

**Cornell University**  
**Reports on Federal Awards in**  
**Accordance with OMB Circular A-133**  
**June 30, 2009**

# Cornell University

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June 30, 2009

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**Report of Independent Auditors**

To the Board of Trustees  
Cornell University

In our opinion, the accompanying consolidated statement of financial position and the related consolidated statements of activities and of cash flows present fairly, in all material respects, the financial position of Cornell University (the "University") at June 30, 2009, and the 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. 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. The summarized comparative financial statements of the University as of June 30, 2008 and for the year ended were audited by other auditors whose report date September 26, 2008 expressed an unqualified opinion on those statements.

As discussed in Note 1P to the consolidated financial statements as of July 1, 2008, the University adopted the provisions of Statement of Financial Accounting Standards No. 157, Fair Value Measurements.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 2009 on our consideration of the University's internal control over financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters for the year ended June 30, 2009. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The accompanying schedule of expenditures of federal awards for the year ended June 30, 2009 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic consolidated financial statements taken as a whole.



October 1, 2009

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF JUNE 30, 2009 (in thousands)**

(WITH COMPARATIVE INFORMATION AS OF JUNE 30, 2008)

	2009	2008
<b>Assets</b>		
1 Cash and cash equivalents	\$ 193,739	\$ 41,279
2 Collateral for securities loaned	24,970	215,854
3 Accounts receivable, net (note 2-A)	314,494	276,891
4 Contributions receivable, net (note 2-B)	425,375	666,817
5 Inventories and prepaid expenses	51,929	62,829
6 Student loans receivable, net (note 2-C)	70,535	72,284
7 Investments (note 3)	5,073,854	6,549,288
8 Land, buildings, and equipment, net (note 4)	2,846,850	2,616,230
9 Funds held in trust by others (note 5)	91,514	105,904
10 Total assets	<u>\$ 9,093,260</u>	<u>\$ 10,607,376</u>
<b>Liabilities</b>		
11 Accounts payable and accrued expenses	\$ 370,099	\$ 306,654
12 Payable under securities loan agreements	27,408	215,854
13 Deferred revenue and other liabilities (note 8-D)	242,409	299,283
14 Obligations under split interest agreements (note 5)	105,476	128,540
15 Deferred benefits (note 6)	429,792	425,038
16 Funds held in trust for others (note 7)	93,652	147,036
17 Bonds and notes payable (note 8)	1,705,378	999,170
18 Government advances for student loans	46,536	47,146
19 Total liabilities	<u>3,020,750</u>	<u>2,568,721</u>
<b>Net assets (note 11)</b>		
20 Unrestricted	3,186,340	5,129,765
21 Temporarily restricted	856,515	919,960
22 Permanently restricted	2,029,655	1,988,930
23 Total net assets	<u>6,072,510</u>	<u>8,038,655</u>
24 Total liabilities and net assets	<u>\$ 9,093,260</u>	<u>\$ 10,607,376</u>

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

**CONSOLIDATED STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2009 (in thousands)**

(WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2008)

	Unrestricted	Temporarily Restricted
<b>Operating revenues</b>		
1 Tuition and fees	\$ 697,493	\$ -
2 Scholarship allowance	(220,522)	-
3 Net tuition and fees	476,971	-
4 State and federal appropriations	182,371	-
5 Grants, contracts and similar agreements		
6 Direct	430,408	-
7 Indirect cost recoveries	127,316	-
8 Contributions	64,851	29,774
9 Investment return, distributed (note 3-A)	208,302	95,809
10 Medical Physicians' Organization	504,092	-
11 Auxiliary enterprises	145,502	-
12 Educational activities and other sales and services	388,713	31
13 Net assets released from restrictions	144,373	(144,373)
14 Total operating revenues	2,672,899	(18,759)
<b>Operating expenses (note 10)</b>		
15 Compensation and benefits	1,845,274	-
16 Purchased services	124,471	-
17 Supplies and general	497,728	-
18 Utilities, rents and taxes	152,941	-
19 Interest expense (note 8)	26,041	-
20 Depreciation	178,046	-
21 Total operating expenses	2,824,501	-
22 Change in net assets from operating activities	(151,602)	(18,759)
<b>Nonoperating revenues and (expenses)</b>		
23 State and federal appropriations for capital acquisitions	26,896	-
24 Grants, contracts and similar agreements for capital acquisitions	-	-
25 Contributions for capital acquisitions, trusts and endowments	43,581	30,553
26 Investment return, net of amount distributed (note 3-A)	(1,795,810)	(9,909)
27 Change in value of split interest agreements	6,790	(19,234)
28 Pension and postretirement changes other than net periodic costs (note 6-C)	(4,815)	-
29 Other	(97,056)	209
30 Net asset released for capital acquisitions and reclassifications	28,591	(46,305)
31 Change in net assets from nonoperating activities	(1,791,823)	(44,686)
32 Change in net assets	(1,943,425)	(63,445)
33 Net assets, beginning of the year	5,129,765	919,960
34 Net assets, end of the year	\$ 3,186,340	\$ 856,515

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

Permanently Restricted	2009 Total	2008 Total	
\$ -	\$ 697,493	\$ 669,681	1
-	(220,522)	(194,071)	2
-	476,971	475,610	3
-	182,371	190,885	4
-			5
-	430,408	390,837	6
-	127,316	114,121	7
-	94,625	217,519	8
-	304,111	280,985	9
-	504,092	451,497	10
-	145,502	140,993	11
-	388,744	376,710	12
-	-	-	13
-	2,654,140	2,639,157	14
-			
-	1,845,274	1,746,496	15
-	124,471	144,594	16
-	497,728	478,041	17
-	152,941	138,223	18
-	26,041	27,784	19
-	178,046	173,775	20
-	2,824,501	2,708,913	21
-			
-	(170,361)	(69,756)	22
-			
-	26,896	55,580	23
-	-	2,451	24
38,696	112,830	364,690	25
(5,888)	(1,811,607)	(109,754)	26
(9,797)	(22,241)	6,892	27
-	(4,815)	(16,481)	28
-	(96,847)	(33,432)	29
17,714	-	-	30
40,725	(1,795,784)	269,946	31
40,725	(1,966,145)	200,190	32
1,988,930	8,038,655	7,838,465	33
\$ 2,029,655	\$ 6,072,510	\$ 8,038,655	34

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2009 (in thousands)**  
(WITH COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2008)

	2009	2008
<b>Cash flows from operating activities</b>		
1 Change in net assets	\$ (1,966,145)	\$ 200,190
Adjustments to reconcile change in net assets to net cash provided/(used) by operating activities		
2 Contributions for capital acquisitions, trusts and endowments	(99,193)	(357,356)
3 Depreciation	178,046	173,775
4 Net realized and unrealized (gain)/loss on investments	1,578,212	(58,543)
5 Pension and postretirement changes other than net periodic costs	4,815	16,481
6 Change in value of interest rate swaps	90,162	55,194
7 Other adjustments	(11,478)	11,606
Change in assets and liabilities		
8 Accounts receivable, net	(37,603)	(28,926)
9 Contributions receivable, net	241,442	(170,907)
10 Inventories and prepaid expenses	18,153	15,116
11 Accounts payable and accrued expenses	(26,717)	79,333
12 Deferred revenue and other liabilities	(56,874)	161,020
13 Change in obligations under split interest agreements	(8,674)	1,055
14 Deferred benefits	(61)	34,000
15 Net cash provided/(used) by operating activities	<u>(95,915)</u>	<u>132,038</u>
<b>Cash flows from investing activities</b>		
16 Proceeds from the sale and maturities of investments	13,362,173	10,123,144
17 Purchase of investments	(13,462,513)	(10,299,858)
18 Acquisition of land, buildings, and equipment (net)	(397,502)	(456,933)
19 Student loans granted	(7,385)	(13,692)
20 Student loans repaid	9,448	9,835
21 Change in funds held in trust for others	(53,384)	(37,794)
22 Net cash used by investing activities	<u>(549,163)</u>	<u>(675,298)</u>
<b>Cash flows from financing activities</b>		
Contributions restricted to		
23 Investment in endowments	79,046	234,032
24 Investment in physical plant	22,032	110,120
25 Investment subject to living trust agreements	(1,885)	13,204
26 Principal payments of bonds and notes payable	(178,315)	(87,316)
27 Proceeds from issuance of bonds and notes payable	884,523	286,428
28 Bond issuance costs incurred	(7,253)	(2,769)
29 Government advances for student loans	(610)	3,271
30 Net cash provided by financing activities	<u>797,538</u>	<u>556,970</u>
31 Net change in cash and cash equivalents	152,460	13,710
32 Cash and cash equivalents, beginning of year	41,279	27,569
33 Cash and cash equivalents, end of year	<u>\$ 193,739</u>	<u>\$ 41,279</u>
<b>Supplemental disclosure of cash flow information</b>		
34 Cash paid for interest	\$ 40,820	\$ 38,142

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

## 1. SIGNIFICANT ACCOUNTING POLICIES

### A. Description of the Organization

Cornell University (“the University”) consists of three major organizational units: Endowed Ithaca, which includes the endowed colleges, the central University administration, and the enterprise and service operations for the Ithaca campus; Contract Colleges at Ithaca (colleges operated by the University on behalf of New York State); and the Joan and Sanford I. Weill Medical College and Graduate School of Medical Sciences (“the Medical College”) in New York City. These three units are subject to the common administrative authority and control of the Cornell University Board of Trustees, but generally operate as financially discrete entities. The laws establishing the Contract Colleges at Ithaca prohibit other units of the University from using funds attributable to those colleges. Except as specifically required by law, the contract and endowed colleges at Ithaca are, to the extent practicable, governed by common management principles and policies determined at the private discretion of the University. In addition to the three major organizational units, the University’s subsidiaries and certain affiliated organizations are included in the consolidated financial statements. All significant intercompany transactions and balances are eliminated in the accompanying consolidated financial statements.

### B. Basis of Presentation

The accompanying consolidated financial statements have been prepared on an accrual basis in accordance with U.S. generally accepted accounting principles (GAAP), and are presented in accordance with the American Institute of Certified Public Accountants (AICPA) Audit and Accounting Guide for Not-for-Profit Organizations. The standards for financial statements of not-for-profit organizations require a statement of financial position, a statement of activities, and a statement of cash flows, and that they be displayed based on the concept of net assets. GAAP requires presentation of revenues, expenses, gains, losses, and net assets in three categories based on the presence or absence of donor-imposed restrictions: permanently restricted, temporarily restricted, and unrestricted.

Permanently restricted net assets include the historical dollar amount of gifts, pledges, trusts, and gains explicitly required by donors to be permanently retained.

Temporarily restricted net assets include gifts, pledges, trusts, income, and gains that can be expended, but for which the donor restrictions have not yet been met. Such restrictions include purpose restrictions where donors have specified the purpose for which the net assets are to be spent, or time restrictions imposed by donors or implied by the nature of the gift (e.g., future capital projects, pledges to be paid in the future, life income funds). Expiration of donor restrictions is reported in the consolidated statement of activities as a reclassification from temporarily restricted net assets to unrestricted net assets on the net assets released from restrictions lines.

Unrestricted net assets are the remaining net assets of the University, including appreciation on true endowments where the donor restrictions are deemed to have been met.



The consolidated statement of activities presents the changes in net assets of the University from both operating and non-operating activities. Revenues and expenses that relate to carrying out the University's educational, research, and public service missions are reported as operating activities. Operating revenues include investment income and appreciation utilized to fund current operations, the largest portion of which is the distribution of endowment return as determined by the University's spending policy. The University reports as nonoperating activities investment earnings or losses net of amounts utilized in operating activities, contributions and net assets released from restrictions for endowment and facilities, and other activities not in direct support of the University's annual operations.

#### C. Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand and in bank accounts, money market funds and other temporary investments held for working capital purposes with an original maturity term of ninety days or less. The carrying amount of cash equivalents approximates fair value because of their short terms of maturity. Cash that is part of the University's investment portfolio and awaiting investment is reported as investments and included in Note 3.

#### D. Collateral for Securities Loaned

The University has an agreement with its investment custodian to lend University securities to approved brokers for a fee. The securities on loan are returnable on demand and are collateralized by cash deposits that are adjusted daily based on the market value of the securities loaned. The collateral is invested in short-term securities with the goal of preserving capital, and the earnings are recorded as additional income to the investment pools. Collateral is reported as both an asset and liability of the University. The University realizes losses on any investments that are deemed permanently impaired, and may reflect the collateral reported as an asset at a value different from the University's liability for the return of the cash collateral.

#### E. Contributions

Contributions, including unconditional promises to give (pledges), are recognized as revenues in the appropriate categories of net assets in the period received. A pledge is recorded at present value of estimated future cash flows, based on an appropriate discount rate determined by management at the time of the contribution. Amortization of this discount in subsequent years is included in contribution revenue. A contribution of assets other than cash is recorded at its estimated fair value on the date of the contribution. Contributions for capital projects, endowments, and similar funds are reported as nonoperating revenues. Conditional promises to donate to the University are not recognized until the conditions are substantially met.

Temporarily restricted net assets include contributions to the University and to the Cornell University Foundation, an affiliated entity that is included in the consolidated financial statements. The Foundation maintains a donor-advised fund for which the donors can make recommendations to the fund's trustees regarding distributions to the University or other charitable organizations. Distributions from the Foundation to external charitable organizations are recorded as nonoperating expenses.

#### F. Investments

The University's investments are recorded in the consolidated financial statements at fair value. The values of publicly traded securities are based on quoted market prices and exchange rates, if applicable. The fair value of nonmarketable securities is based on valuations provided by external investment managers. These investments are generally less liquid than other investments, and the values reported by the general partner or investment manager may differ from the values that would have been reported had a ready market for these securities existed. The University exercises due diligence in assessing the policies, procedures, and controls implemented by its external investment managers, and believes the carrying amount of these assets is a reasonable estimate of fair value.

Investment income is recorded on an accrual basis, and purchases and sales of investment securities are reflected on a trade-date basis. Realized gains and losses are calculated using average cost for securities sold.

#### G. Derivative Instruments and Hedging Activities

The University has approved the use of derivatives by outside investment managers, based on investment guidelines negotiated at the time of a manager's appointment. The derivatives are used to adjust fixed income durations and rates, to create "synthetic exposures" to certain types of investments, and to hedge foreign currency fluctuations. The University

records the fair value of derivative instruments within the applicable portfolio. The change in the fair value of a derivative instrument held for investment is included in nonoperating investment return in the consolidated statement of activities.

In addition, the University holds other derivatives to manage its current and/or future long-term debt. These instruments are recorded at fair value as either prepaid or accrued expenses in the consolidated statement of financial position, and the change in fair value is recorded as other nonoperating activity in the consolidated statement of activities.

Derivatives involve counterparty credit exposure. To minimize this exposure, the University carefully monitors counterparty credit risk and requires that investment managers use only those counterparties with strong credit ratings for these derivatives.

#### **H. Land, Buildings, and Equipment**

Land, buildings, and equipment are stated in the consolidated statement of financial position at cost on the date of acquisition or at fair value on the date of donation, net of accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful life of the asset, and is reflected as an operating expense. Expenditures associated with the construction of new facilities are recorded as construction in progress until the projects are completed.

The University's collections, whether paintings, rare books, or other tangible property, have been acquired through purchases and contributions since the University's inception. They are recognized as capital assets and are reflected, net of accumulated depreciation, in the consolidated statement of financial position. A collection received as a gift is recorded at fair value as an increase in net assets in the year in which it is received.

#### **I. Funds Held in Trust by Others**

Funds held in trust by others represent resources that are not in the possession or under the control of the University. These funds are administered by outside trustees, with the University receiving income or residual interest. Funds held in trust by others are recognized at the estimated fair value of the assets or the present value of the future cash flows due to the University when the irrevocable trust is established or the University is notified of its existence. Gains or losses resulting from changes in fair value are recorded as nonoperating activities in the consolidated statement of activities.

#### **J. Split Interest Agreements**

The University's split interest agreements with donors consist primarily of charitable gift annuities, pooled income funds, and charitable trusts for which the University serves as trustee. Assets held in trust are either separately invested or included in the University's investment pools in accordance with the agreements. Contribution revenue and the assets related to split interest agreements, net of related liabilities, are classified as increases in temporarily restricted net assets or permanently restricted net assets. Liabilities associated with charitable gift annuities and charitable remainder trusts represent the present value of the expected payments to the beneficiaries based on the terms of the agreements. Pooled income funds are recognized at the net present value of the net assets expected at a future date. Gains or losses resulting from changes in fair value, changes in assumptions and amortization of the discount are recorded as changes in value of split interest agreements in the appropriate restriction category in the nonoperating section of the consolidated statement of activities.

#### **K. Endowments**

In approving endowment spending and related policies, and in keeping with the prudent and diligent discharge of its duties, the Board of Trustees of Cornell University, as authorized by the New York Not-for-Profit Corporation Law (the "law"), has relied upon the actions, reports, information, advice, and counsel taken or provided by its duly constituted committees and the duly appointed officers of the University, including University Counsel, and in doing so has interpreted the law to require the preservation of the historic dollar value of donor-restricted endowment funds, absent explicit donor direction to the contrary.

As a result of this interpretation, for accounting and financial statement purposes, the University classifies as permanently restricted net assets the historic dollar value of assets held as donor-restricted endowment, including any subsequent gifts and any accumulations to donor-restricted endowments made in accordance with the direction of the applicable gift instruments.

The portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified for accounting and financial statement purposes in accordance with requirements of the Financial Accounting Standards Board and the law.

The University's investment objective for its endowment assets is to maximize total return within reasonable risk parameters, specifically, to achieve a total return, net of expenses, of at least 5 percent in excess of inflation, as measured by the Consumer Price Index over rolling five year periods. The achievement of favorable investment returns enables the University to distribute increasing amounts over time from the endowment so that present and future needs can be treated equitably in inflation adjusted terms.

The University has a total distribution policy for the Long Term Investment Pool, in which most of the endowment assets are invested. Under this policy, a distribution is provided from the pool, independent of the cash yield and investment returns in a given year. This insulates both investment policy from budgetary pressures and the distribution from fluctuations in financial markets. Distributions from the pool are approved by the Board of Trustees as part of the financial planning process. The annual distribution is set so that, over time, a sufficient portion of the return is reinvested to maintain the purchasing power of the endowment and provide reasonable growth in support of programs.

The annual distributions, or payout, to endowment funds are normally five percent greater than the prior fiscal year, as long as that increase allows the payout to remain within a defined target range of a 12-quarter rolling average of the unit fair value. The trustees may occasionally make step adjustments, either incremental or decremental, based on prior investment performance and current market conditions.

Total distributions, or spending, include payout, investment expenses, and service charges that support the general and stewardship costs of the University endowment.

#### **L. Sponsored Agreements**

Revenues under grants, contracts, and similar agreements are recognized at the time expenditures are incurred. These revenues include the recovery of facilities and administrative costs, which are recognized according to negotiated predetermined rates. Amounts received in advance, in excess of incurred expenditures, are recorded as deferred revenues.

#### **M. Medical Physicians' Organization**

The Medical Physicians' Organization provides the management structure for the practice of medicine in an academic medical center. In addition to conducting instructional and research activities, physician members generate clinical practice income from their professional services to patients. Also reflected as University revenues are Medical Physicians' Organization fees. Expenses of the clinical practice, including physician compensation, administrative operations, and provision for uncollectible accounts, are reflected as University expenses. Net assets resulting from the activities of the Medical Physicians' Organization are designated for the respective clinical departments of the Medical College.

#### **N. Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses during the reporting period. Management's assumptions are primarily related to the appropriate discount rate for the purposes of fair value calculations, to allowances for doubtful accounts, and to self-insured risks. Actual results may differ from those estimates.

#### **O. Comparative Financial Information**

The consolidated statement of activities includes prior-year information in summary form, rather than by restriction class. Such information does not include sufficient detail to constitute a presentation of prior-year data in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the University's consolidated financial statements for the prior fiscal year, from which the summarized information was derived.

#### P. Accounting Pronouncements

Effective for the fiscal year beginning July 1, 2008, the University adopted Statement of Financial Accounting Standards No. 157: *Fair Value Measurements* (FAS 157). FAS 157 defines fair value based on the exchange price, that is, the amount that would be received if an asset were sold or the amount paid to transfer a liability, in an orderly transaction between market participants at the measurement date. It also establishes a framework for measuring fair value under generally accepted accounting principles and enhances disclosures about fair value measurements.

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

Level 1 - quoted prices in active markets for identical assets or liabilities

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

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

An asset or liability's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

In addition, the provisions of Statement of Financial Accounting Standards No. 159: *The Fair Value Option for Financial Assets and Financial Liabilities* (FAS 159) were effective July 1, 2008. FAS 159 gives entities the option, at specific election dates, to measure certain financial assets and liabilities at fair value. The fair value option may be applied to financial assets and liabilities on an instrument-by-instrument basis, is irrevocable, and may only be applied to entire instruments. Unrealized gains and losses on instruments for which FAS 159 has been elected are reported in earnings at each subsequent reporting date. The University elected FAS 159 for its obligations under split interest agreements.

Also effective for the fiscal year ended June 30, 2009, the University included the additional disclosures required by FASB Staff Position No. 117-1: *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds* (FSP 117-1). FSP 117-1 provides guidance on the net asset classification of donor-restricted endowment funds for not-for-profit organizations that are subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). Although New York State has not yet adopted the provisions of UPMIFA, this FSP also requires additional disclosures about an organization's endowment funds, whether or not the organization is subject to UPMIFA. These disclosures are found in Notes 1-K and 11.

#### Q. Reclassifications

Certain prior-year amounts have been reclassified to conform to the current-year presentation.

#### R. Income Taxes

The University is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is generally exempt from income taxes on related income pursuant to the appropriate sections of the Internal Revenue Code.

**2. RECEIVABLES****A. Accounts Receivable**

Accounts receivable from the following sources were outstanding as of June 30:

**SUMMARY OF ACCOUNTS RECEIVABLE**

	<b>2009</b>	<b>2008</b>
Grants and contracts	\$ 89,594	\$ 68,305
Collateral related to interest rate swap agreements	20,341	2,857
New York Presbyterian Hospital and other affiliates	69,320	59,201
Patients (net of contractual allowances)	68,952	71,619
State of New York for capital projects	28,850	17,794
Student accounts	8,884	5,764
Other	42,993	66,514
Gross accounts receivable	\$ 328,934	\$ 292,054
Less: allowance for doubtful accounts	(14,440)	(15,163)
Net accounts receivable	\$ 314,494	\$ 276,891

The patient accounts receivable for medical services was comprised of the following at June 30, 2009 and 2008, respectively: commercial third parties 56.8 percent and 51.7 percent; federal/state government 16.7 percent and 16.8 percent; and patients 26.5 percent and 31.5 percent.

Other accounts receivable include receivables from other government agencies, matured bequests, and receivables from other operating activities.

**B. Contributions Receivable**

Unconditional promises to give, or pledges, are recorded in the consolidated financial statements at present value using discount rates ranging from 4 percent to 7 percent. Contributions are expected to be realized as follows:

**SUMMARY OF CONTRIBUTIONS RECEIVABLE**

	<b>2009</b>	<b>2008</b>
Less than one year	\$ 179,825	\$ 212,667
Between one and five years	259,448	315,095
More than five years	121,473	474,898
Gross contributions receivable	\$ 560,746	\$ 1,002,660
Less: unamortized discount	(96,531)	(300,748)
Less: allowance for uncollectible amounts	(38,840)	(35,095)
Net contributions receivable	\$ 425,375	\$ 666,817

Contributions receivable as of June 30 are intended for the following purposes:

**EXPECTED PURPOSE OF CONTRIBUTIONS RECEIVABLE**

	<b>2009</b>	<b>2008</b>
Support of University operations	\$ 137,140	\$ 297,287
Capital purposes	133,723	153,352
Endowments and similar funds	154,512	216,178
Net contributions receivable	\$ 425,375	\$ 666,817

At June 30, 2009 and 2008, conditional promises not reflected in the consolidated financial statements, which consist primarily of bequest intentions, were approximately \$196,889 and \$165,458, respectively.

### C. Student Loans Receivable

The University participates in various federal revolving loan programs, in addition to administering institutional loan programs. Loans receivable from students as of June 30 are as follows:

<u>SUMMARY OF STUDENT LOANS RECEIVABLE</u>		
	<u>2009</u>	<u>2008</u>
Federal revolving loans	\$ 46,267	\$ 48,962
Institutional loans	30,243	29,618
Gross student loans receivable	\$ 76,510	\$ 78,580
Less: allowance for doubtful accounts	(5,975)	(6,296)
Net student loans receivable	\$ 70,535	\$ 72,284

The allowance for doubtful accounts is for loans in both repayment status and those not yet in repayment status because the borrowers are still in school or in the grace period following graduation.

Student loans are often subject to unique restrictions and conditions and, therefore, it is not practical to determine their fair values.

## 3. INVESTMENTS

### A. General Information

The University's investments are overseen by the Investment Committee of the Board of Trustees. The University's investment strategy incorporates a diversified asset allocation approach and maintains, within defined limits, exposure to the movements of the world equity, fixed income, commodities, real estate, and private equity markets. Based on guidelines established by the Investment Committee, the University's Investment Office directs the investment of endowment and trust assets, certain working capital, and temporarily invested expendable funds.

The University has categorized its investment assets in accordance with the valuation hierarchy as defined by FAS 157. The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used by the University for investment assets measured at fair value on a recurring basis.

Fair value for Level 1 is based upon quoted prices in active markets that the University has the ability to access for identical assets. Market price data is generally obtained from exchange or dealer markets. The University does not adjust the quoted price for such assets.

Fair value for Level 2 is based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets. Inputs are obtained from various sources including market participants, dealers and brokers.

Fair value for Level 3 is based on valuation techniques that use significant inputs that are unobservable.

Investments included in Level 3 primarily consist of the University's ownership in alternative investments (principally limited partnership interests in hedge, private equity, real estate, and other similar funds). The fair value of certain alternative investments represents the ownership interest in the net asset value (NAV) of the respective partnership. The NAV of these investments is determined by the general partner, and is based on appraisals, or other estimates that require varying degrees of judgment. If no public market exists for the investment securities, the fair value is determined by the general partner taking into consideration, among other things, the cost of the securities, prices of recent significant placements of securities of the same issuer, and subsequent developments concerning the companies to which the securities relate. The University has performed significant due diligence around these investments to ensure that NAV is an appropriate measure of fair value as of June 30.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollars in thousands)

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

The University's investment holdings as of June 30, categorized in accordance with FAS 157, are summarized in the following table:

INVESTMENTS AT FAIR VALUE

	Level 1 fair value	Level 2 fair value	Level 3 fair value	2009 Total	2008 Total
Cash and cash equivalents	\$ 569,960	\$ 7,057	\$ -	\$ 577,017	\$ 267,836
Domestic equities	55,166	60,625	13,628	129,419	699,794
Foreign equities	177,800	4,267	44,845	226,912	911,636
Marketable alternatives	-	-	740,808	740,808	625,452
Hedged equities	16,430	-	747,315	763,745	1,252,730
Fixed income	537,797	369,808	356,578	1,264,183	898,489
Private equities	-	-	736,633	736,633	902,677
Real assets	-	-	584,039	584,039	956,468
Other	-	-	51,098	51,098	34,206
Total investments	\$ 1,357,153	\$ 441,757	\$ 3,274,944	\$ 5,073,854	\$ 6,549,288

Securities not included in investment portfolio

Cash and cash equivalents	\$ 173,347	\$ -	\$ -	\$ 173,347	\$ -
Collateral for securities loaned	\$ -	\$ 24,970	\$ -	\$ 24,970	\$ 215,854

The following table is a rollforward of the investments classified by the University within Level 3 of the fair value hierarchy defined above:

SUMMARY OF LEVEL 3 INVESTMENT ACTIVITY

	Fair value at June 30, 2008	Realized gains/(losses)	Unrealized gains/(losses)	Net purchases, sales, settlements	Transfers in/(out) of Level 3	Fair value at June 30, 2009
Domestic equities	\$ 14,131	\$ -	\$ 34	\$ 8	\$ (545)	\$ 13,628
Foreign equities	117,364	786	(47,123)	(26,182)	-	44,845
Marketable alternatives	625,452	(3,953)	(33,681)	152,990	-	740,808
Hedged equities	1,249,927	60,199	(324,096)	(238,715)	-	747,315
Fixed income	271,367	(74)	(39,603)	124,888	-	356,578
Private equities	902,677	15,138	(198,389)	17,207	-	736,633
Real assets	957,167	(9,171)	(346,744)	(17,213)	-	584,039
Other	34,206	652	-	(574)	16,814	51,098
Total Level 3 investments	\$ 4,172,291	\$ 63,577	\$ (989,602)	\$ 12,409	\$ 16,269	\$ 3,274,944

All net realized and unrealized gains/(losses) in the table above are reflected in the accompanying consolidated statement of activities. Net unrealized gains/(losses) relate to those financial instruments held by the University at June 30, 2009.

Under the terms of certain limited partnership agreements, the University is obligated to make additional capital contributions up to contractual levels. At June 30, 2009 and 2008, the University had commitments of \$1,067,403 and \$1,362,308, respectively, for which capital calls had not been exercised. Such commitments generally have fixed expiration dates or other termination clauses.

The University maintains a number of investment pools or categories for specified purposes, the most significant of which are the Long-Term Investment Pool (LTIP), described below, and several funds established to maximize total return derived from the investment of intermediate-term cash balances. The fair values as of June 30 were as follows:

**INVESTMENTS POOLS/CATEGORIES AT FAIR VALUE**

	<b>2009</b>	<b>2008</b>
Working capital	\$ 1,185	\$ 32,704
Intermediate-term	625,261	571,174
Long-term investment pool (LTIP)	3,794,336	5,378,096
Separately invested portfolio	444,266	411,614
Pooled life income funds	10,042	13,909
DASNY holdings	156,372	111,076
Other	42,392	30,715
Total	<u>\$ 5,073,854</u>	<u>\$ 6,549,288</u>

Additional information about the University's investment return for the fiscal years ended June 30 is presented in the following table:

**SUMMARY OF INVESTMENT RETURN**

	<b>2009</b>	<b>2008</b>
Interest and dividends, net of investment fees	\$ 70,716	\$ 112,688
Net realized gain/(loss)	(499,093)	415,142
Net unrealized gain/(loss)	(1,079,119)	(356,599)
Total investment return	<u>\$ (1,507,496)</u>	<u>\$ 171,231</u>
LTIP distributions for operations	\$ 269,811	\$ 238,282
PBIF distributions for operations	34,681	36,506
Trust and other income for operations	(381)	6,197
Investment return, distributed	\$ 304,111	\$ 280,985
Investment return, undistributed	(1,811,607)	(109,754)
Total investment return	<u>\$ (1,507,496)</u>	<u>\$ 171,231</u>

**B. Long-Term Investment Pool**

The LTIP is a mutual fund-like vehicle used for investing the University's true endowment funds, funds functioning as endowment, and other funds that are not expected to be expended for at least three years. The University employs a unit method of accounting for the LTIP. Each participating fund enters into and withdraws from the pooled investment account based on monthly unit fair values. At June 30, 2009 and 2008, the fair values per unit were \$45.12 and \$65.37, respectively. The total return on the University's long-term investments, of which the LTIP is the major component, was -26.0 percent for the fiscal year ended June 30, 2009. The changes in the fair value and cost of the LTIP and information about its participating units as of June 30, 2009 and 2008 are as follows:

**SUMMARY INFORMATION - LONG-TERM INVESTMENT POOL**

	Fair value	Cost	Appreciation/ (depreciation)	Fair value per unit	Number of units
End of year	\$ 3,794,336	\$ 3,671,369	\$ 122,967	\$ 45.12	84,095,359
Beginning of year	\$ 5,378,096	\$ 4,267,499	\$ 1,110,597	\$ 65.37	82,269,929
Unrealized net gain/(loss) for year			\$ (987,630)		
Realized net gain/(loss) for year			\$ (445,845)		
Net gain/(loss) for year			<u>\$ (1,433,475)</u>		



For the fiscal year ended June 30, 2009, distributions of investment payout to participating funds totaled \$250,681 (\$3.00 per unit) of which \$223,668 was paid out for the University's operations, with the balance in the amount of \$27,013 either returned to principal or distributed to funds held for others. The distribution for the fiscal year ended June 30, 2009 was comprised of \$13,097 in net investment income and \$237,584 paid from accumulated gains. For the fiscal year ended June 30, 2008, the investment payout was \$213,048 (\$2.66 per unit), and was comprised of \$46,997 in net investment income and \$166,051 paid from accumulated gains.

### C. Separately Invested Portfolio, Pooled Life Income Funds, and DASNY Holdings

The University maintains a category of assets referred to as the separately invested portfolio. This category consists of assets that, for legal or other reasons, or by request of the donor, could not participate in any of the investment pools.

Life income fund pools consist of donated funds, the income from which is payable to one or more beneficiaries during their lifetimes. On the termination of life interests, the principals become available for University purposes, which may or may not have been restricted by the donors.

University funds on deposit at DASNY consist of reserves for retirement of debt and bond proceeds not yet expended. The total funds on deposit are \$156,372 and \$122,599 as of June 30, 2009 and 2008, respectively. The amount of bond proceeds not yet expended included in the total reserves at DASNY are \$126,873 and \$107,653 as of June 30, 2009 and 2008, respectively.

### D. Derivative Financial Instruments

The University has approved the use of derivatives by outside investment managers, based on investment guidelines negotiated at the time of a manager's appointment. The derivatives are used to adjust fixed income durations and rates, to create "synthetic exposures" to certain types of investments, and to hedge foreign currency fluctuations.

Certain investment transactions, including derivative financial instruments, involve counterparty credit exposure. The University's investment guidelines require that investment managers use only those counterparties with strong credit ratings for these derivatives. The fair value of the derivative investments were \$85,450 and \$48,791 at June 30, 2009 and 2008, respectively. For the fiscal years ended June 30, 2009 and 2008, the University recorded unrealized gains of \$7,071 and \$366, respectively, on derivative holdings.

## 4. LAND, BUILDINGS, AND EQUIPMENT

Land, buildings, and equipment are detailed as follows:

### LAND, BUILDINGS, AND EQUIPMENT

	Book value at June 30, 2008	Additions	Disposals and closed projects	Book value at June 30, 2009
Land, buildings, and equipment	2,902,213	313,560	(7,956)	3,207,817
Furniture, equipment, books, and collections	933,512	81,788	(42,917)	972,383
Construction in progress	408,433	337,364	(321,549)	424,248
Total before accumulated depreciation	4,244,158	732,712	(372,422)	4,604,448
Accumulated depreciation	(1,627,928)			(1,757,598)
Net land, buildings, and equipment	2,616,230			2,846,850

Certain properties to which the University does not have title are included in physical assets at net book values as follows: (1) land, buildings, and equipment of the Contract Colleges aggregating \$428,431 and \$421,439 at June 30, 2009 and 2008, respectively, the acquisition cost of which was borne primarily by New York State and (2) land, buildings, and equipment for which titles rest with government and corporate agencies aggregating \$13,842 and \$17,296 at June 30, 2009 and 2008, respectively.

## 5. OBLIGATIONS UNDER SPLIT INTEREST AGREEMENTS AND FUNDS HELD IN TRUST BY OTHERS

The University elected the provisions of FAS 159 and, as a result, is required to report its obligations under split interest agreements at fair value as of June 30, 2009 and at each subsequent reporting date. In addition, the election means that the fair value of these liabilities are subject to the guidelines and disclosures required by FAS 157.

The University's interest in funds held in trust by others is considered Level 3, based on unobservable inputs, in the FAS 157 fair value hierarchy. Trusts in which the University has an income interest are valued annually using estimated cash flows based on average actual income over three years. Remainder interests are based on annual valuation reports received from the trustee. The discount rate used to estimate present value is based on the average return of investment grade corporate bonds, weighted according to a schedule of actuarial maturities.

The fair value of obligations under split interest agreements are calculated annually and considered Level 3 valuations. The discount rate used is based on a weighted average of investment grade corporate bonds using a schedule of actuarial maturities and the relative size of the agreements in the year of maturity.

The tables below summarize the fair values and activity of funds held in trust by others and obligations under split interest agreements.

### SPLIT INTEREST AGREEMENTS AT FAIR VALUE

	Level 1 fair value	Level 2 fair value	Level 3 fair value	2009 Total	2008 Total
Remainder	\$ -	\$ -	\$ 56,515	\$ 56,515	\$ 69,190
Lead and perpetual	-	-	34,999	34,999	36,714
Total funds held in trust by others	\$ -	\$ -	\$ 91,514	\$ 91,514	\$ 105,904
Obligations under split interest agreements	\$ -	\$ -	\$ 105,476	\$ 105,476	\$ 128,540

### SUMMARY OF LEVEL 3 SPLIT INTEREST AGREEMENT ACTIVITY

	Fair value at June 30, 2008	Realized gains/(losses)	Unrealized gains/(losses)	Net purchases, sales, settlements	Transfers in/(out) of Level 3	Fair value at June 30, 2009
Remainder	\$ 69,190	\$ -	\$ (17,039)	\$ 4,364	\$ -	\$ 56,515
Lead and perpetual	36,714	(1,604)	(12)	(99)	-	34,999
Total funds held in trust by others	\$ 105,904	\$ (1,604)	\$ (17,051)	\$ 4,265	\$ -	\$ 91,514
Obligations under split interest agreements	\$ 128,540	\$ -	\$ (23,064)	\$ -	\$ -	\$ 105,476

**6. DEFERRED BENEFITS****A. General Information**

Accrued employee benefit obligations as of June 30 include:

**SUMMARY OF DEFERRED BENEFITS**

	<b>2009</b>	<b>2008</b>
Postemployment benefits	\$ 24,421	\$ 21,334
Pension and other postretirement benefits	250,910	239,950
Other deferred benefits	154,461	163,754
Total deferred benefits	\$ 429,792	\$ 425,038

Other deferred benefits include primarily vacation accruals, deferred compensation, and medical benefit claims incurred but not yet reported. Accrued postemployment benefits include workers' compensation and medical continuation benefits for those on long-term disability. The University also provides various benefits to former or inactive employees after employment, but before retirement, that are recognized when they are earned.

**B. Pension and Postretirement Plans**

The University's employee pension plan coverage is provided by two basic types of plan: one based on a predetermined level of funding (defined contribution), and the other based on a level of benefit to be provided (defined benefit).

The primary defined contribution plans for Endowed Ithaca and for exempt employees (those not subject to the overtime provisions of the Fair Labor Standards Act) at the Medical College are carried by the Teachers Insurance and Annuity Association, the College Retirement Equities Fund, the Vanguard Group (Medical College only), and Fidelity Investments (Endowed Ithaca only), all of which permit employee contributions. Total pension costs of the Endowed Ithaca and Medical College plans for the fiscal years ended June 30, 2009 and 2008 amounted to \$86,959 and \$76,873, respectively.

The Medical College maintains a defined benefit plan for non-exempt employees. The defined benefit plan for exempt employees was frozen in 1976, and the accrued benefits were merged with the active non-exempt retirement plan in 1989.

In addition, certain non-exempt employees of Endowed Ithaca were covered by the Cornell University Retirement Plan for Non-Exempt Employees of the Endowed Colleges at Ithaca (NERP), a defined benefit plan. The Board of Trustees voted to terminate this frozen plan effective December 31, 2006, with all surplus assets inuring to the plan participants. During the fiscal year ended June 30, 2009, all remaining benefits and administrative costs of the terminating plan have been settled.

In accordance with Employee Retirement Income Security Act (ERISA) requirements for the defined benefit plans, the University must fund annually with an independent trustee an actuarially determined amount that represents normal costs plus amortization of prior service costs over a forty-year period that began on July 1, 1976.

The University also provides health and life insurance benefits for eligible retired employees and their dependents. Although there is no legal obligation for future benefits, the cost of postretirement benefits must be accrued during the service lives of employees. The University elected the prospective transition approach and is amortizing the transition obligation over 20 years, through fiscal year 2012-13.

### C. Obligations and Funded Status

The following table sets forth the pension and postretirement plans' obligations and funded status as of June 30:

#### SUMMARY OF OBLIGATIONS AND FUNDED STATUS

	Pension benefits		Other postretirement	
	2009	2008	2009	2008
<b>CHANGE IN PLAN ASSETS</b>				
Fair value of plan assets at beginning of year	\$ 40,719	\$ 53,110	\$ 127,045	\$ 127,921
Actual return on plan assets	(6,189)	(3,930)	(22,090)	(6,212)
Employer contribution	3,462	3,000	5,589	5,336
Benefits paid	(2,516)	(1,725)	-	-
Settlements	(391)	(9,736)	-	-
Fair value of plan assets at end of year	\$ 35,085	\$ 40,719	\$ 110,544	\$ 127,045
<b>CHANGE IN BENEFIT OBLIGATION</b>				
Benefit obligation at beginning of year	\$ 57,377	\$ 59,919	\$ 350,135	\$ 326,096
Service cost (benefits earned during the period)	3,671	3,420	14,971	13,528
Interest cost	3,311	3,094	20,064	18,841
Plan amendments	-	3,132	(823)	-
Actuarial (gain)/loss	84	(727)	(36,871)	1,942
Settlements	(391)	(9,736)	-	-
Benefits paid	(2,516)	(1,725)	(11,649)	(10,272)
Projected benefit obligation at end of year	\$ 61,536	\$ 57,377	\$ 335,827	\$ 350,135
<b>FUNDED STATUS</b>	\$ (26,451)	\$ (16,658)	\$ (225,283)	\$ (223,090)
<b>AMOUNTS RECOGNIZED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>				
	\$ (26,451)	\$ (16,658)	\$ (225,283)	\$ (223,090)
<b>AMOUNTS RECORDED IN UNRESTRICTED NET ASSETS NOT YET AMORTIZED AS COMPONENTS OF NET PERIODIC BENEFIT COST</b>				
Net transition obligation	\$ -	\$ -	\$ 14,577	\$ 18,221
Prior service cost	-	-	(441)	510
Net actuarial (gain)/loss	17,506	8,681	61,146	66,202
Amount recognized as reduction in unrestricted net assets	\$ 17,506	\$ 8,681	\$ 75,282	\$ 84,933

The accumulated benefit obligation for the pension plans was \$46,134 and \$44,061 at June 30, 2009 and 2008, respectively. The accumulated benefit obligation differs from the projected benefit obligation in the table above in that it includes no assumptions about future compensation levels. It represents the actuarial present value of future payments to plan participants using current and past compensation levels. For postretirement plans other than pensions, the accumulated benefit obligation is the same as the projected benefit obligations because the liabilities are not compensation-related.

**D. Net Periodic Benefit Cost**

Net benefit expense related to the pension and postretirement plans for the fiscal years ended June 30 includes the following components:

**NET PERIODIC BENEFIT COST**

	Pension benefits		Other postretirement	
	2009	2008	2009	2008
Service cost (benefits earned during the period)	\$ 3,671	\$ 3,420	\$ 14,971	\$ 13,528
Interest cost	3,311	3,094	20,135	18,841
Expected return on plan assets	(2,971)	(3,776)	(9,854)	(9,906)
Amortization of initial transition obligation	-	-	3,644	3,644
Amortization of prior service cost	-	3,133	129	129
Amortization of net (gain)/loss	219	3,593	57	495
Settlement (gain)/loss	-	696	-	-
Net periodic benefit cost	\$ 4,230	\$ 10,160	\$ 29,082	\$ 26,731

The amounts of transition obligation, prior service costs, and actuarial gains/losses that will be amortized into net periodic benefit cost for the year ending June 30, 2010 are estimated as follows:

**ESTIMATED COMPONENTS OF NET PERIODIC BENEFIT COST**

	Pension benefits	Other postretirement
Transition obligation	\$ -	\$ 3,644
Prior service cost	-	(76)
Net actuarial (gain)/loss	1,074	2,172
Total	\$ 1,074	\$ 5,740

**E. Actuarial Assumptions**

Assumptions used in determining the pension and postretirement plans benefit obligations and net periodic costs are:

**SUMMARY OF ACTUARIAL ASSUMPTIONS**

	Pension benefits		Other postretirement	
	2009	2008	2009	2008
<b>USED TO CALCULATE BENEFIT OBLIGATIONS AT JUNE 30</b>				
Discount rate	6.10%	6.00%	6.25% / 6.20%	6.00%
Rate of compensation increase	6.10%	6.10%		
<b>USED TO CALCULATE NET PERIODIC COST AT JULY 1</b>				
Discount rate	6.00%	6.00%	6.00%	6.00%
Expected return on plan assets	8.00%	8.00%	8.00%	8.00%
Rate of compensation increase	6.10%	6.10%		
<b>ASSUMED HEALTH CARE COST TREND RATES</b>				
Health care cost trend rate assumed for next year	n/a	n/a	8.00%	8.00%
Ultimate trend rate	n/a	n/a	5.00%	5.00%
Years to reach ultimate trend rate	n/a	n/a	6	6

The health care cost trend rate assumption has a significant effect on the amounts reported for other postretirement (health care) plans. Increasing the health care cost trend rate by 1 percent in each future year would increase the benefit obligation by \$57,072 and the annual service and interest cost by \$7,895. Decreasing the health care cost trend rate by 1 percent in each future year would decrease the benefit obligation by \$46,176 and the annual service and interest cost by \$5,631.

**F. Plan Assets**

The plan assets for Endowed Ithaca and the Medical College are invested with an outside trustee for the sole benefit of the plan participants. Consistent with that objective, investments are managed to maximize total return while maintaining a prudent limitation on risk.

Risk mitigation is achieved by diversifying investments across multiple asset classes, by investing in high quality securities, and by permitting flexibility in the balance of investments in the permitted asset classes. The expected return on assets was derived based on long-term assumptions of inflation, real returns (primarily historically based), anticipated value added by the investment managers, and expected average asset class allocations. The expected returns on plan assets by category are 9.25 percent on equity securities, 5.75 percent on debt securities, and 8.25 percent on real estate.

Plan asset allocations by category at June 30 are as follows:

**SUMMARY OF PLAN ASSETS**

	Target allocation	Pension benefits		Other postretirement	
		2009	2008	2009	2008
PERCENTAGE OF PLAN ASSETS					
Equity securities	39-85%	62.0%	59.7%	66.0%	69.7%
Debt securities	15-55%	36.0%	36.7%	33.0%	30.3%
Real estate	0-5%	2.0%	3.6%	1.0%	0.0%
Total		100.0%	100.0%	100.0%	100.0%

**G. Expected Contributions and Benefit Payments**

The expected annual contributions and benefit payments that reflect anticipated service are as follows:

**EXPECTED CONTRIBUTIONS AND BENEFIT PAYMENTS**

	Pension benefits	Other postretirement	
		Employer paid	Government subsidy
UNIVERSITY CONTRIBUTIONS			
2010	\$ 2,777	\$ 8,501	n/a
FUTURE BENEFIT PAYMENTS			
2010	\$ 3,019	\$ 14,459	\$ 1,909
2011	3,716	16,104	2,116
2012	3,756	17,721	2,352
2013	3,764	19,371	2,587
2014	4,390	21,024	2,832
2015-2019	26,584	135,376	18,463

The Medicare Prescription Drug, Improvement and Modernization Act of 2003 established a prescription drug benefit known as "Medicare Part D" that also established a federal subsidy to sponsors of retiree healthcare benefit plans. The estimated future government subsidy amounts are reflected in the table above.

**H. Contract College Employees**

Employees of the Contract Colleges are covered under the New York State pension plans. Contributions to the state retirement system and other employee benefit costs are paid directly by the state. The amounts of the direct payments applicable to the University as revenue and expenditures are not currently determinable and are not included in the consolidated financial statements. The University reimburses the state for employee benefit costs on certain salaries, principally those associated with externally sponsored programs. The amounts reimbursed to the state during the fiscal years ended June 30, 2009 and 2008, were \$19,335 and \$18,459, respectively, and were included in operating expenses.

**7. FUNDS HELD IN TRUST FOR OTHERS**

The University, in limited instances, invests funds as a custodian for other closely related parties. Independent trustees are responsible for the funds and for the designation of income distribution. The New York Hospital-Cornell Medical Center Fund, Inc., which benefits the Weill Cornell Medical Center of the New York-Presbyterian Hospital, is the major external organization invested in the University's long-term investment portfolio with assets having market values of \$131,011 and \$189,342 at June 30, 2009 and 2008 respectively. Of these investments, a portion of the future income stream has been directed in perpetuity to benefit the Medical College. The present values of this income stream, calculated to be \$74,134 and \$75,966 at June 30, 2009 and 2008, respectively, are recorded as reductions in the funds held in trust for others liability.

**8. BONDS AND NOTES PAYABLE****A. General Information**

Bonds and notes payable as of June 30 are summarized as follows:

**SUMMARY OF BONDS AND NOTES PAYABLE**

	<u>2009</u>	<u>2008</u>	<u>Interest rates</u>	<u>Final maturity</u>
Dormitory Authority of the State of New York (DASNY)				
Revenue Bond Series				
1990B-variable rate/daily	\$ 56,000	\$ 56,700	0.12 to 8.90	2025
2000A-variable rate/weekly	54,845	56,620	2.99*	2029
2000B-variable rate/weekly	72,800	74,835	4.63*	2030
2004-variable rate/weekly	86,075	88,175	3.51*	2033
2006-fixed rate	219,340	231,160	4.00 to 5.00	2035
2008B&C-variable rate/daily	130,000	130,000	3.84*	2037
2009A-fixed rate	305,000	-	3.00 to 5.00	2039
Tax-exempt commercial paper	6,155	149,875	0.35 to 4.10	2037
Bond Series 1987B-fixed rate	7,110	8,825	11.11	2012
Taxable commercial paper	127,875	60,911	0.20 to 4.80	-
2009 Taxable-fixed rate	500,000	-	4.35 to 5.45	2019
Industrial Development Agency				
2000-fixed rate	2,275	3,330	5.13 to 5.25	2011
2002A-variable rate/weekly	42,340	42,530	4.52*	2030
2002B-variable rate/weekly	15,390	15,390	4.33*	2015
2008A-variable rate/daily	70,000	70,000	3.84*	2037
Student Loan Marketing Association-fixed rate	4,700	5,030	5.75 to 6.50	2019
Urban Development Corporation	2,500	2,625	-	2029
Other	2,973	3,164	various	2010-2029
Total bonds and notes payable	<u>\$ 1,705,378</u>	<u>\$ 999,170</u>		

\* Rates presented are the swap interest rates as noted in the following Summary of Interest Rate Swaps table.

The University's bonds and notes payable had carrying amounts of \$1,705,378 and \$999,170 at June 30, 2009 and 2008, respectively, compared to estimated fair values of approximately \$1,741,026 and \$1,001,739 at June 30, 2009 and 2008, respectively. Estimated fair value of bonds is based on quoted market prices for the same or similar issues. The market prices utilized reflect the amounts a third party would pay to purchase the bonds and not an additional liability to the University.

Interest expense during the fiscal year ended June 30, 2009 was \$26,041, of which \$23,042 was related to the bonds and notes payable displayed in the table above. During the fiscal year ended June 30, 2008, interest expense was \$27,784, of which \$25,926 was related to the bonds and notes payable. The University capitalized interest on self-constructed assets, such as buildings, in the amount of \$15,438 and \$9,698 for the fiscal years ended June 30, 2009 and 2008, respectively.

Debt and debt service related to borrowings by New York State for the construction and renovation of facilities of the Contract Colleges are not included in the consolidated financial statements because they are not liabilities of the University.

Under the agreement with DASNY, certain revenues, principally rental income from facilities financed by bond proceeds plus a portion of tuition, are pledged by the University to meet debt service requirements. Also, certain revenue bonds require compliance with an asset-to-liability ratio and an unencumbered securities-to-operating-expense ratio.

During the fiscal year ended June 30, 2009, the University issued \$305 million of fixed-rate debt to finance various capital projects on the Ithaca and Medical College campuses and to refinance \$150 million of tax-exempt commercial paper. In addition, the University issued \$500 million of taxable fixed-rate debt for working capital purposes.

The University continues to issue both tax-exempt and taxable commercial paper. Tax-exempt commercial paper is used to finance capital projects and equipment purchases for the Ithaca and Medical College campuses. Taxable commercial paper is also used for these purposes, as well as to finance short-term working capital needs. The maximum amount outstanding at any one time under each program is \$200,000.

Scheduled principal and interest payments on bonds and notes for the next five fiscal years and thereafter are shown below:

ANNUAL DEBT SERVICE REQUIREMENTS			
Year	Principal	Interest	Total
2010	\$ 22,556	\$ 67,019	\$ 89,575
2011	26,761	69,704	96,465
2012	33,072	67,266	100,338
2013	32,303	65,891	98,194
2014	282,445	64,631	347,076
Thereafter	1,308,241	597,662	1,905,903
Total	\$ 1,705,378	\$ 932,173	\$ 2,637,551

In estimating future interest payments, the University uses the interest rate associated with the swap agreement until the termination date. For unhedged tax-exempt debt, the University estimates the future interest payments based on SIFMA plus 50 basis points, and for taxable commercial paper debt, the federal funds rate plus 100 basis points.

#### B. Interest Rate Swaps

The University has eleven interest rate swap agreements to exchange variable-rate debt for fixed-rate obligations without the exchange of the underlying principal amount. Net payments or receipts under the swap agreements are recorded as adjustments to interest expense. Under three agreements in effect at June 30, 2009, the counterparty pays the University a variable interest rate equal to the Securities Industry and Financial Markets Association (SIFMA) index, and under eight other agreements, the counterparty pays a variable interest rate equal to a percentage of the one month London Interbank Offered Rates (LIBOR).

Effective for the fiscal year beginning July 1, 2008, the University adopted FAS 157, which established additional guidance and disclosure requirements for fair value measurements of assets and liabilities, including derivatives. Interest rate swaps are valued using significant other observable inputs, such as quotations received from counterparties, dealers, or brokers, whenever available and considered reliable. The University's interest rate swap arrangements have inputs that can generally be corroborated by market data and are therefore classified as Level 2 in the FAS 157 valuation hierarchy.



The University's interest rate swaps are summarized in the following table:

#### SUMMARY OF INTEREST RATE SWAPS

Notional amount	Interest rate	Commencement	Termination date	Basis	Level 1 fair value	Level 2 fair value	Level 3 fair value
\$ 15,390	4.33%		July 1, 2010	SIFMA	\$ -	\$ (612)	\$ -
106,620	2.99%		October 1, 2012	LIBOR	-	(6,943)	-
42,530	4.52%		July 1, 2030	SIFMA	-	(8,379)	-
74,200	4.63%		July 1, 2030	LIBOR	-	(15,075)	-
88,175	3.51%		July 1, 2033	LIBOR	-	(8,373)	-
200,000	3.84%		July 1, 2037	SIFMA	-	(8,918)	-
100,000	3.92%	July 1, 2011	July 1, 2038	LIBOR	-	(9,564)	-
200,000	3.45%	July 1, 2010	July 1, 2039	LIBOR	-	(13,212)	-
275,000	3.65%	July 1, 2010	July 1, 2040	LIBOR	-	(32,414)	-
200,000	3.48%	July 1, 2012	July 1, 2041	LIBOR	-	(8,332)	-
200,000	3.77%	July 1, 2014	July 1, 2044	LIBOR	-	(12,844)	-
					\$ -	\$ (124,666)	\$ -

#### C. Standby Purchase Agreements

The University has standby purchase agreements with various financial institutions to purchase all of the University's variable-rate demand bonds in the event they cannot be remarketed. In the event that the bonds covered by these agreements were not remarketable and the agreements were not otherwise renewed, the principal amounts due in the Annual Debt Service Requirements table would be \$412,776, \$145,461, \$19,877, \$18,373, \$267,785, and \$841,105. Detailed information about the variable-rate demand bonds is shown in the following table:

#### SUMMARY OF STANDBY PURCHASE AGREEMENTS

Series	Provider	Fee (bps)	Expiration
1990B	JP Morgan Chase	50	Nov-09
2000A	JP Morgan Chase	50	Nov-09
2000B	JP Morgan Chase	50	Nov-09
2002A	JP Morgan Chase	50	Nov-09
2002B	JP Morgan Chase	50	Nov-09
2004	HSBC	40	Apr-10
2008A	JP Morgan Chase	100	Jan-10
2008B&C	Bank of America	20	Apr-11

#### D. Lines of Credit

The University records its working capital lines of credit as other liabilities in the consolidated statement of financial position. At June 30, 2009, the interest rates for its two lines of credit were 1.75 percent and 1.06 percent. The two \$100 million lines of credit have annual expiration dates of December 31 and April 1. As of June 30, 2009 and 2008, \$104,000 and \$164,500, respectively, were borrowed against the lines of credit.

## 9. OPERATING LEASES

Although the University generally purchases, rather than leases, machinery and equipment, the University does enter operating lease agreements for the use of real property. Total lease expenses were \$22,398 and \$18,058 for the fiscal years ended June 30, 2009 and 2008, respectively. The future annual minimum lease payments in the following table are payments under operating leases expiring at various dates through November 1, 2054.

#### ANNUAL MINIMUM OPERATING LEASE PAYMENTS

Year	Payments
2010	\$ 20,713
2011	17,612
2012	15,475
2013	13,838
2014	11,363
Thereafter	95,376
Total minimum operating lease payments	\$ 174,377

## 10. FUNCTIONAL EXPENSES AND STUDENT AID

Total expenses by functional categories for the fiscal years ended June 30 are as follows:

FUNCTIONAL EXPENSES		
	2009	2008
Instruction	\$ 628,635	\$ 597,606
Research	524,926	511,158
Public service	118,945	114,143
Academic support	267,973	267,222
Student services	123,477	119,858
Medical services	549,342	474,471
Institutional support	408,757	414,747
Enterprises and subsidiaries	202,446	209,708
Total expenses	\$ 2,824,501	\$ 2,708,913

The expenses for operations and maintenance of facilities, depreciation, and interest related to capital projects are allocated to functional categories based on square footage. The amounts allocated for operations and maintenance were approximately \$166,942 and \$154,430 for the fiscal years ended June 30, 2009 and 2008, respectively.

Student financial assistance is shown as a component of instruction expense unless the assistance is for tuition and mandatory fees. If the assistance is for tuition and mandatory fees, the amounts are recorded as scholarship allowance which reduces tuition revenue. Total financial assistance amounts classified as instruction expense were \$26,964 and \$24,106 for the fiscal years ended June 30, 2009 and 2008, respectively.

## 11. NET ASSETS

### A. General Information

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

#### SUMMARY OF NET ASSETS

	Unrestricted	Temporarily restricted	Permanently restricted	2009 Total	2008 Total
Endowment					
True endowment	\$ 880,065	\$ -	\$ 1,680,920	\$ 2,560,985	\$ 3,535,217
Funds functioning as endowment (FFE)	971,437	303,867	-	1,275,304	1,712,792
Total true endowment and FFE	\$ 1,851,502	\$ 303,867	\$ 1,680,920	\$ 3,836,289	\$ 5,248,009
Funds held by others, perpetual	-	-	129,752	129,752	137,473
Total University endowment	\$ 1,851,502	\$ 303,867	\$ 1,810,672	\$ 3,966,041	\$ 5,385,482
Other Net Assets					
Operations	(478,612)	156,274	-	(322,338)	(35,702)
Student loans	9,477	-	34,517	43,994	42,241
Facilities and equipment	1,803,973	44,396	-	1,848,369	1,821,159
Split interest agreements	-	45,219	29,954	75,173	114,261
Funds held by others, other than perpetual	-	35,896	-	35,896	44,397
Contributions receivable, net	-	270,863	154,512	425,375	666,817
Total net assets	\$ 3,186,340	\$ 856,515	\$ 2,029,655	\$ 6,072,510	\$ 8,038,655

Unrestricted net asset balances for operations are primarily affected by operating activities and strategic decisions to invest expendable balances in funds functioning as endowment and capital projects.

## B. Endowment

Of the endowment assets held at the University, 94 percent and 98 percent were invested in the LTIP at June 30, 2009 and 2008, respectively. At June 30, 2009, 2,434 of 5,828 true endowment funds invested in the LTIP had a total historic dollar value of \$940,568 and a fair value of \$814,139, resulting in these endowments being underwater by a total of \$126,429. The University holds significant unrestricted appreciation on endowments to offset these temporary decreases in value. The University has maintained these true endowment funds at their historical book value.

Changes in the endowment net assets, exclusive of funds held in trust by others, for the fiscal years ended June 30 are presented below:

### SUMMARY OF ENDOWMENT ACTIVITY

	Unrestricted	Temporarily restricted	Permanently restricted	2009 Total	2008 Total
True endowment and FFE beginning of year	\$ 3,518,475	\$ 173,825	\$ 1,555,709	\$ 5,248,009	\$ 5,113,094
Investment return					
Net investment income	2,802	9,980	2,628	15,410	47,203
Net realized and unrealized gain/(loss)	(1,471,709)	83,572	2,834	(1,385,303)	73,018
Total investment return	\$ (1,468,907)	\$ 93,552	\$ 5,462	\$ (1,369,893)	\$ 120,221
New gifts	2,821	143,780	103,209	249,810	158,751
Net transfers to/(from) FFE	(56,304)	(2,263)	83	(58,484)	11,360
Distribution of endowment return to other funds	(132,816)	(90,853)	(3,188)	(226,857)	(194,486)
Other changes	(8,885)	303	2,179	(6,403)	(1,080)
Reclassifications	(2,882)	(14,477)	17,466	107	40,149
Total true endowment and FFE end of year	\$ 1,851,502	\$ 303,867	\$ 1,680,920	\$ 3,836,289	\$ 5,248,009

## 12. CONTINGENT LIABILITIES

The University is a defendant in various legal actions, some of which are for substantial monetary amounts, that arise out of the normal course of its operations. Although the final outcome of the actions cannot be foreseen, the University's administration is of the opinion that eventual liability, if any, will not have a material effect on the University's financial position.

The University retains self insurance for property, general liability, and certain health benefits, and has an equity interest in a multi-provider captive insurance company.

## 13. SUBSEQUENT EVENTS

The University has performed an evaluation of subsequent events through October 1, 2009, the date on which the consolidated financial statements were issued.

**Cornell University**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2009**

CFDA No.	Description	Pass-Through Entity	Federal Expenditures
<b><u>Student Financial Assistance Cluster:</u></b>			
<b>U. S. Department of Education Direct Awards</b>			
84.007	Federal Supplemental Educational Opportunity Grants		4,015,603
84.032	Federal Family Education Loans		36,977,907
84.033	Federal Work-Study Program		2,042,079
84.038	Federal Perkins Loan Program Federal Capital Contributions		3,098,870
84.063	Federal Pell Grant Program		6,336,734
84.268	Federal Direct Student Loans		51,460,747
84.375	Academic Competitiveness Grants (ACG)		315,525
84.376	National Science and Mathematics Access to Retain Talent Grant (National SMART Grant)		598,000
	<b>Total U. S. Department of Education Direct Awards</b>		<u>104,845,465</u>
<b>U. S. Department of Health and Human Services Direct Awards</b>			
93.342	Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students		1,021,653
	<b>Total U. S. Department of Health and Human Services Direct Awards</b>		<u>1,021,653</u>
<b>Total Student Financial Assistance Cluster</b>			<u>105,867,118</u>
<b><u>Cooperative Extension Service Cluster:</u></b>			
<b>U.S. Department of Agriculture Direct Awards</b>			
10.500	Cooperative Extension Service		15,578,391
	<b>Total U.S. Department of Agriculture Direct Awards</b>		<u>15,578,391</u>
<b>U.S. Department of Agriculture Pass-Through Awards</b>			
10.500	Cooperative Extension Service	Auburn University	5,269
10.500		Connecticut Agricultural Experiment Station	7,367
10.500		North Carolina State University	75,051
10.500		NYS Office of Temporary And Disability Assistance	129,935
10.500		Pennsylvania State Univ	46,273
10.500		University of California, Davis	12,155
10.500		University of Delaware	59,273
10.500		University of Kentucky	14,238
10.500		University of Maine	14,198
10.500		University of Nebraska	11,171
10.500		University of Vermont	70,371
	<b>Total U.S. Department of Agriculture Pass-Through Awards</b>		<u>445,301</u>
	<b>Total U.S. Department of Agriculture Awards</b>		<u>16,023,692</u>
<b>Total Cooperative Extension Service Cluster</b>			<u>16,023,692</u>

The accompanying notes are an integral part of these financial statements.

**Cornell University**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2009**

CFDA No.	Description	Pass-Through Entity	Federal Expenditures
<b>Research and Development Program Cluster:</b>			
<b>U.S. Department of Agriculture Direct Awards</b>			
10.000	Department of Agriculture		126,413
10.001	Agricultural Research Basic and Applied Research		4,210,859
10.025	Plant and Animal Disease, Pest Control, and Animal Care		208,940
10.028	Wildlife Services		41,971
10.155	Marketing Agreements and Orders		19,673
10.162	Inspection Grading and Standardization		108,956
10.200	Grants for Agricultural Research, Special Research Grants		4,711,541
10.202	Cooperative Forestry Research		142,211
10.203	Payments to Agricultural Experiment Stations Under the Hatch Act		6,343,047
10.206	Grants for Agricultural Research Competitive Research Grants		4,594,400
10.207	Animal Health and Disease Research		145,065
10.210	Food and Agricultural Sciences National Needs Graduate Fellowship Grants		176,361
10.217	Higher Education Challenge Grants		153,122
10.219	Biotechnology Risk Assessment Research		36,716
10.220	Higher Education Multicultural Scholars Program		60,000
10.250	Agricultural and Rural Economic Research		81,354
10.253	Food Assistance and Nutrition Research Programs (FANRP) (L)		16,766
10.303	Integrated Programs		1,083,153
10.304	Homeland Security Agricultural		836,961
10.307	Organic Agriculture Research and Extension Initiative		79,920
10.310	Agriculture and Food Research Initiative (AFRI)		1,254
10.652	Forestry Research		8,137
10.678	Forest Stewardship Program		3,350
10.680	Forest Health Protection (A,B)		30,560
10.901	Resource Conservation and Development		112,885
10.912	Environmental Quality Incentives Program		546,262
10.960	Technical Agricultural Assistance		13,976
10.961	Scientific Cooperation and Research		2,566
	<b>Total U.S. Department of Agriculture Direct Awards</b>		<b>23,896,419</b>

The accompanying notes are an integral part of these financial statements.

**Cornell University**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2009**

CFDA No.	Description	Pass-Through Entity	Federal Expenditures
<b>U.S. Department of Agriculture Pass-Through Awards</b>			
10.000	Department of Agriculture	Advanced Biological Marketing	24,000
10.000		Centro Internacional De Mejoramiento	136,890
10.000		Dairy Management Inc	138,266
10.000		National Commission For The Knowledge & Use of Biodiversity	70
10.000		NYS Dept of Environmental Conservation	153,033
10.000		Tioga Soil & Water Conservation District	96,478
10.001	Agricultural Research Basic and Applied Research	Biotechnology Research And Development Corporation	334,539
10.001		University of Nebraska	2,000
10.025	Plant and Animal Disease, Pest Control and Animal Care	NYS Dept of Ag & Markets	313,322
10.200	Grants for Agricultural Research, Special Research Grants	Controlled Environment Agriculture Systems	97,497
10.200		North Carolina State University	14,510
10.200		Notheast Regional Aquatic Ctr	24,264
10.200		Rutgers State Univ of NJ	129,314
10.200		South Dakota State University	23,168
10.200		University of California, Davis	281,249
10.200		University of Florida	23,276
10.200		University of Maine	29,272
10.200		University of Vermont	163,172
10.200		Virginia Polytechnic Institute & State University	7,758
10.206	Grants for Agricultural Research Competitive Research Grants	Arizona State University	42,325
10.206		Clemson University	7,775
10.206		Innovative Biotechnologies Inc	68,729
10.206		Institute For Genomic Research	26,300
10.206		Michigan State University	28,231
10.206		North Carolina State University	30,591
10.206		Ohio State University	3,389
10.206		Pennsylvania State Univ	107,953
10.206		University of California, Davis	45,059
10.206		University of California, Santa Cruz	1,332
10.206		University of Georgia	91,271
10.206		University of Massachusetts Amherst	96,585
10.206		University of Minnesota	46,135
10.206		University of Missouri	63,411
10.206		University of Rochester	3,863
10.206		University of Vermont	95
10.206		Virginia Polytechnic Institute & State University	70,359
10.206		Yale University	24,513
10.212		Biolink Life Sciences Inc.	91
10.212		Rt Solutions, Llc	26,600
10.212	Small Business Innovation Research	Terreneu Llc	35,146
10.212		Trellis Growing Systems, Llc	18,461
10.215	Sustainable Agriculture Research and Education	Northeast Organic Farming Association of Vermont	11,378
10.215		University of Vermont	145,190
10.216	1890 Institution Capacity Building Grants	West Virginia University	23,852
10.303	Integrated Programs	Colorado State University	74,350
10.303		Iowa State University	34,575
10.303		Michigan State University	2,109
10.303		North Carolina State University	95,162
10.303		Pennsylvania State Univ	67,624
10.303		Purdue University	12,102
10.303		Rutgers State Univ of NJ	744
10.303		University of California, Davis	45,995

The accompanying notes are an integral part of these financial statements.

**Cornell University**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2009**

CFDA No.	Description	Pass-Through Entity	Federal Expenditures
<b>U.S. Department of Agriculture Pass-Through Awards (continued)</b>			
10.303	Integrated Programs	University of Delaware	47,989
10.303		University of Idaho	5,960
10.303		University of Illinois Urbana-Champaign	18,185
10.303		University of Massachusetts Amherst	63,773
10.303		University of Rhode Island	9,570
10.303		University of Wisconsin Madison	21,562
10.309	Specialty Crop Research Initiative (B)	Carnegie-Mellon University	47,252
10.309		Washington State University	4,496
10.458	Crop Insurance Education in Targeted States	Northeast Organic Farming Association of New York	4,003
10.500	Cooperative Extension Service	University of Vermont	338
10.652	Forestry Research	University of Vermont	7,571
10.664	Cooperative Forestry Assistance	Minnesota Department of Natural Resources	2,179
10.912	Environmental Quality Incentives Program	National Fish And Wildlife Foundation	31,963
	<b>Total U.S. Department of Agriculture Pass-Through Awards</b>		<u>3,608,214</u>
	<b>Total U.S. Department of Agriculture Awards</b>		<u>27,504,633</u>
<b>U.S. Department of Commerce Direct Awards</b>			
11.000	Department of Commerce		721,327
11.001	Census Bureau Data Products		5,370
11.004	Census Intergovernmental Services		84,970
11.302	Economic Development Support for Planning Organizations		9,542
11.431	Climate and Atmospheric Research		421,596
11.609	Measurement and Engineering Research and Standards		126,326
	<b>Total U.S. Department of Commerce Direct Awards</b>		<u>1,369,131</u>
<b>U.S. Department of Commerce Pass-Through Awards</b>			
11.000	Department of Commerce	Abt Associates	179,874
11.000		National Veterinary Research And Quarantine Service	41,818
11.001	Census Bureau Data Products	Abt Associates	107,351
11.113	ITA Special Projects	National Textile Center	227,403
11.417	Sea Grant Support	New York Sea Grant Institute, Stony Brook	182,755
11.417		Suny Stony Brook	20,762
11.417		University of Vermont	3,544
11.417		Woods Hole Oceanographic Institute	25,348
11.463	Habitat Conservation	National Fish And Wildlife Foundation	43,295
11.478	Center for Sponsored Coastal Ocean Research Coastal Ocean Program	University of Michigan	193,587
	<b>Total U.S. Department of Commerce Pass Through Awards</b>		<u>1,025,737</u>
	<b>Total U.S. Department of Commerce Awards</b>		<u>2,394,868</u>
<b>U.S. Department of Defense Direct Awards</b>			
12.000	Department of Defense		1,868,329
12.110	Planning Assistance to States		747,016
12.300	Basic and Applied Scientific Research		4,192,627
12.420	Military Medical Research and Development		1,175,068
12.431	Basic Scientific Research		4,431,623
12.630	Basic, Applied, and Advanced Research in Science and Engineering		1,015,169
12.800	Air Force Defense Research Sciences Program		3,341,122
12.901	Mathematical Sciences Grants Program		(20,171)
12.910	Research and Technology Development		2,551,408
	<b>Total U.S. Department of Defense Direct Awards</b>		<u>19,302,191</u>

The accompanying notes are an integral part of these financial statements.

**Cornell University**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2009**

CFDA No.	Description	Pass-Through Entity	Federal Expenditures
<b>U.S. Department of Defense Pass-Through Awards</b>			
12.000	Department of Defense	Agave Biosystems	27,122
12.000		Atc-Ny Inc.	192,719
12.000		Atmosphere And Space Technology Research Associates	(1,402)
12.000		Boeing Integrated Defense Systems	221,736
12.000		Carnegie-Mellon University	133,194
12.000		Clemson University	37,008
12.000		Dod	11,410
12.000		Georgia Institute of Technology	143,854
12.000		Geosyntec Consultants Inc.	224,773
12.000		Marine Acoustics Inc.	225,000
12.000		Morton Photonics	14,762
12.000		Northrop Grumman Corporation	4,072
12.000		Ocean Acoustical Services And Instrumentation Systems, Inc.	32,467
12.000		Physical Sciences, Inc	3,989
12.000		Purdue University	30,000
12.000		Rockwell Collins	141,520
12.000		Tetragenetics Inc.	114,850
12.000		University of California, Davis	24,067
12.300	Basic and Applied Scientific Research	Agave Biosystems	28,750
12.300		Atc-Ny Inc.	84,369
12.300		Georgia Institute of Technology	64,426
12.300		Telcordia Technologies Inc.	29,713
12.300		University of California Berkeley	3,437
12.300		University of California, Santa Barbara	341,493
12.300		University of Pittsburgh	274,977
12.300		University of Rochester	(30,288)
12.300		Widetronix Inc.	141,828
12.351	Basic Scientific Research - Combating Weapons of Mass Destruction	North Carolina State University	148,947
12.351		University of California, Los Angeles	136,435
12.351		Vanderbilt University	5,709
12.431	Basic Scientific Research	Nano Engineering Innovation	173,406
12.431		Northrop Grumman Corporation	15,172
12.431		Ohio State University	36,033
12.431		Rice University	209,987
12.431		University of Pittsburgh	223,206
12.431		University of Virginia	87,983
12.431		University of Washington	309,716
12.630	Basic, Applied, and Advanced Research in Science and Engineering	Telcordia Technologies Inc.	269,256
12.630		University of Maryland	4,801
12.800	Air Force Defense Research Sciences Program	Carnegie-Mellon University	223,246
12.800		Council For Logistics Research	71,316
12.800		Illuminaria Inc.	48,053
12.800		Insitu Group	10,352
12.800		Massachusetts Institute of Technology	70,031
12.800		New Jersey Inst. of Technology	(2,114)
12.800		Structured Materials Industries Inc.	558
12.800		Ues Inc.	33,220
12.800		University of California Berkeley	327,551
12.910	Research and Technology Development	Bae Systems	(8,000)
12.910		Boyce Thompson Institute	543,747
12.910		California Institute of Technology	95,921
12.910		Kitware Inc	39,284
12.910		Stanford University	137,871
<b>Total U.S. Department Of Defense Pass-Through Awards</b>			<u>5,731,533</u>
<b>Total U.S. Department Of Defense Awards</b>			<u>25,033,724</u>

The accompanying notes are an integral part of these financial statements.



**Cornell University**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2009**

CFDA No.	Description	Pass-Through Entity	Federal Expenditures
<b>U.S. Department Of Education Direct Awards</b>			
84.015	National Resource Centers and Fellowships Program for Language and Area or Language and International Studies		742,170
84.022	Overseas Doctoral Dissertation		491
84.133	National Institute on Disability and Rehabilitation Research		1,163,494
84.200	Graduate Assistance in Areas of National Need		149,941
84.305	Education Research, Development and Dissemination		(2,340)
	<b>Total U.S. Department Of Education Direct Awards</b>		<u>2,053,756</u>
<b>U.S. Department Of Education Pass-Through Awards</b>			
84.051	Vocational Education National Programs	University of Louisville	218,460
84.133	National Institute on Disability and Rehabilitation Research	City University of New York	9,646
84.298	State Grants for Innovative Programs	Dept of Education, Puerto Rico	524,374
84.366	Mathematics and Science Partnerships	Syracuse City School District	16,606
	<b>Total U.S. Department Of Education Pass-Through Awards</b>		<u>769,086</u>
	<b>Total U.S. Department Of Education Awards</b>		<u>2,822,842</u>
<b>U.S. Department of Energy Direct Awards</b>			
81.000	Department of Energy		1,467,361
81.049	Office of Science Financial Assistance Program		5,094,027
81.087	Renewable Energy Research and Development		462,212
81.114	University Reactor Infrastructure and Education Support		2,220,416
81.121	Nuclear Energy Research, Development and Demonstration		275,457
	<b>Total U.S. Department of Energy Direct Awards</b>		<u>9,519,473</u>
<b>U.S. Department of Energy Pass-Through Awards</b>			
81.000	Department of Energy	Brookhaven National Lab	717,851
81.000		Fermi National Accelerator Laboratory	218,897
81.000		Lawrence Berkeley Laboratory	21,147
81.000		Lawrence Livermore Nat'L Lab	33,602
81.000		Natl Renewable Energy Lab	49,546
81.000		Novozymes, Inc.	64,415
81.000		Sandia Laboratories	439,753
81.000		Stanford University	487,078
81.000		Structured Materials Industries Inc.	142,916
81.000		Suny College of Environmental Science And Forestry	2,600
81.049	Office of Science Financial Assistance Program	Lehigh University	111,988
81.049		Natl Renewable Energy Lab	148,938
81.049		Pennsylvania State Univ	56,756
81.049		Princeton University	110,679
81.049		Sandia Laboratories	120,131
81.049		Stanford University	22,008
81.049		Texas A&M University	7,317
81.049		University of Central Florida	10,784
81.049		University of Florida	24,455
81.049		University of Wisconsin Madison	27,152
81.079	Regional Biomass Energy Programs	National Renewable Energy Lab	93,583
81.079		South Dakota State University	167,912
81.079		South Dakota State University	22,084
81.079		Natl Renewable Energy Lab	47,655
	<b>Total U.S. Department of Energy Pass-Through Awards</b>		<u>3,149,247</u>
	<b>Total U.S. Department of Energy Awards</b>		<u>12,668,720</u>

The accompanying notes are an integral part of these financial statements.

**Cornell University**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2009**

CFDA No.	Description	Pass-Through Entity	Federal Expenditures
<b>U.S. Department of Health and Human Services Direct Awards</b>			
93.000	Department of Health and Human Services		3,670,857
93.061	Innovations in Applied Public Health Research		77,479
93.103	Food and Drug Administration Research		8,324
93.110	Maternal and Child Health Federal Consolidated Programs		140,631
93.113	Biological Response to Environmental Health Hazards		1,312,301
93.121	Oral Diseases and Disorders Research		867,693
93.172	Human Genome Research		199,004
93.173	Research Related to Deafness and Communication Disorders		1,878,071
93.213	Research and Training in Complementary and Alternative Medicine		194,842
93.225	National Research Service Awards Health Services Research Training		357,431
93.226	Research on Healthcare Costs, Quality and Outcomes		1,638,178
93.242	Mental Health Research Grants		1,048,410
93.272	Alcohol National Research Service Awards for Research Training		9,822,394
93.273	Alcohol Research Programs		204,850
93.277	Drug Abuse Scientist Development Awards, Research Scientist Development Awards, and Research Scientist Awards		(1,772)
93.279	Drug Abuse Research Programs		6,926,009
93.281	Mental Health Research Career/Scientist Development Awards		875,437
93.282	Mental Health National Research Service Awards for Research Training		161,491
93.283	Centers for Disease Control and Prevention Investigations and Technical Assistance		207,273
93.286	Discovery and Applied Research		3,019,993
93.306	Comparative Medicine Program		133,838
93.307	Minority Health and Health Disparities Research		59,141
93.310	Trans-NIH Research Support (B,M)		238,487
93.333	General Clinical Research Centers		87,956
93.361	Nursing Research		485,995
93.371	Biomedical Research Technology		2,063,840
93.389	National Center for Research Resources		20,180,400
93.393	Cancer Cause and Prevention Research		3,722,829
93.394	Cancer Detection and Diagnosis Research		1,022,557
93.395	Cancer Treatment Research		1,461,348
93.396	Cancer Biology Research		2,631,234
93.398	Cancer Research Manpower		1,542,109
93.399	Cancer Control		695,575
93.647	Social Services Research and Demonstration		5,094
93.670	Child Abuse and Neglect Discretionary Activities		595,427
93.701	Trans -NIH Recovery Act Research Support		29,113
93.837	Heart and Vascular Diseases Research		13,187,572
93.838	Lung Diseases Research		5,857,815
93.839	Blood Diseases and Resources Research		1,838,119
93.846	Arthritis, Musculoskeletal and Skin Diseases Research		2,260,850
93.847	Diabetes, Endocrinology and Metabolism Research		4,303,852
93.848	Digestive Diseases and Nutrition Research		1,626,064
93.849	Kidney Diseases, Urology and Hematology Research		2,356,850
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders		10,859,220
93.855	Allergy, Immunology and Transplantation Research		21,761,874
93.856	Microbiology and Infectious Diseases Research		5,880,233
93.859	Biomedical Research and Research Training		24,757,347
93.864	Population Research		975,849
93.865	Child Health and Human Development Extramural Research		4,963,780
93.866	Aging Research		2,654,995
93.867	Vision Research		4,149,998
93.886	Grants for Physician Assistant Training Program		344,661
93.925	Scholarships for Health Professions Students from Disadvantaged Backgrounds		98,001
93.989	International Research and Research Training		1,458,699
<b>Total U.S. Department of Health and Human Services Direct Awards</b>			<b>176,899,618</b>

The accompanying notes are an integral part of these financial statements.

**Cornell University**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2009**

CFDA No.	Description	Pass-Through Entity	Federal Expenditures
<b>U.S. Department of Health and Human Services Pass-Through Awards</b>			
93.000	Department of Health and Human Services	Abt Associates, Inc.	32,433
93.000		Aces Inc.	7,500
93.000		Advalue Photonics, Inc.	3,877
93.000		Agency for Hr & Q	270,466
93.000		Apa	20,771
93.000		Bedford Va R.C.I.	42,895
93.000		Beth Israel Deaconess	138,934
93.000		Brentwood Biomed Rl	35,112
93.000		Burke Mri	443,528
93.000		Calgb Foundation	28,137
93.000		Case Western Reserve University	214,043
93.000		Cold Spring Harbor Lab	35,913
93.000		Columbia University	27,288
93.000		Concept Systems Inc	(883)
93.000		Ctr. for Disease Control	103,013
93.000		Dept of Defense	74,057
93.000		Dept of Va	59,359
93.000		Discovery Logic, Inc.	10,322
93.000		Emmes Corp.	180,396
93.000		Emory University	196,303
93.000		Fox Chase Cancer	6
93.000		Gheskio Center	93,212
93.000		Gliatech Inc.	17
93.000		Health Research Inc	64,692
93.000		Hosp. for Sp. Surgery	15,251
93.000		Indiana University	225,969
93.000		Johns Hopkins University	313,038
93.000		Lij Med. Ctr	10,509
93.000		Medstar Research Inst	106,919
93.000		Montefiore Med Ctr	71,330
93.000		Mt. Sinai	138,411
93.000		Myomo, Inc.	12,852
93.000		National Cancer Institute	1,031,380
93.000		New York University	(3,732)
93.000		Nih/Nida	128,213
93.000		Northern Ca Institute. for Res & Ed	102,802
93.000		Ny Academy of Medicine	11,606
93.000		Progenics Pharmaceuticals, Inc.	580,246
93.000		Rice University	42,983
93.000		Riverside Research Institute	1,419
93.000		Rockefeller University	58,830
93.000		Rti-Nhlbi	356,241
93.000		Saic Frederick, Inc.	73,231
93.000		Sloan-Kettering Institute	213,548
93.000		Social & Scientific Systems, Inc.:	39,417
93.000		Stanford University	538,713
93.000		Strang Cancer	171,970

The accompanying notes are an integral part of these financial statements.

**Cornell University**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2009**

CFDA No.	Description	Pass-Through Entity	Federal Expenditures
<b>U.S. Department of Health and Human Services Pass-Through Awards (continued)</b>			
93.000	Department of Health and Human Services	Taconic Ipa	(20)
93.000		U.S. Army	53,735
93.000		University College of London	9,522
93.000		University of California, Davis	108,726
93.000		University of Colorado	10,269
93.000		University of Minnesota	46
93.000		University of Pittsburgh	971
93.000		University of Rochester	455,825
93.000		Utx Md Anderson Cc	273,316
93.000		Vanderbilt University	205,012
93.000		Visiting Nurses Srvc	50,096
93.113	Biological Response to Environmental Health Hazards	Boston University	46,460
93.113		Mount Sinai School of Medicine	7,749
93.121	Oral Diseases and Disorders Research	Nj Med School	19,651
93.145	AIDS Education and Training Centers	Columbia University	213,190
93.145		University of Washington	394,275
93.172	Human Genome Research	Princeton University	(498)
93.173	Research Related to Deafness and Communication Disorders	Rf Suny	21,000
93.213	Research and Training in Complementary and Alternative Medicine	New York University School of Medicine	22,878
93.226	Research on Healthcare Costs, Quality and Outcomes	Brigham & Women's Hospital	90,378
93.242	Mental Health Research Grants	Brigham & Women's Hospital	89,904
93.242		Darmouth College	112,538
93.242		Duke University	6,419
93.242		New York University	235,164
93.242		Princeton University	191,111
93.242		Research Fdn for Mental Hygiene	73,097
93.242		University of Colorado	61,507
93.242		University of Rochester	3,845
93.272	Alcohol National Research Service Awards for Research Training	American Society For Cell Biology	1,093
93.279	Drug Abuse Research Programs	Mt. Sinai	158,333
93.279		Rockefeller University	330,613
93.279		University of California, San Francisco	211,293
93.279		University of Illinois-Chicago	(36,547)
93.279		University of Miami	14,542
93.279		University of Pittsburgh	5,910
93.283	Centers for Disease Control and Prevention Investigations and Technical Assistance	Columbia University	44,788
93.286	Discovery and Applied Research	Boston University	130,122
93.286		Mayo Clinic College of Medicine	125,348
93.286		Riverside Research Institute	91,073
93.286		Stanford University	90,668
93.286		University of Maryland	150,713
93.310	Trans-NIH Research Support (B,M)	Boyce Thompson Institute	57,190
93.361	Nursing Research	Columbia University	51,794
93.371	Biomedical Research Technology	Area Detector Systems Corporation	100,760
93.392	Cancer Construction	Boston Medical Center	32,142
93.393	Cancer Cause and Prevention Research	Baylor College of Medicine	26,308
93.393		University of Tennessee	2,951
93.395	Cancer Treatment Research	Emmes Corp.	54,197
93.395		Juvaris Bio Therapeutics, Inc.	24,702
93.395		Mt. Sinai	99
93.395		University of Chicago	90,981
93.396	Cancer Biology Research	Brigham & Women's Hospital	129,221

The accompanying notes are an integral part of these financial statements.

**Cornell University**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2009**

CFDA No.	Description	Pass-Through Entity	Federal Expenditures
<b>U.S. Department of Health and Human Services Pass-Through Awards (continued)</b>			
93.396	Cancer Biology Research	Case Western University	104,601
93.396		University of Rochester	29,116
93.397	Cancer Centers Support Grants	Dana Farber Cancer Institute	247,303
93.397		Emory University	45,209
93.397		Fox Chase Cancer Center	(878)
93.397		Montefiore Medical Center	343,745
93.397		Roswell Park Cancer Institute	25,000
93.397		Ut Southwestern Medical Center	4
93.399	Cancer Control	Emory University	68,591
93.399		Sloan-Kettering Institute	9
93.399		University of Michigan	15,191
93.399		University of Washington	141,492
93.399		Utx Hsc @ San Antonio	258,309
93.399		Utx Md Anderson Cc	102,389
93.648	Child Welfare Services Training Grants	James Bell Associates Inc.	9,865
93.821	Cell Biology and Biophysics Research	Stanford University	(2,352)
93.821		University of South Carolina	3,857
93.837	Heart and Vascular Diseases Research	Columbia University	200,979
93.837		Mt. Sinai	312,255
93.837		Suny Buffalo State	46,593
93.837		University of Alabama	7,019
93.837		University of California, Los Angeles	289,390
93.837		University of California, San Francisco	21,396
93.837		University of Iowa	216,942
93.837		University of Michigan	97,185
93.837		University of North Carolina	5,718
93.837		University of Oklahoma	2
93.837		University of Rochester	618
93.838	Lung Diseases Research	University of Pennsylvania	119,627
93.839	Blood Diseases and Resources Research	Umdnj	18,199
93.839		University of Pennsylvania	32,432
93.839		University of Pittsburgh	1,100
93.839		University of Rochester	316,620
93.846	Arthritis, Musculoskeletal and Skin Diseases Research	Hospital for Special Surgery	66,448
93.846		Hospital For Special Surgery	85,483
93.846		Suny Upstate Medical Center	10,772
93.846		University of Southern California	71,798
93.847	Diabetes, Endocrinology and Metabolism Research	Gene Network Sciences	21,584
93.847		University of Minnesota	18,648
93.848	Digestive Diseases and Nutrition Research	Case Western University	20,077
93.848		Columbia University	33,964
93.848		Saint Francis Hospital And Medical Center	31,536
93.848		University of North Carolina	104,231
93.849	Kidney Diseases, Urology and Hematology Research	Ny Medical College	45,668
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders	Columbia University	91,018
93.853		Health Research Inc	26,335
93.853		Johns Hopkins University	20,282
93.853		University of Miami	25,081
93.853		University of Missouri	53,345
93.853		University of Pittsburgh	48,404
93.853		Yale University	6,087
93.855	Allergy, Immunology and Transplantation Research	Beth Israel Deaconess	31,450
93.855		Brigham & Women's Hospital	109,042
93.855		Burnham Institute	56,971
93.855		Colorado State University	116,242
93.855		Duke University	46,142
93.855		Federal University of Bahia	69,910

The accompanying notes are an integral part of these financial statements.

**Cornell University**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2009**

CFDA No.	Description	Pass-Through Entity	Federal Expenditures
<b>U.S. Department of Health and Human Services Pass-Through Awards (continued)</b>			
93.855	Allergy, Immunology and Transplantation Research	Fred Hutchinson Crc	21,870
93.855		Health Research Inc	106,151
93.855		Health Research, Inc.	261,063
93.855		Health Ri	212,558
93.855		Hri	118,083
93.855		Massachusetts General Hospital	4,792
93.855		Montefiore Medical Center	15,921
93.855		Sloan-Kettering Institute	200,851
93.855		Social & Scientific Systems, Inc.:	57,774
93.855		Stanford University	59,841
93.855		University of Pennsylvania	459,354
93.855		Vanderbilt University	83,790
93.856	Microbiology and Infectious Diseases Research	Columbia University	57,479
93.856		Federal University of Bahia	10,057
93.856		Fred Hutchinson Crc	111
93.856		Gheskio Center	90,133
93.856		University of Alabama Birmingham	9,674
93.859	Biomedical Research and Research Training	Gladstone J Davis Institute	53,763
93.859		Hauptman-Woodward Medical Research Institute Inc.	106,606
93.859		Mitegen, Llc	49,110
93.859		Molsoft Llc	29,723
93.859		Pennsylvania State Univ	159,893
93.859		Sloan-Kettering Institute	184,784
93.859		University of Chicago	39,838
93.859		University of Maryland Baltimore	14,139
93.859		University of Michigan	366,034
93.859		University of Minnesota	84,608
93.859		University of Utah	82,648
93.864	Population Research	Jackson Laboratory	173,929
93.864		Ohio State University	67,621
93.865	Child Health and Human Development Extramural Research	University of Georgia	57,792
93.865		University of Rochester	86,515
93.866	Aging Research	Northwestern University	42,904
93.866		Purdue University	58,841
93.866		Rockefeller University	24,883
93.866		University of California, San Diego	226,580
93.866		University of Louisville Rfi	16,633
93.866		University of North Carolina, Chapel Hill	13,108
93.867	Vision Research	Johns Hopkins University	215,752
93.867		Princeton University	16,091
93.867		University of Illinois	82,548
93.867		University of Rochester	11,978
93.989	International Research and Research Training	Vanderbilt University	25,039
<b>Total U.S. Department of Health and Human Services Pass-Through Awards</b>			<b>19,315,903</b>
<b>Total U.S. Department of Health and Human Services Awards</b>			<b>196,215,521</b>
<b>Department of Homeland Security Direct Awards</b>			
97.000	Department of Homeland Security		16,114
97.069	Aviation Research Grants		495,465
<b>Total Department of Homeland Security Direct Awards</b>			<b>511,579</b>
<b>Department of Homeland Security Pass-Through Awards</b>			
97.001	One-Time Projects	Dartmouth College	472,321
97.061	Center for Homeland Security	University of Texas Austin	8,619
<b>Total Department of Homeland Security Pass-Through Awards</b>			<b>480,940</b>
<b>Total Department of Homeland Security Awards</b>			<b>992,519</b>

The accompanying notes are an integral part of these financial statements.

**Cornell University**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2009**

CFDA No.	Description	Pass-Through Entity	Federal Expenditures
<b>Department of Housing and Urban Development Direct Awards</b>			
14.517	Early Doctoral Student Research Grants		(3,000)
	<b>Total Department of Housing and Urban Development Awards</b>		<u>(3,000)</u>
<b>Department of Justice Direct Awards</b>			
16.000	Department of Justice		5,400
16.560	National Institute of Justice Research, Evaluation, and Development Project Grants		284,522
	<b>Total Department of Justice Awards</b>		<u>289,922</u>
<b>Department of Labor Pass-Through Awards</b>			
17.720	Employment Programs for People with Disabilities	Merck And Company, Inc	24,705
17.720		Urban Institute	(25)
	<b>Total Department of Labor Awards</b>		<u>24,680</u>
<b>Department of State Pass-Through Awards</b>			
19.000	Department of State	Centro Internacional De Mejoramiento	(65,227)
19.000		University of Hawaii	48,748
	<b>Total Department of State Awards</b>		<u>(16,479)</u>
<b>Department of the Interior Direct Awards</b>			
15.000	Department of Interior		154,609
15.608	Fish and Wildlife Management Assistance		11,735
15.615	Cooperative Endangered Species Conservation Fund		179,332
15.620	African Elephant Conservation		33,572
15.635	Neotropical Migratory Bird Conservation		17,666
15.805	Assistance to State Water Resources Research Institutes		95,776
15.807	Earthquake Hazards Reduction Program		34,695
15.808	U.S. Geological Survey Research and Data Collection		443,832
15.812	Cooperative Research Units Program		5,135
	<b>Department of the Interior Direct Awards</b>		<u>976,352</u>
<b>Department of the Interior Pass-Through Awards</b>			
15.608	Fish and Wildlife Management Assistance	Arkansas Game And Fish Commission	1,550
15.608		National Fish And Wildlife Foundation	213,507
15.634	State Wildlife Grants	New Hampshire Fish And Game Department	43,709
	<b>Total Department of the Interior Pass-Through Awards</b>		<u>258,766</u>
	<b>Total Department of the Interior Awards</b>		<u>1,235,118</u>
<b>Department of Transportation Direct Awards</b>			
20.000	Department of Transportation		261,187
20.761	Biobased Transportation Research		1,257,991
	<b>Total Department of Transportation Direct Awards</b>		<u>1,519,178</u>
<b>Department of Transportation Pass-Through Awards</b>			
20.205	Highway Planning and Construction	NYS Department of Transportation	1,064,284
20.502	Federal Transit Grants for University Research and Training	City University of New York	222,082
20.600	State and Community Highway Safety	NYS Department of Motor Vehicles	26,781
20.701	University Transportation Centers Program	City University of New York	4,989
20.761	Biobased Transportation Research	Pennsylvania State University	37,853
	<b>Total Department of Transportation Pass-Through Awards</b>		<u>1,355,989</u>
	<b>Total Department of Transportation Awards</b>		<u>2,875,167</u>

The accompanying notes are an integral part of these financial statements.

**Cornell University**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2009**

CFDA No.	Description	Pass-Through Entity	Federal Expenditures
<b>Environmental Protection Agency Direct Awards</b>			
66.460	Nonpoint Source Implementation Grants		2,800
66.469	Great Lakes Program		32,944
66.511	Office of Research and Development Consolidated Research		155,908
66.611	Environmental Policy and Innovation Grants		29,220
66.708	Pollution Prevention Grants Program		18,727
	<b>Total Environmental Protection Agency Direct Awards</b>		<u>239,599</u>
<b>Environmental Protection Agency Pass-Through Awards</b>			
66.000	Environmental Protection Agency	Delaware County	80,624
66.000		Perrin Quarles Associates, Inc.	29,997
66.439	Targeted Watershed Grants	Rutgers State Univ of NJ	21,147
66.509	Science To Achieve Results (STAR) Program	Mount Sinai School of Medicine	7,966
66.606	Surveys, Studies, Investigations and Special Purpose Grants	Clarkson University	34,627
66.606		NYS Dept of Environmental Conservation	37,827
66.606		Syracuse Center of Excellence	78,115
66.606		Syracuse University	49,791
	<b>Total Environmental Protection Agency Pass-Through Awards</b>		<u>340,094</u>
	<b>Total Environmental Protection Agency Awards</b>		<u>579,693</u>
<b>National Aeronautics and Space Administration Direct Awards</b>			
43.000	National Aeronautics and Space Administration		2,889,596
43.001	Aerospace Education Services Program		2,169,077
43.002	Technology Transfer		190,404
	<b>Total National Aeronautics and Space Administration Direct Awards</b>		<u>5,249,077</u>
<b>National Aeronautics and Space Administration Pass-Through Awards</b>			
43.000	National Aeronautics and Space Administration	Arizona State University	63,806
43.000		California Institute of Technology	10,223
43.000		Jet Propulsion Laboratory	2,191,797
43.000		Malin Space Science Systems	35,839
43.000		Orbital Technologies, Inc.	24,602
43.000		Smithsonian Astrophysical Observatory	52,715
43.000		Southwest Research Institute	9,608
43.000		University of Arizona	169,915
43.000		University of Maine	36,833
43.000		University of Maryland College Park	308,295
43.000		University of Texas Austin	50,000
43.000		University of Wisconsin	31,801
43.000		Woods Hole Oceanographic Institute	163,282
43.001	Aerospace Education Services Program	Applied Physics Laboratory	39,539
43.001		California Institute of Technology	367,071
43.001		Jet Propulsion Laboratory	3,093,753
43.001		Malin Space Science Systems	139,869
43.001		Seti Institute	42,737
43.001		Space Telescope Science Institute	10,108
43.001		Structured Materials Industries Inc.	103,145
43.001		Universities Space Research Assoc	1,229,670
43.001		University of Arizona	25,511
43.001		University of Pittsburgh	78,681
	<b>Total National Aeronautics and Space Administration Pass-Through Awards</b>		<u>8,278,800</u>
	<b>Total National Aeronautics and Space Administration Awards</b>		<u>13,527,877</u>

The accompanying notes are an integral part of these financial statements.



# Cornell University

## Schedule of Expenditures of Federal Awards

### Year Ended June 30, 2009

CFDA No.	Description	Pass-Through Entity	Federal Expenditures
<b>National Foundation on the Arts and the Humanities Direct Awards</b>			
45.161	Promotion of the Humanities Research		45,426
	<b>Total National Foundation on the Arts and the Humanities Direct Awards</b>		<u>45,426</u>
<b>National Foundation on the Arts and the Humanities Pass-Through Awards</b>			
45.312	National Leadership Grants	University of Florida	62,684
	<b>Total National Foundation on the Arts and the Humanities Pass-Through Awards</b>		<u>62,684</u>
	<b>Total National Foundation on the Arts and the Humanities Awards</b>		<u>108,110</u>
<b>National Science Foundation Direct Awards</b>			
47.041	Engineering Grants		28,224,940
47.049	Mathematical and Physical Sciences		49,658,748
47.050	Geosciences		7,132,912
47.070	Computer and Information Science and Engineering		9,410,465
47.074	Biological Sciences		13,819,637
47.075	Social, Behavioral, and Economic Sciences		2,178,392
47.076	Education and Human Resources		4,729,606
47.079	International Science and Engineering		501,494
47.080	Office of Cyberinfrastructure		159,134
47.082	Trans-NSF Recovery Act Research Support		10,848
	<b>Total National Science Foundation Direct Awards</b>		<u>115,826,176</u>
<b>National Science Foundation Pass-Through Awards</b>			
47.041	Engineering Grants	Consortium of Univ For Research In Earthquake Engineering	38,565
47.041		Lehigh University	22,554
47.041		Massachusetts Institute of Technology	87,523
47.041		Nasfine Photonics, Inc.	9,473
47.041		Texas A&M University	20,971
47.041		University of Arizona	81,712
47.041		University of California Berkeley	588,188
47.041		University of Michigan	24,117
47.041		University of Rochester	23,241
47.041		University of Texas System	105,908
47.049	Mathematical and Physical Sciences	Georgia Institute of Technology	(71)
47.049		Iowa State University	78,578
47.049		Natl Radio Astronomy Observ	13,000
47.049		Norfolk State University	99,703
47.049		Pennsylvania State Univ	94,613
47.049		Tuskegee University	125,497
47.049		University of California Berkeley	162,289
47.049		University of California, Los Angeles	407,451
47.049		University of Oregon	68,416
47.049		University of Washington	70,218
47.050	Geosciences	Network For Earthquake Engineering Simulation	588,925
47.050		Rutgers State Univ of NJ	378
47.050		Scientific Solutions	42,746
47.070	Computer and Information Science and Engineering	Carnegie-Mellon University	57,746
47.070		Univ.Corp-Atmospheric Resear	436,084
47.070		University of California, Davis	84,705
47.070		University of Illinois-Chicago	30,376
47.070		University of Maryland	81,146
47.070		University of Texas Austin	127,705
47.074	Biological Sciences	Boyce Thompson Institute	106,393
47.074		Carleton College	6,086
47.074		Cold Spring Harbor Laboratory	546,507
47.074		Colorado State University	107,023

The accompanying notes are an integral part of these financial statements.

**Cornell University**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2009**

CFDA No.	Description	Pass-Through Entity	Federal Expenditures
<b>National Science Foundation Pass-Through Awards (continued)</b>			
47.074	Biological Sciences	New York University	182,010
47.074		Oregon State University	10,559
47.074		Pennsylvania State Univ	27,968
47.074		Purdue University	8,502
47.074		University of Arizona	68,901
47.074		University of California Riverside	121,878
47.074		University of Florida	73,372
47.074		University of Illinois Urbana-Champaign	103,205
47.074		University of Kansas	4,338
47.074		University of Oregon	317,605
47.074		University of Wisconsin	185,769
47.074		University of Wisconsin Madison	91,130
47.074		Virginia Polytechnic Institute & State University	15,267
47.074		Yale University	566,575
47.075	Social, Behavioral and Economic Sciences	University of Delaware	57,578
47.075		University of Texas At El Paso	113,126
47.076	Education and Human Resources	Association of Science-Technology Centers	57,454
47.076		Boston Museum of Science	257
47.076		Clark Atlanta University	45,256
47.076		Hobart & William Smith Colleges	52,994
47.076		Ohio State University	177,260
47.076		Utah State University	19,981
47.078	Polar Programs	San Diego State University Research Foundation	33,025
47.079	International Science and Engineering	New Jersey Inst. of Technology	15,432
47.079		US Civilian Research & Development Foundation	3,100
47.080	Office of Cyberinfrastructure	University of Texas Austin	483,584
	<b>Total National Science Foundation Pass-Through Awards</b>		<u>7,173,892</u>
	<b>Total National Science Foundation Awards</b>		<u>123,000,068</u>
<b>Office of Personnel Management Pass-Through Awards</b>			
27.011	Intergovernmental Personnel Act (IPA) Mobility Program	General Electric	23,257
	<b>Total Office of Personnel Management Awards</b>		<u>23,257</u>
<b>Social Security Administration Pass-Through Awards</b>			
96.007	Social Security Research and Demonstration	University of Michigan	55,296
	<b>Total Social Security Administration Awards</b>		<u>55,296</u>
<b>United States Agency for International Development Direct Awards</b>			
98.000	United States Agency for International Development		1,584,509
98.001	USAID Foreign Assistance for Programs Overseas		628,740
	<b>Total United States Agency for International Development Direct Awards</b>		<u>2,213,249</u>
<b>United States Agency for International Development Pass-Through Awards</b>			
98.000	United States Agency for International Development	Calvin College	75,573
98.000		Centro Internacional De Mejoramiento	2,342
98.000		International Rice Research Institute	18,214
98.000		Michigan State University	188,950
98.000		University of California, Davis	34,604
98.001	USAID Foreign Assistance for Programs Overseas	University of Hawaii	3,348
98.001		University of Wisconsin Madison	266,211
98.001		Virginia Polytechnic Institute & State University	327,028
98.012	USAID Development Partnerships for University Cooperation and Development (B)	University of Georgia	58,065
	<b>Total United States Agency for International Development Pass-Through Awards</b>		<u>974,335</u>
	<b>Total United States Agency for International Development Awards</b>		<u>3,187,584</u>

The accompanying notes are an integral part of these financial statements.

**Cornell University**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2009**

CFDA No.	Description	Pass-Through Entity	Federal Expenditures
<b>United States Institute of Peace Direct Awards</b>			
91.002	Solicited Grant Program		32,359
	<b>Total United States Institute of Peace Awards</b>		<u>32,359</u>
<b>Total Research and Development Program Cluster</b>			<u>412,552,479</u>
<b>Other Awards:</b>			
<b>Corporation for National and Community Service Direct Awards</b>			
94.013	Volunteers in Service to America		67,463
	<b>Total Corporation for National and Community Service Direct Awards</b>		<u>67,463</u>
<b>Corporation for National and Community Service Pass-Through Awards</b>			
94.005	Learn and Serve America Higher Education	Long Term Care, Foundation For	6,327
94.005		Pennsylvania Campus Compact	24,735
	<b>Total Corporation for National and Community Service Pass-Through Awards</b>		<u>31,062</u>
	<b>Total Corporation for National and Community Service Awards</b>		<u>98,525</u>
<b>U.S. Department of Agriculture Direct Awards</b>			
10.000	Department of Agriculture		115,590
10.001	Agricultural Research Basic and Applied Research		11,159
10.025	Plant and Animal Disease, Pest Control, and Animal Care		43,293
10.140	Minority Research and Teaching Grants		(828)
10.200	Grants for Agricultural Research, Special Research Grants		258,434
10.203	Payments to Agricultural Experiment Stations Under the Hatch Act		298,570
10.206	Grants for Agricultural Research Competitive Research Grants		4,400
10.217	Higher Education Challenge Grants		11,061
10.304	Homeland Security Agricultural		303,445
10.350	Technical Assistance to Cooperatives		5,669
10.664	Cooperative Forestry Assistance		31,770
10.677	Forest Land Enhancement Program		25,714
10.912	Environmental Quality Incentives Program		57,171
10.950	Agricultural Statistics Reports		99,570
10.960	Technical Agricultural Assistance		12,884
10.961	Scientific Cooperation and Research		223,322
10.962	International Training Foreign Participant		85,206
	<b>Total U.S. Department of Agriculture Direct Awards</b>		<u>1,586,430</u>
<b>U.S. Department of Agriculture Pass-Through Awards</b>			
10.000	Department of Agriculture	National Association of State Universities And Land Grant Colleges	32,042
10.000		NYS Dept of Agriculture & Markets	13,551
10.025	Plant and Animal Disease, Pest Control and Animal Care	NYS Dept of Agriculture & Markets	457,353
10.200	Grants for Agricultural Research, Special Research Grants	Pennsylvania State University	5,406
10.200		University of Vermont	24,621
10.215	Sustainable Agriculture Research and Education	University of Vermont	113,752
10.217	Higher Education Challenge Grants	University of Delaware	11,274
10.303	Integrated Programs	Michigan State University	31,342
10.303		Oregon State University	26,508
10.303		Pennsylvania State Univ	474,761
10.303		Suny Research Foundation	10,332
10.458	Crop Insurance Education in Targeted States	NYS Dept of Agriculture & Markets	36,459
10.551	Food Stamps	NYS Office of Temporary And Disability Assistance	84,582
10.551		Office of Domestic Violence & Emergency Intervention Services NYC	1,859,494
10.912	Environmental Quality Incentives Program	Foundation of Agronomic Research	2,743
10.960	Technical Agricultural Assistance	University of California, Davis	27,884
	<b>Total U.S. Department of Agriculture Pass-Through Awards</b>		<u>3,212,104</u>
	<b>Total U.S. Department of Agriculture Awards</b>		<u>4,798,534</u>

The accompanying notes are an integral part of these financial statements.

**Cornell University**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2009**

CFDA No.	Description	Pass-Through Entity	Federal Expenditures
<b>U.S. Department of Commerce Direct Awards</b>			
11.302	Economic Development Support for Planning Organizations		97,649
11.303	Economic Development Technical Assistance		14,454
11.609	Measurement and Engineering Research and Standards		14,680
	<b>Total U.S. Department of Commerce Direct Awards</b>		<u>126,783</u>
<b>U.S. Department of Commerce Pass-Through Awards</b>			
11.417	Sea Grant Support	New York Sea Grant Institute, Stony Brook	612,403
11.417		Suny Research Foundation	(1,175)
11.417		University of Michigan	52,390
11.431	Climate and Atmospheric Research	Ohio State University	14,544
11.472	Unallied Science Program	Suny Research Foundation	18,209
	<b>Total U.S. Department of Commerce Pass Through Awards</b>		<u>696,371</u>
	<b>Total U.S. Department of Commerce Awards</b>		<u>823,154</u>
<b>U.S. Department of Defense Direct Awards</b>			
12.420	Military Medical Research and Development		12,262
	<b>Total U.S. Department Of Defense Awards</b>		<u>12,262</u>
<b>U.S. Department of Education Direct Awards</b>			
84.015	National Resource Centers and Fellowships Program for Language and Area or Language and International Studies		1,729,630
84.017	International Research and Studies		26,699
84.022	Overseas Doctoral Dissertation		92,004
84.047	TRIO Upward Bound		300,976
84.133	National Institute on Disability and Rehabilitation Research		944,379
84.170	Javits Fellowships		30,400
	<b>Total U.S. Department of Education Direct Awards</b>		<u>3,124,088</u>
<b>U.S. Department of Education Pass-Through Awards</b>			
84.000	Department of Education	NYS Dept of Education	905,101
84.000		NYS Office of Children And Family Services	415,417
84.027	Special Education Grants to States	NYS Dept of Education	459,012
	<b>Total U.S. Department Of Education Pass-Through Awards</b>		<u>1,779,530</u>
	<b>Total U.S. Department Of Education Awards</b>		<u>4,903,618</u>
<b>U.S. Department of Health and Human Services Direct Awards</b>			
93.000	Department of Health and Human Services		84,653
93.173	Research Related to Deafness and Communication Disorders		81,444
93.213	Research and Training in Complementary and Alternative Medicine		36,771
93.242	Mental Health Research Grants		66,272
93.282	Mental Health National Research Service Awards for Research Training		46,285
93.393	Cancer Cause and Prevention Research		1,128
93.398	Cancer Research Manpower		87,938
93.837	Heart and Vascular Diseases Research		83,977
93.847	Diabetes, Endocrinology and Metabolism Research		236,991
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders		610,640
93.855	Allergy, Immunology and Transplantation Research		315,419
93.859	Biomedical Research and Research Training		491
93.865	Child Health and Human Development Extramural Research		38,403
93.866	Aging Research		27,424
93.867	Vision Research		87,587
93.880	Minority Access to Research Careers		1,076
	<b>Total U.S. Department of Health and Human Services Direct Awards</b>		<u>1,806,499</u>

The accompanying notes are an integral part of these financial statements.

**Cornell University**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2009**

CFDA No.	Description	Pass-Through Entity	Federal Expenditures
<b>U.S. Department of Health and Human Services Pass-Through Awards</b>			
93.558	Temporary Assistance for Needy Families	NYS Office of Children And Family Services	483,142
93.630	Developmental Disabilities Basic Support and Advocacy Grants	Developmental Disabilities Planning Cncl	54,384
93.648	Child Welfare Services Training Grants	Suny Buffalo State	373,415
93.658	Foster Care Title IV-E	NYS Office of Children And Family Services	69,529
93.658		NYS Office of Temporary And Disability Assistance	271,232
93.768	Medicaid Infrastructure Grants To Support the Competitive Employment of People with Disabilities	Research Foundation For Mental Hygiene Inc.	589,648
93.859	Biomedical Research and Research Training	University of California, San Diego	72,201
93.940	HIV Prevention Activities Health Department Based	Health Research Inc	41,377
	<b>Total U.S. Department of Health and Human Services Pass-Through Awards</b>		<u>1,954,928</u>
	<b>Total U.S. Department of Health and Human Services Awards</b>		<u>3,761,427</u>
<b>Department of Housing and Urban Development Pass-Through Awards</b>			
14.000	Department of Housing and Urban Development	American Small Business Alliance, Inc.	32,166
14.000		Voices Inc.	(24,326)
14.900	Lead-Based Paint Hazard Control in Privately-Owned Housing	Monroe County	36,507
	<b>Total Department of Housing and Urban Development Awards</b>		<u>44,347</u>
<b>Department of State Pass-Through Awards</b>			
19.400	Educational Exchange Graduate Students	Institute of International Education	187,008
	<b>Total Department of State Awards</b>		<u>187,008</u>
<b>Department of Transportation Pass-Through Awards</b>			
20.600	State and Community Highway Safety	NYS Dept of Motor Vehicles	16,941
	<b>Total Department of Transportation Awards</b>		<u>16,941</u>
<b>Environmental Protection Agency Direct Awards</b>			
66.000	Environmental Protection Agency		18,400
66.437	Long Island Sound Program		143,497
66.456	National Estuary Program		51,800
66.500	Environmental Protection Consolidated Research		101,123
66.714	Pesticide Environmental Stewardship Regional Grants		14,452
	<b>Total Environmental Protection Agency Awards</b>		<u>329,272</u>
<b>National Foundation on the Arts and the Humanities Direct Awards</b>			
45.000	National Foundation on the Arts and the Humanities		250,153
45.024	Promotion of the Arts Grants to Organizations and Individuals		16,228
45.146	Promotion of the Humanities-Research Materials: Editions		127,625
45.149	Promotion of the Humanities Division of Preservation and Access		150,152
45.162	Promotion of the Humanities Teaching and Learning Resources and Curriculum Development		15,477
45.301	Museum for America Grants		15,053
45.303	Conservation Project Support		15,487
45.312	National Leadership Grants		98,897
	<b>Total National Foundation on the Arts and the Humanities Direct Awards</b>		<u>689,072</u>
<b>National Foundation on the Arts and the Humanities Pass-Through Awards</b>			
45.129	Promotion of the Humanities Federal/State Partnership	New York Council For The Humanities	17,270
	<b>Total National Foundation on the Arts and the Humanities Pass-Through Awards</b>		<u>17,270</u>
	<b>Total National Foundation on the Arts and the Humanities Awards</b>		<u>706,342</u>

The accompanying notes are an integral part of these financial statements.

**Cornell University**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2009**

CFDA No.	Description	Pass-Through Entity	Federal Expenditures
<b>National Science Foundation Direct Awards</b>			
47.041	Engineering Grants		255,740
47.049	Mathematical and Physical Sciences		215,134
47.074	Biological Sciences		17,769
47.075	Social, Behavioral, and Economic Sciences		507,339
47.076	Education and Human Resources		2,531,604
47.079	International Science and Engineering		11,923
	<b>Total National Science Foundation Direct Awards</b>		<u>3,539,509</u>
<b>National Science Foundation Pass-Through Awards</b>			
47.076	Education and Human Resources	Hobart & William Smith Colleges	53,130
47.076		Syracuse University	117,829
	<b>Total National Science Foundation Pass-Through Awards</b>		<u>170,959</u>
	<b>Total National Science Foundation Awards</b>		<u>3,710,468</u>
<b>Nuclear Regulatory Commission Direct Awards</b>			
77.000	Nuclear Regulatory Commission		95,320
	<b>Total Nuclear Regulatory Commission Awards</b>		<u>95,320</u>
<b>Social Security Administration Pass-Through Awards</b>			
96.008	Social Security Benefits Planning, Assistance and Outreach Program	NYS Office of Temporary And Disability Assistance	143,712
	<b>Total Social Security Administration Awards</b>		<u>143,712</u>
<b>United States Agency for International Development Direct Awards</b>			
98.000	United States Agency for International Development		194,238
98.001	USAID Foreign Assistance for Programs Overseas		1,104,177
	<b>Total United States Agency for International Development Awards</b>		<u>1,298,415</u>
<b>United States Institute of Peace Direct Awards</b>			
91.001	Unsolicited Grant Program		13,579
	<b>Total United States Institute of Peace Awards</b>		<u>13,579</u>
<b>Total Other Awards</b>			<u>20,942,924</u>
<b>Total Federal Award Expenditures for the year ended June 30, 2009</b>			<u>555,386,213</u>

The accompanying notes are an integral part of these financial statements.

# Cornell University

## Notes to Schedule of Expenditures of Federal Awards

### Year Ended June 30, 2009

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#### 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Cornell University (the University) and is presented on the accrual basis of accounting; The information in the schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic consolidated financial statements,

Significant categories of awards for the University are as follows:

##### **Research and Development**

Includes awards for research and development work of the University under grants and contracts primarily funded by the Department of Health and Human Services, the National Science Foundation, the Department of Agriculture, the Department of Defense, the National Aeronautics Space Administration, and the Department of Energy.

##### **Student Financial Assistance**

Includes certain awards to provide financial assistance to students, under the Federal Work-Study (FWS), Federal Pell Grant (Pell), and Federal Supplemental Educational Opportunity Grant (FSEOG) programs. Student financial assistance also includes the Federal Perkins, Federal Family Education, Federal Direct, and Health Professions Student guaranteed loan programs of the Department of Education or Department of Health and Human Services, The University receives awards to make loans to eligible students under certain federal student loan programs and federally guaranteed loans are issued to students of the University either by various financial institutions or directly by the University.

##### **Cooperative Extension Service**

Includes awards issued by the Department of Agriculture under the Smith-Lever Act for public services and education provided by cooperative extension activities in each county of New York and New York City.

#### 2. Facilities and Administrative Costs

Certain expenditures include a portion of costs associated with general university activities (Facilities and Administrative Costs), which are allocated to awards under negotiated formulas commonly referred to as Facilities and Administrative (F&A) cost rates (formerly known as indirect cost rates).

Federal F&A cost recoveries for the fiscal year ended June 30, 2009 totaled \$108,090,516 including \$67,578,936 for the Ithaca campus and \$40,511,580 for Weill Cornell Medical College (WCMC).

##### **Ithaca Campus**

F&A cost rates for the Ithaca Campus have been finalized through fiscal year 2011 as predetermined rates pursuant to the Department of Health and Human Services (DHHS) rate agreement dated July 30, 2009. Provisional rates have been established for fiscal year 2012 and beyond.

**Cornell University**  
**Notes to Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2009**

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**Weill Cornell Medical College**

F&A cost rates for the WCMC have been finalized through fiscal year 2012 as predetermined rates pursuant to the DHHS rate agreement dated April 29, 2008. Provisional rates have been established for fiscal year 2013 and beyond.

**3. Student Loan Programs**

The University had the following loan balances outstanding at June 30, 2009. These balances are not included in the federal expenditures presented in the schedule,

	<u>CFDA Number</u>	<u>Amount Outstanding</u>
Federal Perkins Loan Program	84.038	\$ 42,265,974
Health Professions Student Loan Program, including Primary Care Loans and Loans for Disadvantage Students	93.342	4,001,445
		<u>\$ 46,267,419</u>

The loan programs noted above are administered directly by the University and balances and transactions relating to these programs are included in the University's basic consolidated financial statements. The schedule of expenditures of federal awards includes loan expenditures and disbursements to students and administrative costs of the loan programs for the year ended June 30, 2009.

The University issued the following amounts of new loans under the Federal Direct Loan and Federal Family Education Loan Programs to students of the University during the year ended June 30, 2009.

Federal Direct Loan Program (FDLP):	
Federal Subsidized	\$ 24,176,491
Federal Unsubsidized	<u>27,284,256</u>
Total FDLP	<u>\$ 51,460,747</u>
Federal Family Education Loan Program	<u>\$ 36,977,907</u>

The University is responsible only for the performance of certain administrative duties with respect to the Federal Family Education Loan and the Federal Direct Loan programs and, accordingly, these loans are not included in the University's basic consolidated financial statements. It is not practical to determine the balance of loans outstanding under these programs at June 30, 2009.

**4. Pass-Through Awards**

The University receives pass-through awards from nonfederal organizations. The University has identified in the schedule of expenditures of federal awards each organization from which the University receives such pass-through awards.

**5. Subrecipients**

The University has 464 subcontracts of its federal funds, which have been issued to subrecipients that total approximately \$61 million. Due to the large number of programs and sponsors, it is not practical to disclose the amount of payments to each subrecipient.



**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  
Cornell University

We have audited the consolidated financial statements of the Cornell University (the "University") as of and for the year ended June 30, 2009, and have issued our report thereon dated October 1, 2009, which includes an explanatory paragraph related to the adoption of the provisions of Statement of Financial Accounting Standards No. 157, Fair Value Measurements. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's 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*.

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 1, 2009

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

To the Board of Trustees  
Cornell University

Compliance

We have audited the compliance of the Cornell University (the "University") 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 for the year ended June 30, 2009, except as described in the second paragraph of this report. The University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the University's management. Our responsibility is to express an opinion on the University's compliance based on our audit.

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 on the University's compliance with those requirements.

In our opinion, based on our audit and the report of other auditors, 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, 2009. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2009-1 through 2009-3.

Internal Control Over Compliance

The management of the University is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the University's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

We did not consider internal control over compliance with the billings, cash receipts, due diligence, and portfolio management compliance requirements specified by the Federal Perkins Loan Program and described in the OMB Circular A-133 Compliance Supplement. Internal control over these compliance requirements was considered by the other auditors referred to above; and our report, insofar as it relates to the Cornell University's internal control over those compliance requirements, is based solely upon the report of the other auditors.

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

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

The University's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the University's response and, accordingly, we express no opinion on it.

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*

January 15, 2010

**Cornell University**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2009**

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**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(ies) identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes \_\_\_\_\_ X None reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes \_\_\_\_\_ X No

***Federal Awards***

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ Yes \_\_\_\_\_ X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes \_\_\_\_\_ X None reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? \_\_\_\_\_ X Yes \_\_\_\_\_ No

Identification of major programs:

<i>CFDA Number(s) or Grantor ID No.</i>	<i>Name of Federal Program or Cluster</i>
Various Various 10.500	Research and Development Cluster Student Financial Aid Cluster Cooperative Extension Services

Dollar threshold used to distinguish between Type A and Type B programs: \$ 3,000,000

Auditee qualified as low-risk auditee? \_\_\_\_\_ X Yes \_\_\_\_\_ No

**Cornell University**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2009**

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**Section II – Financial Statement Findings**

**Current Year:**

No matters are reportable.

**Cornell University**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2009**

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**Section III – Federal Award Findings and Questioned Costs**

**Current Year:**

**(A) Audit Findings**

**2009 - 1 Non-Compliance with Refunded Credit Balances**

**Student Financial Aid Cluster**

**Criteria:**

In accordance with 34CFR section 668.164(e), institutions must pay credit balances directly to the student or parent as soon as possible but (1) no later than 14 days after the balance occurred if the credit balance occurred after the first day of classes or (2) no later than 14 days after the first day of class if the credit balance occurred on or before the first day of class.

**Condition:**

In examining a sample size of 55 student financial aid awards, we noted two instances of non-compliance in refunding students within the 14-day requirement per 34CFR section 668.164(e).

**Cause:**

The timing of the refund was such that the automated feed did not initiate it for processing.

**Effect:**

Late refunds result in non-compliance with the Code of Federal Regulations.

**Recommendation:**

We recommend the University review the circumstances of the late return of the credit balance such as issues with automated feeds, monitoring reviews, or other issues that would contribute to the credit balances being returned on an untimely basis, and ascertain if alternative procedures should be implemented to ensure compliance.

**Management Response:**

See Management Views and Corrective Action Plan

**Cornell University**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2009**

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**2009 - 2 Non-Compliance with Timing of Return of Title IV Funds**

**Student Financial Aid Cluster**

**Criteria:**

In accordance with 34 CFR section 668.173(b), returns of Title IV funds are required to be returned to the Education Department (ED) or the appropriate FFEL lender as soon as possible, but no later than 45 days after the date the institution determines that the student withdrew. Returns by check are late if the check is issued more than 45 days after the institution determined the student withdrew or the date on the canceled check shows the check was endorsed more than 60 days after the date the institution determined that the student withdrew.

**Condition:**

In examining a sample size of 20 students who withdrew from the University and received Title IV funding, we noted three instances of non-compliance in which funds were not returned within the 45-day requirement per 34 CFR section 668.173(b). These instances were noted as the Title IV funds for students who withdrew on 9/18/08, 10/3/08, and 2/13/09 were not returned until 11/13/08, 5/14/09, and 6/13/09, resulting in non-compliant return periods of 47, 223, and 121 days, respectively.

**Cause:**

Functionality in newly-deployed student system was not yet utilized.

**Effect:**

The late returns resulted in non-compliance with the Code of Federal Regulations.

**Recommendation:**

Regulation 34 CFR 668.173(c)(i) states that institutions with a 5% or greater error rate during a compliance audit are not in compliance with federal cash reserve requirements. Given the error rate is greater than 5% (3 exceptions out of 20 sampled), we recommend that the University contact the Department of Education to determine if a letter of credit needs to be established for Title IV funds in accordance with 34 CFR 668.173(d).

**Management Response:**

See Management Views and Corrective Action Plan



# Cornell University

## Schedule of Findings and Questioned Costs

### Year Ended June 30, 2009

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#### 2009 - 3 Non-Compliance of Student Status Changes

**Federal Direct Loans - CFDA Number: 84.268**

**Federal Family Education Loans - CFDA Number: 84.032**

#### **Criteria:**

Under the FFEL and Direct Loan programs, schools must complete and return within 30 days of receipt the Student Status Confirmation Reports (SSCR) sent by ED or a guaranty agency (OMB No. 1845-0035). The SSCR is transmitted electronically. The institution determines how often it receives the SSCR, but the minimum is twice a year. Once received, the institution must update for changes in student status, report the date the enrollment status was effective, enter the new anticipated completion date, and submit the changes electronically through the batch method or the NSLDS web site.

Unless the school expects to complete its next SSCR within 60 days, the school must notify the lender or the guaranty agency within 30 days, if it discovers that a student who received a loan either did not enroll or ceased to be enrolled on at least a half-time basis (FFEL, 34 CFR section 682.610; Direct Loan, 34 CFR section 685.309).

#### **Condition:**

In examining a sample size of 20 students, we noted two instances of non-compliance where student status changes were not updated in the required timeframe. Effective separation dates for the two individuals were 2/18/09 and 8/6/08. Effective change dates per NSLDS were 5/22/09 and 11/21/08, respectively.

#### **Cause:**

In the year of the student system implementation there were delays in updating the withdrawal dates in the Peoplesoft system, and the information was not scheduled to be transferred to NSLDS within the time deadlines required.

#### **Effect:**

Non-compliance with notification requirements related to the code of federal regulations.

#### **Recommendation:**

We recommend the University review the circumstances regarding the late notifications of status changes such as staffing issues, timing during the year, data availability or other issues that would contribute to the late notification of status changes and ascertain if alternative procedures should be implemented to ensure compliance.

#### **Management Response:**

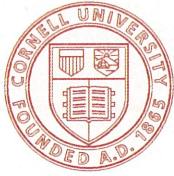
See Management Views and Corrective Action Plan

**Cornell University**  
**Summary Schedule of Prior Audit Findings**  
**Year Ended June 30, 2009**

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**Summary Schedule of Prior Audit Findings**

No findings from prior years require an update.



**Management Views and Corrective Action Plan  
Year Ended June 30, 2009**

The following findings were noted during the audit of Federal programs in accordance with OMB Circular A-133. Management of Cornell University agrees with these findings and proposes the following Corrective Action Plans:

**Finding Number 2009-1: Non-Compliance with Refunded Credit Balances**

**Summary of Finding:**

In accordance with 34CFR section 668.164(e), institutions must pay credit balances directly to the student or parent as soon as possible but (1) no later than 14 days after the balance occurred if the credit balance occurred after the first day of classes or (2) no later than 14 days after the first day of class if the credit balance occurred on or before the first day of class.

In examining a sample size of 55 student financial aid awards, we noted two instances of non-compliance in refunding students within the 14-day requirement per 34CFR section 668.164(e).

We recommend the University review the circumstances of the late return of the credit balance such as issues with automated feeds, monitoring reviews, or other issues that would contribute to the credit balances being returned on an untimely basis, and ascertain if alternative procedures should be implemented to ensure compliance.

**Corrective Action Plan:**

- Management understands that its current process for applying aid creates the concerns identified above and management is currently reviewing options to ensure that Cornell can document the issuance of timely refunds for any federal credit balance.
- Resolution anticipated no later than June 30, 2010.

Responsible Individual: Assistant Bursar for Systems

**Finding Number 2009-2: Non-Compliance with Timing of Return of Title IV Funds**

**Summary of Finding:**

In accordance with 34 CFR section 668.173(b), returns of Title IV funds are required to be returned to the Education Department (ED) or the appropriate FFEL lender as soon as possible, but no later than 45 days after the date the institution determines that the student withdrew. Returns by check are late if the check is issued more than 45 days after the institution determined the student withdrew or the date on the canceled check shows the check was endorsed more than 60 days after the date the institution determined that the student withdrew.

In examining a sample size of 20 students who withdrew from the University and received Title IV funding, we noted three instances of non-compliance in which funds were not returned within the 45-day requirement per 34 CFR section 668.173(b). These instances were noted as the Title IV funds for students who withdrew on 9/18/08, 10/3/08, and 2/13/09 were not returned until 11/13/08, 5/14/09, and 6/13/09, resulting in non-compliant return periods of 47, 223, and 121 days, respectively.

Regulation 34 CFR 668.173(c)(i) states that institutions with a 5% or greater error rate during a compliance audit are not in compliance with federal cash reserve requirements. Given the error rate is greater than 5% (3 exceptions out of 20 sampled), we recommend that the University contact the Department of Education to determine if a letter of credit needs to be established for Title IV funds in accordance with 34 CFR 668.173(d).

**Corrective Action Plan:**

- The Associate Director of Compliance and Regulations and the Associate Director of Counseling have reviewed and updated the Leave of Absence process to take advantage of the Return to Title IV Funds HERA calculation delivered by PeopleSoft.
- Management has identified the timely return of Title IV funds as a priority and allocated the staffing to keep these adjustments up to date.
- The two staff members mentioned above are currently trained in the process and training is scheduled for January 2010 for the graduate and professional school personnel as well as for financial aid counselors.
- The University will contact the Department of Education to determine if a Letter of Credit needs to be filed; we will file the Letter of Credit if advised by the Department of Education.
- Resolution anticipated no later than June 30, 2010.

Responsible Individual: Office of Financial Aid, Associate Director of Compliance and Regulations

**Finding Number 2009–3: Non-Compliance of Student Status Changes**

**Summary of Finding:**

Under the FFEL and Direct Loan programs, schools must complete and return within 30 days of receipt the Student Status Confirmation Reports (SSCR) sent by ED or a guaranty agency (OMB No. 1845-0035). The SSCR is transmitted electronically. The institution determines how often it receives the SSCR, but the minimum is twice a year. Once received, the institution must update for changes in student status, report the date the enrollment status was effective, enter the new anticipated completion date, and submit the changes electronically through the batch method or the NSLDS web site.

Unless the school expects to complete its next SSCR within 60 days, the school must notify the lender or the guaranty agency within 30 days, if it discovers that a student who received a loan either did not enroll or ceased to be enrolled on at least a half-time basis (FFEL, 34 CFR section 682.610; Direct Loan, 34 CFR section 685.309).



In examining a sample size of 20 students, we noted two instances of non-compliance where student status changes were not updated in the required timeframe. Effective separation dates for the two individuals were 2/18/09 and 8/6/08. Effective change dates per NSLDS were 5/22/09 and 11/21/08, respectively.

We recommend the University review the circumstances regarding the late notifications of status changes such as staffing issues, timing during the year, data availability or other issues that would contribute to the late notification of status changes and ascertain if alternative procedures should be implemented to ensure compliance.

**Corrective Action Plan:**

- The Office of Financial Aid and Student Employment is working with the University and College Registrars to review the federal timeline for reporting changes of status.
- We will review the need to implement changes to our withdrawal/leave of absence procedures to ensure future compliance.
- Resolution anticipated no later than June 30, 2010.

Responsible Individual: Interim University Registrar

Signed,

A handwritten signature in cursive script that reads "Anne Shapiro".

Anne Shapiro  
University Controller