-03	32,418
Massachusetts Eye And Ear	93.173	U01 OC006296-01	74
			<u>80,351</u>
University of Cincinnati	93.242	1 U01 NS052220	38,029
University Of Michigan	93.286	EB 002285-01	(4,000)
University of Nebraska	93.294	5 U01 CA114778	37,636
Ohio State University	93.363	P30 CA16058	13,350
Cincinnati Child Hosp Rsch Fdn	93.389	RR 19498	16,413
Boston University	93.389	5 U54 R019497	92,746

CASE WESTERN RESERVE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

for the year ended June 30, 2007

<u>FEDERAL GRANTOR/PROGRAM TITLE</u>	Catalog of Federal Domestic Assistance <u>Number</u>	Pass Through Entity Identifying <u>Number</u>	<u>Expenditures</u>
Beth Israel Deaconess Medical Center	93.393	1 R01 CA095662	58,021
University Of California	93.393	CA 88164	13,107
University of Hawaii	93.393	5 R01 CA104132	48,269
Brigham and Women's Hospital	93.394	1 R01 CA100833	23,000
Ohio State University	93.394	3 U01 CA044971	63,890
Gynecology Oncology Group	93.395	CA 27469	120,307
Johns Hopkins University	93.395	1 R01 CA100904-01A2	7,248
Massachusetts General Hospital	93.395	CA 84203-4	182,059
Nanoprobes, Incorporated	93.395	1 R01 CA93871	19,669
National Childhood Cancer Foundation	93.395	5 U10 CA098543-04	11,671
National Childhood Cancer Foundation	93.395	CA 13539	24,802
University of Michigan	93.395	6 U10 CA032102	46,763
University of Pittsburgh	93.395	5 R01 CA114071	55,732
Washington University	93.395	5 R01 CA095614-04	10,901
Ohio State University	93.396	1 P01 CA097189-03	342,051
University Of Pittsburgh	93.396	CA 57840-10	23,065
Ohio State University	93.397	5 U54 CA113001-02	119,173
Ohio State University	93.397	1 U01 CA076576-01	43,966
Dartmouth College	93.399	5 R01 CA59005-14	34,680
Dartmouth College	93.399	5 R05 CA098286-03	35,552
Fred Hutchinson Cancer Center	93.399	1 R01 CA120582-01	5,067
Meridla Cancer Institute	93.399	1 U10 CA373n-01	97
Southwest Oncology Group-Cancer Therapy And Research Foundation	93.399	CA 37429	147,796
University Of Colorado	93.399	2 R01 CA068099	15,859
			<hr/> 1,646,919
Cornell University	93.837	5 P01 HL046403	368,957
Cornell University	93.837	5 P01 HL067839-05	186,436
CSEMC	93.837	5 P01 HL66957-03	511
Foster Miller	93.837	1 R44 HL075894	1,509
Johns Hopkins University	93.837	5 P01 HL056091-09	14,790
Johns Hopkins University	93.837	5 P01 HL70295-05	48,234
Medical University of Toledo	93.837	1 U01 HL071556-01	16,827
University of Maryland	93.837	1 R01 HL079134-01	19,183
University Of Pittsburgh	93.837	HL 075038	46,375
Washington University	93.837	1 R01 HL074283	21,100
Volcano Corporation	93.837	1 R43 HL084n5-01	21,585
Volcano Corporation	93.837	1 R01 HL069094-01	182,045
Yale University	93.837	5 R01 HL080228-02	184,821
			<hr/> 1,112,373
University of Virginia	93.838	1 R01 HL069170-05	(10,915)
Winifred Masterson Burke	93.839	1 R01 HL082511-01	26,036
Children's Hospital	93.846	AR 049735	47,895
Cincinnati Children's Hospital Medical Center	93.846	1 R01 AR050028-01	51,690
Johns Hopkins Univ	93.846	1 R01 AR051874	394
University of Missouri	93.846	1 R01 AROS2nS-01	129,297

CASE WESTERN RESERVE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

for the year ended June 30, 2007

<u>FEDERAL GRANTOR/PROGRAM TITLE</u>	<u>Number</u>	Catalog of Federal Domestic Assistance	<u>Number</u>	Pass Through Entity Identifying	<u>Expenditures</u>
Vanderbilt University	93,846		1	R01 AR053684-01A1	5,861
Hypermed, Inc.	93.847		DK069871		39,644
Infoscitec	93.847		2	R44 DK061164-02A1	223,314
Neurotron, Inc.	93.847		1	R41 DK074987-01	57,946
					571,162
Loyola University	93,849		5	1-24 DK064044-01	20,520
Mayo Clinic Rochester	93.849		5	U01 DK062410-05	124,825
New England Medical Center Hospitals	93.849		5	R01 DK053869-06	8,815
University of Illinois	93.849		DKOn231		35,404
University of Pennsylvania	93.849		5	U01 DK060990	130,995
Cleveland Medical Devices	93.853		2	R44 NS042451-04	26,606
Georgia Tech	93.853		7	R01 NS043486	(10,724)
Mayo Foundation	93.853		NS 42759		49,391
University of California, Los Angeles	93.853		NS 42372-01		26,750
University of Cincinnati	93.853		NS 39512-01		572
Washington University	93.853		5	U01 NS42167-05	67,660
Yale University	93.853		5	U01 NS044876-03	25,537
					506,351
University of California	93.855		5	U01 AI052748	77,066
Washington University	93.856		5	U54 AI57160	88,993
University of Michigan	93.865		2	U01 HD041249	55,926
Emory University	93.867		1	U10 EY013272	36,498
Jackson Laboratory	93.867		1	R01 EY016501-01	9,200
Jaeb Center	93.867		1	U10 EY014231-01	85
Jaeb Center	93.867		1	U10 EY011751-01	179
Jaeb Center for Health Research	93.867		EY 12358		1,449
University Of Southern California	93.867		7	R01 EY013516	85,924
University Of Wisconsin	93.867		EY 14351		2,062
					357,382
Fox Chase Cancer Center	99		CN 95037		581
					91,417,950
Department of Health & Human Services Subtotal					91,417,950
Total Research and Development- Cleveland Clinic Lerner Collele of Medicine					91,417,950
Total Research and Development and Research Trainlna Cluster					318,206,700
Student Financial Aid					
Department of Education					
Direct Programs-Student Financial Aid Cluster					
Federal Supplemental Educational Opportunity Grants	84.007				1,063,104
Federal Work Study Program	84.033				2,028,916
Federal Pell Grant Program	84.063				1,567,130
					4,659,150
Total Department of Education-SFA Cluster					4,659,150

CASE WESTERN RESERVE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

for the year ended June 30, 2007

<u>FEDERAL GRANTOR/PROGRAM TITLE</u>	Catalog of Federal Domestic Assistance <u>Number</u>	Pass Through Entity Identifying <u>Number</u>	<u>Expenditures</u>
Department of Health and Human Services			
Direct Programs			
Scholarships for Health Professions Students from Disadvantaged Backgrounds	93.925		6,4n
Department of Health and Human Services Subtotal			6,477
TRIO			
Department of Education			
Direct Programs			
TRIO Talent Search	84,044		214,7n
TRIO Upward Bound	84.047		410,550
Department of Education Subtotal			625,322
Total TRIO			625,322
Other Federal Assistance			
<u>Discretionary and Special Programs</u>			
Department of Housing and Urban Development			
Direct Programs			
Department of Housing and Urban Development	14,000		(49)
Community Development Block Grants/Economic Development	14.246		17,991
Lead Hazard Reduction Demonstration Grant Program	14.905		219,983
Pass Through Programs			
Chicago Housing Authority	14.246	6007	23,215
Cuyahoga County Board of Health	14.901	CUYAHOGA COUNTY	14,611
			275,751
National Aeronautics and Space Administration			
Pass through programs			
Stark State College of Technology	43		11,824
Technology Transfer	43.000		
National Aeronautics and Space Administration Subtotal			11,824
National Science Foundation			
Direct Programs			
Engineering Grants	47.041		39,651
Biological Sciences	47.000		834,661
Mathematical and Physical Sciences	47.049		20,000
Education and Human Resources	47.076		143,659
National Science Foundation Subtotal			1,037,971

CASE WESTERN RESERVE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

for the year ended June 30, 2007

<u>FEDERAL GRANTOR/PROGRAM TITLE</u>	Catalog of Federal Domestic Assistance <u>Number</u>	Pass Through Entity Identifying <u>Number</u>	<u>Expenditures</u>
Department of Veteran Affairs			
Direct Programs			
Other Department of Veteran's Affairs Programs	64		51,974
Department of Veteran Affairs Subtotal			51,974
Department of Energy			
Direct Programs			
Other Department of Energy Programs	81		32,154
Pass through programs			
UT-Battelle, LLC	81	4000046301	14,620
Department of Energy Subtotal			46,774
Department of Education			
Direct Programs			
Other Department of Education Programs	84.000		
National Institute on Disability and Rehabilitation Research	84.133		(5,442)
Academic Competitiveness Grants	84.375		196,134
National Science and Mathematics Access to Retain Talent (SMART) Grants	84.376		195,257
Pass through programs			
Cleveland State University	84.366	CI667-0MAP-14-07	17,448
			403,397
Department of Education Subtotal			403,397
Department of Health & Human Services			
Direct Programs			
Research Related to Deafness and Communication Disorders	93.000		10,718
Rural Telemedicine Grants	93.211		266,616
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		202,544
Allergy, Immunology & Transplantation Research	93.855		11,231
Specially Selected Health Projects	93.888		132,739
Pass Through Programs			
Association of American Medical Colleges	93.283	U36/CCU319276	88,129
Great Lakes Science Center	93.389	GLMSET	10,074
Booz Allen Hamilton, Incorporated	93.393	79950CSB10	18,182
Booz Allen Hamilton, Incorporated	93.393	79950CSB10	25,292
National Youth Sports Incorporated	93.570	05-1021	41,337
			183,014
Department of Health & Human Services Subtotal			806,862
Total Other Federal Assistance			2,641,030
TOTAL EXPENDITURES OF FEDERAL AWARDS			326,132,202

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

1. Summary of Significant Accounting Policies

Basis of Presentation:

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant transactions of Case Western Reserve University (the "University") recorded on the accrual basis of accounting. Negative amounts represent adjustments or credits to amounts reported as expenditures in prior years.

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

The CCLCM operates under an affiliation agreement between the University and CCF. The parties have agreed that CCF has administrative responsibility for the CCLCM grants. CCLCM awards are on pages 34-37; however, because the CCF is responsible for the day to day operations, those awards are not included in the scope of the A-133 report. Ernst & Young LLP conducted the audit of CCF's compliance with all the requirements described in the U.S. OMB Circular Compliance Supplement that are applicable to the CCLCM grants. Accordingly, the CCLCM grants are excluded from the scope of the PwC audit. The most recent report of Ernst & Young LLP on compliance and internal controls over compliance of CCF as of December 31, 2006, which is dated September 17, 2007, contains a qualified opinion with regard to compliance applicable to its research and development cluster program and material weaknesses with regard to internal control over compliance with that same cluster program.

Subrecipients:

Certain funds are passed through to subgrantee organizations by the University and CCLCM. Expenditures incurred by the subgrantees and reimbursed by the University are presented in the Schedule. Under the research and development program, a total of \$18,564,495 was passed through to subgranted organizations from the University and \$6,216,686 from the CCLCM for the year ended June 30, 2007. No funds were passed through under other programs.

2. Catalog of Federal Domestic Assistance Numbers:

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

3. Indirect Costs:

The University recovers indirect costs by means of final indirect cost rates. The final rates are a result of negotiated agreements with the U.S. Department of Health and Human Services. The final rate effective for the period July 1, 2006 to June 30, 2007 for on-campus research and for the CCLCM is 54.5% 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 base rate for off-campus research at University Hospitals of Cleveland and Cleveland MetroHealth Medical Center for the same period is also 54.5%. The base rate for all other off-campus research for the same period is 26%. The negotiated predetermined indirect cost rates were finalized based on an agreement dated June 1, 2005.

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

4. Loan Advances:

The following schedule represents total loans advanced to students by the University and balances outstanding for the Perkins, Nursing, Health Profession Student and Disadvantaged Students Loan Programs for the year ended June 30, 2007:

	CFDA Number	Advances	Outstanding Balance
Perkins Loan Program	84.038	\$3,983,694	\$16,745,656
Nursing Student Loan Program	93.364	\$55,045	\$465,185
Health Professional Student Loan Program/PCL	93.342	\$269,700	\$2,527,696
Loan for Disadvantaged Students	93.342	\$0	\$106,795

The Perkins Loan administrative cost allowance totalled \$0 for the year ended June 30, 2007.

5. Federal Family Education Loan Program

During the year ended June 30, 2007, the University received 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	\$87,278,265

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

During the year ended June 30, 2007, the University made principal and interest payments of \$443,000 and \$959,220 respectively on HUD mortgage bonds. HUD mortgage bonds payable at June 30, 2007 amounted to \$19,627,000. See note E to the financial statements for further information concerning the components of these loans.

REPORTS ON COMPLIANCE AND ON THE
INTERNAL CONTROL STRUCTURE

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

To the Board of Trustees,
Case Western Reserve University:

We have audited the consolidated financial statements of Case Western Reserve University and its affiliated entities, (the "University") as of and for the year ended June 30, 2007, and have issued our report thereon dated October 19, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the University's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the the University's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the the University's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency described on p. 47 of the accompanying Schedule of Findings and Questioned Costs to be a significant deficiency in internal control over financial reporting.

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

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

Compliance and Other Matters

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

We noted certain other internal control and/or operational matters that we reported to management of the University in a separate letter dated October 19, 2007.

This report is intended solely for the information and use of the University's Board of Trustees, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

PricewaterhouseCoopers LLP

October 19, 2007
Cleveland, Ohio

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

To the Board of Trustees,
Case Western Reserve University:

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

1. PricewaterhouseCoopers LLP ("PwC") conducted the audit of the University's compliance and internal controls over compliance with all of the requirements described in the U.S. OMB Circular Compliance Supplement that are applicable to its major federal programs, except the requirements applicable to The Cleveland Clinic Lerner College of Medicine ("CCLCM") research and development grants from the Department of Health & Human Services and other agencies (the "CCLCM grants") as indicated on pages 34-37.
2. The CCLCM operates under an affiliation agreement between the University and the Cleveland Clinic Foundation ("CCF"). The parties have agreed that CCF has administrative responsibility for the CCLCM grants. Ernst & Young conducted the audit of CCF's compliance with all the requirements described in the U.S. OMB Circular Compliance Supplement that are applicable to CCLCM grants. Accordingly, the CCLCM grants are excluded from the scope of the PwC audit. The most recent report of Ernst & Young LLP on compliance and internal controls over compliance of CCF as of December 31, 2006, which is dated September 17, 2007, contains a qualified opinion with regard to compliance applicable to its research and development cluster program and material weaknesses with regard to internal control over compliance with that same cluster program.

Compliance

As part of the aforementioned coordinated audit, we have audited the compliance of the University and its affiliated entities with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs (except for the CCICM grants) for the year ended June 30, 2007. The University's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the University's management. Our responsibility is to express an opinion on The University's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about The University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of The University's compliance with those requirements.

In our opinion, the University complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007. However, the results of our auditing procedures disclosed one instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as item 07-1.

Internal Control Over Compliance

The management of the University is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the University's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the University's Board of Trustees, management federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

PricewaterhouseCoopers LLP

February 22, 2008
Cleveland, Ohio

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

CASE WESTERN RESERVE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

for the year ended June 30, 2007

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMS Circular A-133?	<u>X</u> yes	_ no
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Identification of major programs: CFDA Number(s) Various *Various Dollar threshold used to distinguish between type A and type S programs:	Name of Federal Program or Cluster Student Financial Aid *Research & Development and Research Training \$3,000,000
Auditee Qualified as low-risk auditee?	X yes no

*Excludes the CCLCM amounts included on pages 34-37 totalling \$91,417,950,

CASE WESTERN RESERVE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

for the year ended June 30, 2007

Section 11- Financial Statement Findings

1. Oversight of financial statement reviews

Issue

We noted that cash flow amounts for fiscal year end 2006 erroneously included a gross up of purchases and sales of investments by approximately \$553 million for a certain investment fund. The reported net realized gain or loss from purchase and sales of investments are not impacted by the oversight. The gross up was caused by a data entry mistake in compiling the purchases and sales transactions activities into management's investment spreadsheet. The management centers and the Controller's office review the Consolidated Balance Sheet, Statements of Activities and Statement of Cash Flows on a quarterly basis as part of the University's period-end financial reporting control process. However, it appears these controls failed to identify the oversight in the prior year. While the oversight was limited to two offsetting line items in the investing section of the Statement of Cash Flows, the occurrence raises a potential question about the timing and scope of current internal reviews.

Recommendation

We recommend that management, including the Controller's office and other appropriate personnel, review its quarterly and annual financial statement preparation process to ensure it has the proper scope and sequence.

Management's Response

The balance sheet, statement of activities and statement of cash flows prepared each quarter for internal reporting purposes are in "quasi-GAAP" format. *i.e.*, the interim statements include certain items that are estimated or not revalued for quarterly reporting purposes (*e.g.*, depreciation, annuity payable revaluation), or contain items that are not reported in true GAAP format. One of the items that is not presented in true GAAP format is the investment purchases and sales breakout in the statement of cash flows.

For interim reporting purposes, the net purchases and sales activity is reported as a single line item. The reason for this presentation is two-fold - first, with the exception of the statements received from State Street, the University's primary investment custodian, the statements from the University's other investment managers may not be received within the timeframe allowed for completing the quarterly financial statements. Due to the additional time allowed for fiscal year-end reporting, the University is able to prepare the detailed purchase and sale schedule. Second, the amount of time and effort needed to prepare this report on a quarterly basis is significant and involves input from others in the Controller's Office as well as the Treasurer's Office. Given the limited distribution of the interim statements and the substantial effort required to present this activity in true GAAP format, the University elected to utilize an abbreviated format for interim reporting purposes.

At year-end, the purchase and sale activity reported in the statement of cash flows is reviewed for reasonableness in light of current year investment-related activities. Specifically, the investment total reported in the balance sheet; and investment and other income and unrealized investment appreciation (depreciation) reported in the statement of activities are reviewed to see if the purchases and sales activity appear consistent with the other reported data. The current year purchases and sales amounts are also compared to the prior year reported totals for reasonableness.

The University's review of the originally reported fiscal 2006 data did not raise any red flags - purchases of investments rose 17% from the previous year, investment and other income (where

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realized investment gains are reported) increased by over 230% from the prior year; and unrealized appreciation dropped by 92%. The increase in purchases of investments appeared reasonable in light of these changes. Moreover, the quantitative and qualitative procedures employed by PricewaterhouseCoopers in fiscal 2006 to audit the reported amounts also failed to detect this error.

The University will revisit its current processes to ascertain whether additional quantitative or qualitative checks can be developed. The University will also work with State Street to determine whether State Street can prepare this analysis for the assets in their custody.

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Section 11I-Federal Award Findings and Questioned Costs

Finding #07-1: Subrecipient Monitoring

Information on the federal program/Condition/Context

The University was unable to provide evidence for the monitoring of several subrecipient pass-through awards. Specifically we noted exceptions in the following two categories: Award Identification (3 exceptions noted); and Subrecipient Audits (13 exceptions noted).

Criteria or specific requirement

As required by OMS Circular A-133, Subpart D, (d), (1) through (6), the University is responsible for establishing appropriate monitoring controls of subrecipients to ensure appropriate use of monies that are passed through to other entities. Specifically as it relates to the exceptions above, we were not able to examine evidence that the following monitoring steps, as suggested by the Circular, were adequately adhered to: (1) Informing subrecipient of federal award; (2) Advising subrecipient of requirements; (3) Monitoring the activities of subrecipient; (4) Ensuring audit requirements have been met; (5) Issuing a management decision on audit findings; and (6) Considering results of subrecipient audits.

Cause/Effect

The University did not maintain the appropriate documentation to evidence review of its pass-through awards. The effect is that the records of the University may not meet the applicable compliance criteria.

Recommendation

The University should implement appropriate procedures to regularly monitor and maintain documentation of subrecipients and respective pass-through awards.

Views of responsible officials and planned corrective actions

The University agrees with this finding that stems from structural changes made in FY07 to sponsored projects administration and some resulting miscommunication. As such, the University has taken the following corrective action to remedy it: 1) revised its subrecipient monitoring procedure in December 2007 to more clearly describe all elements of the process, the responsible parties, and the documentation requirements and 2) reviewed all new subcontracts and modifications to existing subcontracts issued in FY07 and FY08 to date and took actions, as needed, to ensure that the University was in compliance with the revised procedure.

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Section I - Summary of Prior Year Findings and Questioned Costs

Finding #06-1: Cost Transfers

Audit Finding

There were three cost transfers totalling \$18,276 that were found to have occurred outside the University's policy. The policy stated that all transfers to sponsored projects should be made within 120 days from the end of the month in which the charges were initially posted. In addition, the National Institute of Health Grant Policy Manual dated December 1, 2003 states that cost transfers must be made within 90 days of when the error is discovered. As a result, the University was not in compliance with its policy or federal agency policy.

Status

The Controller's Office substantially revised the University's policy for cost transfers effective for fiscal year ending June 30, 2007. This new policy underscores the need for cost transfers to be posted on a timely basis and provides information regarding procedures and tools available to reduce the volume of cost transfers. The policy was posted on the University's web-site and distributed to all responsible personnel. This was not noted in the current year as a finding again.

Finding #06-2: Inventory of Equipment Not Performed

Audit Finding

The OMS Circular A-11 0, paragraph 34(f)(3) requirement for physical inventories of equipment purchased with federal funds at least once in a two year cycle was not completed by the University. As of June 30, 2006, the last physical inventory of equipment had been completed in 2004.

Status

The Controller's Office hired new personnel responsible for the equipment inventory. The first inventory forms were distributed in February 2007 and a physical inventory of the majority of equipment was completed on March 28, 2007. Such count resulted in an adjustment that was not material to the equipment purchase with federal funds. This was not noted in the current year as a finding again.