

Cornell University
Reports on Federal Awards in
Accordance with OMB Circular A-133
June 30, 2010

Cornell University

Index

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	Page(s)
Report of Independent Auditors	1
Consolidated Financial Statements	2–5
Notes to Consolidated Financial Statements	6–28
Schedule of Expenditures of Federal Awards	29–52
Notes to Schedule of Expenditures of Federal Awards	53–55
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 <i>Government Auditing Standards</i>	56–57
Report of Independent Auditors on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	58–59
Schedule of Findings and Questioned Costs	60–63
Summary Schedule of Prior Audit Findings	64
Management's Corrective Action Plan	65–67

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, 2010, 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. The prior year summarized comparative information has been derived from Cornell University's June 30, 2009 financial statements, and in our report dated October 1, 2009, we expressed an unqualified opinion on those financial statements. We conducted our audit of these statements in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2010 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, 2010. 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, 2010 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 29, 2010

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF JUNE 30, 2010 (in thousands)

(WITH COMPARATIVE INFORMATION AS OF JUNE 30, 2009)

	2010	2009
Assets		
1 Cash and cash equivalents	\$ 100,168	\$ 193,739
2 Collateral for securities loaned	23,247	24,970
3 Accounts receivable, net (note 2-A)	386,554	314,494
4 Contributions receivable, net (note 2-B)	557,926	425,375
5 Inventories and prepaid expenses	48,556	51,929
6 Student loans receivable, net (note 2-C)	69,994	70,535
7 Investments (note 3)	5,633,184	5,073,854
8 Land, buildings, and equipment, net (note 4)	3,056,633	2,846,850
9 Funds held in trust by others (note 5)	97,270	91,514
10 Total assets	<u>\$ 9,973,532</u>	<u>\$ 9,093,260</u>
Liabilities		
11 Accounts payable and accrued expenses	\$ 421,385	\$ 370,099
12 Payable under securities loan agreements	25,685	27,408
13 Deferred revenue and other liabilities (note 8-D)	203,060	242,409
14 Obligations under split interest agreements (note 5)	108,703	105,476
15 Deferred benefits (note 6)	447,481	429,792
16 Funds held in trust for others (note 7)	92,325	93,652
17 Bonds and notes payable (note 8)	1,930,582	1,705,378
18 Government advances for student loans	47,353	46,536
19 Total liabilities	<u>3,276,574</u>	<u>3,020,750</u>
Net assets (note 11)		
20 Unrestricted	3,508,534	3,186,340
21 Temporarily restricted	971,503	856,515
22 Permanently restricted	2,216,921	2,029,655
23 Total net assets	<u>6,696,958</u>	<u>6,072,510</u>
24 Total liabilities and net assets	<u>\$ 9,973,532</u>	<u>\$ 9,093,260</u>

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

CONSOLIDATED STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2010 (in thousands)

(WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2009)

	Unrestricted	Temporarily Restricted
Operating revenues		
1 Tuition and fees	\$ 741,836	\$ -
2 Scholarship allowance	(280,300)	-
3 Net tuition and fees	461,536	-
4 State and federal appropriations	176,559	-
5 Grants, contracts and similar agreements		
6 Direct	542,234	-
7 Indirect cost recoveries	137,258	-
8 Contributions	77,644	112,293
9 Investment return, distributed (note 3-A)	218,938	85,811
10 Medical Physician Organization	557,179	-
11 Auxiliary enterprises	152,440	-
12 Educational activities and other sales and services	416,207	16
13 Net assets released from restrictions	146,049	(146,049)
14 Total operating revenues	2,886,044	52,071
Operating expenses (note 10)		
15 Compensation and benefits	1,758,101	-
16 Purchased services	135,045	-
17 Supplies and general	530,721	-
18 Utilities, rents and taxes	141,377	-
19 Interest expense (note 8)	59,791	-
20 Depreciation	179,234	-
21 Total operating expenses	2,804,269	-
22 Change in net assets from operating activities	81,775	52,071
Nonoperating revenues and (expenses)		
23 State and federal appropriations for capital acquisitions	25,824	-
24 Grants, contracts and similar agreements for capital acquisitions	-	-
25 Contributions for capital acquisitions, trusts and endowments	28,872	87,024
26 Investment return, net of amount distributed (note 3-A)	220,178	6,158
27 Change in value of split interest agreements	5,586	6,421
28 Pension and postretirement changes other than net periodic costs (note 6-C)	(5,608)	-
29 Other	(50,478)	-
30 Net asset released for capital acquisitions and reclassifications	16,045	(36,686)
31 Change in net assets from nonoperating activities	240,419	62,917
32 Change in net assets	322,194	114,988
33 Net assets, beginning of the year	3,186,340	856,515
34 Net assets, end of the year	\$ 3,508,534	\$ 971,503

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

Permanently Restricted	2010 Total	2009 Total	
\$ -	\$ 741,836	\$ 697,493	1
-	(280,300)	(220,522)	2
-	461,536	476,971	3
-	176,559	182,371	4
-	-	-	5
-	542,234	430,408	6
-	137,258	127,316	7
-	189,937	94,625	8
-	304,749	304,111	9
-	557,179	504,092	10
-	152,440	145,502	11
-	416,223	388,744	12
-	-	-	13
-	2,938,115	2,654,140	14
-	1,758,101	1,845,274	15
-	135,045	124,471	16
-	530,721	497,728	17
-	141,377	152,941	18
-	59,791	26,041	19
-	179,234	178,046	20
-	2,804,269	2,824,501	21
-	133,846	(170,361)	22
-	25,824	26,896	23
-	-	-	24
137,654	253,550	112,830	25
24,772	251,108	(1,811,607)	26
4,199	16,206	(22,241)	27
-	(5,608)	(4,815)	28
-	(50,478)	(96,847)	29
20,641	-	-	30
187,266	490,602	(1,795,784)	31
187,266	624,448	(1,966,145)	32
2,029,655	6,072,510	8,038,655	33
\$ 2,216,921	\$ 6,696,958	\$ 6,072,510	34

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2010 (in thousands)

(WITH COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2009)

	2010	2009
Cash flows from operating activities		
1 Change in net assets	\$ 624,448	\$ (1,966,145)
Adjustments to reconcile change in net assets to net cash provided/(used) by operating activities		
2 Contributions for capital acquisitions, trusts and endowments	(251,687)	(99,193)
3 Depreciation	179,234	178,046
4 Net realized and unrealized (gain)/loss on investments	(463,047)	1,578,212
5 Pension and postretirement changes other than net periodic costs	5,608	4,815
6 Change in value of interest rate swaps	73,948	90,162
7 Other adjustments	3,132	(11,478)
Change in assets and liabilities		
8 Accounts receivable, net	(72,060)	(37,603)
9 Contributions receivable, net	(132,551)	241,442
10 Inventories and prepaid expenses	7,589	18,153
11 Accounts payable and accrued expenses	(22,662)	(26,717)
12 Deferred revenue and other liabilities	(39,349)	(56,874)
13 Change in obligations under split interest agreements	(2,529)	(8,674)
14 Deferred benefits	12,081	(61)
15 Net cash provided/(used) by operating activities	<u>(77,845)</u>	<u>(95,915)</u>
Cash flows from investing activities		
16 Proceeds from the sale and maturities of investments	21,438,356	13,362,173
17 Purchase of investments	(21,534,640)	(13,462,513)
18 Acquisition of land, buildings, and equipment (net)	(392,956)	(397,502)
19 Student loans granted	(8,507)	(7,385)
20 Student loans repaid	9,856	9,448
21 Change in funds held in trust for others	(1,327)	(53,384)
22 Net cash used by investing activities	<u>(489,218)</u>	<u>(549,163)</u>
Cash flows from financing activities		
Contributions restricted to		
23 Investment in endowments	155,383	79,046
24 Investment in physical plant	93,826	22,032
25 Investment subject to living trust agreements	2,478	(1,885)
26 Principal payments of bonds and notes payable	(74,156)	(178,315)
27 Proceeds from issuance of bonds and notes payable	299,360	884,523
28 Bond issuance costs incurred	(4,216)	(7,253)
29 Government advances for student loans	817	(610)
30 Net cash provided by financing activities	<u>473,492</u>	<u>797,538</u>
31 Net change in cash and cash equivalents	(93,571)	152,460
32 Cash and cash equivalents, beginning of year	193,739	41,279
33 Cash and cash equivalents, end of year	<u>\$ 100,168</u>	<u>\$ 193,739</u>
Supplemental disclosure of cash flow information		
34 Cash paid for interest	\$ 67,630	\$ 40,820

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 include 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

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 a derivative instrument 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 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 categories 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 directions 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 Physician Organization

The Medical Physician 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 Physician 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 Physician 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

The Financial Accounting Standards Board (FASB), in June 2009, established the Accounting Standards Codification (ASC) as the authoritative source for U.S. generally accepted accounting principles. The codification did not affect the content or application of GAAP that was in effect and had no material impact on the consolidated financial statements. The University followed the guidance in the ASC in preparing its consolidated financial statements for fiscal year ended June 30, 2010 and no longer references FASB announcements in the statements by the former names and numbers.

Effective for the fiscal year ended June 30, 2010, the University adopted additional disclosures related to the fair value measurements of investments in certain entities that calculate a net asset value per share. The guidance permits investors to use Net Asset Value (NAV) as a practical expedient for fair value where the investment companies follow the AICPA Guide in arriving at their reported NAV. The required disclosures are included in Note 3.

In accordance with GAAP, the University also adopted additional disclosures about derivative instruments and hedging activities that provides information about how and why derivatives are used, and tabular disclosures about the effect of derivatives on the consolidated financial statements. These required disclosures are included in Note 3 and Note 8.

Finally, the University adopted new disclosures required of employers about their postretirement benefit plan assets. Under this guidance, the University provides more detail about the fair value of each major category of pension and postretirement plan assets according to the fair value hierarchy. The required disclosures are included in Note 6.

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. In accordance with the accounting standards, the University evaluates its income tax positions each fiscal year to determine whether the University's tax position is more likely than not to be sustained if examined by the applicable taxing authority. This review had no material impact on the University's consolidated financial statements.

2. RECEIVABLES

A. Accounts Receivable

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

<u>SUMMARY OF ACCOUNTS RECEIVABLE</u>		
	<u>2010</u>	<u>2009</u>
Grants and contracts	\$ 137,902	\$ 100,247
Collateral related to interest rate swap agreements	29,048	20,341
New York Presbyterian Hospital and other affiliates	53,818	69,658
Patients (net of contractual allowances)	81,094	68,955
State of New York for capital projects	38,717	28,850
Student accounts	6,225	8,884
Other	91,458	42,650
Gross accounts receivable	<u>\$ 438,262</u>	<u>\$ 339,585</u>
Less: allowance for doubtful accounts	<u>(51,708)</u>	<u>(25,091)</u>
Net accounts receivable	<u>\$ 386,554</u>	<u>\$ 314,494</u>

The patient accounts receivable for medical services was comprised of the following at June 30, 2010 and 2009, respectively: commercial third parties 56.1 percent and 56.8 percent; federal/state government 18.2 percent and 16.7 percent; and patients 25.7 percent and 26.5 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 3.4 percent to 7 percent. Contributions are expected to be realized as follows:

SUMMARY OF CONTRIBUTIONS RECEIVABLE

	2010	2009
Less than one year	\$ 235,438	\$ 179,825
Between one and five years	294,494	259,448
More than five years	210,195	121,473
Gross contributions receivable	\$ 740,127	\$ 560,746
Less: unamortized discount	(123,562)	(96,531)
Less: allowance for uncollectible amounts	(58,639)	(38,840)
Net contributions receivable	\$ 557,926	\$ 425,375

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

EXPECTED PURPOSE OF CONTRIBUTIONS RECEIVABLE

	2010	2009
Support of University operations	\$ 163,662	\$ 137,140
Capital purposes	188,837	133,723
Endowments and similar funds	205,427	154,512
Net contributions receivable	\$ 557,926	\$ 425,375

At June 30, 2010 and 2009, conditional promises not reflected in the consolidated financial statements, which consist primarily of bequest intentions, were approximately \$231,427 and \$196,889, 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:

SUMMARY OF STUDENT LOANS RECEIVABLE

	2010	2009
Federal revolving loans	\$ 44,731	\$ 46,267
Institutional loans	30,431	30,243
Gross student loans receivable	\$ 75,162	\$ 76,510
Less: allowance for doubtful accounts	(5,168)	(5,975)
Net student loans receivable	\$ 69,994	\$ 70,535

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 fair value measurement hierarchy. 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 upon 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. Inputs are obtained from various sources, including market participants, dealers, and brokers.

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

Investments included in Level 3 consist primarily 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 upon appraisal 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.

The methods described above may produce a fair value calculation that is not 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 the fair value measurement hierarchy, are summarized in the following table:

INVESTMENTS AT FAIR VALUE

	Level 1 fair value	Level 2 fair value	Level 3 fair value	2010 Total	2009 Total
Cash and cash equivalents	\$ 227,653	\$ 104,150	\$ -	\$ 331,803	\$ 556,339
Derivatives	2,539	(2,011)	-	528	9,704
Domestic equities	210,611	137,449	1,634	349,694	129,419
Fixed income	1,011,434	566,048	359,530	1,937,012	1,254,375
Foreign equities	306,842	40,237	25,152	372,231	226,912
Hedged equities	-	297,438	167,522	464,960	763,745
Marketable alternatives	32	82,391	524,654	607,077	740,808
Private equities	-	-	860,788	860,788	736,633
Real assets	-	-	721,732	721,732	584,039
Receivable for Investments Sold	2,977	-	-	2,977	37,431
Payable for Investments Purchased	(73,539)	-	-	(73,539)	(16,649)
Other	-	-	57,921	57,921	51,098
Total investments	\$ 1,688,549	\$ 1,225,702	\$ 2,718,933	\$ 5,633,184	\$ 5,073,854
Securities not included in investment portfolio					
Cash and cash equivalents	\$ 58,156	\$ -	\$ -	\$ 58,156	\$ 173,347
Collateral for securities loaned	\$ -	\$ 23,247	\$ -	\$ 23,247	\$ 24,970

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollars in thousands)

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, 2009	Realized gains/(losses)	Unrealized gains/(losses)	Net purchases, sales, settlements	Transfers in/(out) of Level 3	Fair value at June 30, 2010
Derivatives	\$ 1,614	\$ -	\$ -	\$ -	\$ (1,614)	\$ -
Domestic equities	13,628	28,485	(40,100)	75	(454)	1,634
Fixed income	354,964	8,661	84,071	(57,535)	(30,631)	359,530
Foreign equities	44,845	739	8,014	1,698	(30,144)	25,152
Hedged equities	747,315	53,870	2,295	(338,520)	(297,438)	167,522
Marketable alternatives	740,808	80,810	42,293	(256,866)	(82,391)	524,654
Private equities	736,633	31,456	76,957	15,742	-	860,788
Real assets	584,039	9,495	34,139	94,059	-	721,732
Other	51,098	-	1,205	156	5,462	57,921
Total Level 3 investments	\$ 3,274,944	\$ 213,516	\$ 208,874	\$ (541,191)	\$ (437,210)	\$ 2,718,933

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, 2010.

Under the terms of certain limited partnership agreements, the University is obligated to make additional capital contributions up to contractual levels. At June 30, 2010 and 2009, the University had commitments of \$840,144 and \$1,067,403, respectively, for which capital calls had not been exercised. Such commitments generally have fixed expiration dates or other termination clauses.

Under terms of certain options contracts on interest rate swaps, the University is obligated to make future premium payments. At June 30, 2010 and 2009, the University had premium payment commitments of \$27,674 and \$8,999, respectively. The University's premium payment schedule is as follows: \$6,235 annually for the years ended June 30, 2011, 2012, and 2013; \$5,235 for the year ended June 30, 2014, and \$3,735 thereafter.

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

	2010	2009
Working capital	\$ -	\$ 1,185
Intermediate-term	605,794	625,261
Long-term investment pool (LTIP)	4,223,208	3,794,336
Separately invested portfolio	477,033	444,266
Pooled life income funds	12,048	10,042
DASNY Holdings	296,563	156,372
Other	18,538	42,392
Total	\$ 5,633,184	\$ 5,073,854

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

	<u>2010</u>	<u>2009</u>
Interest and dividends, net of investment fees	\$ 92,810	\$ 70,716
Net realized gain/(loss)	217,096	(499,093)
Net unrealized gain/(loss)	245,951	(1,079,119)
Total investment return	<u>\$ 555,857</u>	<u>\$ (1,507,496)</u>
LTIP distributions for operations	\$ 267,535	\$ 256,617
PBIF distributions for operations	3,202	34,681
Trust and other income for operations	34,012	12,813
Investment return, distributed	<u>\$ 304,749</u>	<u>\$ 304,111</u>
Investment return, undistributed	251,108	(1,811,607)
Total investment return	<u>\$ 555,857</u>	<u>\$ (1,507,496)</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, 2010 and 2009, the fair values per unit were \$47.38 and \$45.12, respectively. The total return on the University's long-term investments, of which the LTIP is the major component, was 12.6 percent for the fiscal year ended June 30, 2010. The changes in the fair value and cost of the LTIP and information about its participating units as of June 30, 2010 and 2009 are as follows:

SUMMARY INFORMATION - LONG-TERM INVESTMENT POOL

	<u>Fair value</u>	<u>Cost</u>	<u>Appreciation/ (depreciation)</u>	<u>Fair value per unit</u>	<u>Number of units</u>
End of year	\$ 4,223,208	\$ 3,865,716	\$ 357,492	\$ 47.38	89,137,470
Beginning of year	\$ 3,794,336	\$ 3,671,369	\$ 122,967	\$ 45.12	84,095,359
Unrealized net gain/(loss) for year			<u>\$ 234,525</u>		
Realized net gain/(loss) for year			<u>\$ 199,130</u>		
Net gain/(loss) for year			<u>\$ 433,655</u>		

For the fiscal year ended June 30, 2010, investment payout to participating funds totaled \$217,152 (\$2.55 per unit) of which \$192,682 was paid out for the University's operations, with the balance in the amount of \$24,470 either returned to principal or distributed to funds held for others. The payout for the fiscal year ended June 30, 2010 was comprised of \$18,882 in net investment income and \$198,270 paid from accumulated gains. For the fiscal year ended June 30, 2009, the investment payout was \$250,681 (\$3.00 per unit), and was comprised of \$13,097 in net investment income and \$237,584 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 lifetime. On the termination of life interests, the principal is available for University purposes, which may or may not be 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 \$296,563 and \$156,372 as of June 30, 2010 and 2009, respectively. The amount of bond proceeds not yet expended included in the total reserves at DASNY are \$266,704 and \$126,873 as of June 30, 2010 and 2009, respectively.

D. Derivative Holdings

The use of certain financial derivative instruments is governed by either the University's written investment policy, specific manager guidelines, or partnership/fund agreement documents. Specifically, financial derivative instruments may be used to manage foreign currency exposure, to obtain commodity exposure, to create synthetic exposures, and to obtain protection against increases in interest rates. These derivatives, based on definitions in GAAP, are not designated as hedging instruments.

The University allocates a percentage of its assets to investment managers specializing in securities whose prices are denominated in foreign currencies as part of its overall diversification strategy. The investment guidelines provide discretion to these managers to adjust the foreign currency exposure of their investment portfolio by using derivative instruments. The derivatives are used for buying or selling foreign currency under a short-term contract to lock in the dollar cost of a specific pending purchase or sale of a foreign security, and selling foreign currency under a longer-term contract to hedge against a general decline in the dollar value of foreign security holdings.

As part of its overall investment strategy, the University's investment managers manage a diversified portfolio of commodity futures under strict investment guidelines. These commodity futures are fully collateralized and are denominated in U.S. dollars.

Some investment managers have discretion, limited by overall investment guidelines, to use derivative instruments to create investment exposures that could not be created as efficiently with other types of investments. These synthetic exposures in the University's portfolio as of June 30, 2010 are of four types: 1) forward contracts used to increase exposure to a foreign currency beyond the level of underlying security investments in that currency, 2) futures contracts used to create exposures to assets where the futures market provides a more efficient investment than the underlying securities, 3) swap contracts, also used to provide a more efficient means to gain exposure than the underlying securities and 4) option contracts used to adjust the exposure of the fixed income portfolio to interest rate volatility.

The University entered into option contracts on interest rates swaps as a way to mitigate the impact of a significant rise in interest rates in the future.

The following table provides detailed information on the derivatives included in the investment portfolio as of June 30. All the derivatives have been deemed Level 2 in the fair value hierarchy.

FAIR VALUE OF DERIVATIVE HOLDINGS IN STATEMENT OF FINANCIAL POSITION

Location	Derivative type	2010			2009		
		Notional amount	# of Contracts	Level 2 fair value	Notional amount	# of Contracts	Level 2 fair value
Investments							
	Foreign currency	\$ -	78	\$ 6,052	\$ -	33	\$ 1,509
	Commodity	195,587	53	(3,581)	70,989	21	908
	Synthetic	49,914	41	(195)	96,592	19	720
	Interest rate	1,937,668	4	(1,748)	1,515,000	1	6,567
	Total fair value	\$ 2,183,169	176	\$ 528	\$ 1,682,581	74	\$ 9,704

EFFECT OF DERIVATIVE HOLDINGS ON STATEMENT OF ACTIVITIES

Location	Derivative Type	2010	2009
		Unrealized gain/(loss)	Unrealized gain/(loss)
Investment return, net of amount distributed			
	Foreign currency	\$ 6,052	\$ 1,509
	Commodity	(3,581)	908
	Synthetic	(36)	805
	Interest rate	(7,567)	5,567
	Total unrealized gain/(loss)	\$ (5,132)	\$ 8,789

The unrealized gain or loss from derivative holdings affect unrestricted net assets, and in the consolidated statement of cash flows, are a component of the net realized and unrealized gain/loss on investments line in the operating activities section.

E. Alternative Investments Measured Using Net Asset Value

The University uses the NAV to determine the fair value of all alternative investments which do not have a readily determinable fair value, and have financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. The following tables list investments in investment companies (in partnership or equivalent format) by major category:

SUMMARY OF ALTERNATIVE INVESTMENTS MEASURED USING NET ASSET VALUE

Asset class	Strategy	NAV in funds	Remaining life	Unfunded commitments	Timing to draw commitments
Private equities	Buyout	\$ 326,719		\$ 162,814	
	Special situation	242,337		152,190	
	Venture capital	268,536		132,033	
	Total private equities	\$ 837,592	1 to 10 years	\$ 447,037	1 to 10 years
Real assets	Real estate	495,888		176,844	
	Natural resource	204,157		106,080	
	Total real assets	\$ 700,045	1 to 8 years	\$ 282,924	1 to 8 years
Fixed income	Distressed	161,947		23,070	
	Leveraged loans	76,268		-	
	Mezzanine	56,255		75,113	
	Multi-strategy	80,155		12,000	
	Total fixed income	\$ 374,625	1 to 10 years	\$ 110,183	1 to 10 years
Foreign equities	Emerging markets	50,572			
	Global equities	4,724			
	Total foreign equities	\$ 55,296			
Hedged equities	Global equities long/short	191,665			
	U.S. equities long/short	273,294			
	Total hedged equities	\$ 464,959			
Marketable alternatives	Event driven	77,562			
	Global macro	28,512			
	Multi-strategy	171,798			
	Relative value	83,103			
	Special opportunity	246,070			
	Total marketable	\$ 607,045			
Total for alternative investments using NAV		\$ 3,039,562		\$ 840,144	

REDEMPTION INFORMATION FOR ALTERNATIVE INVESTMENTS MEASURED USING NET ASSET VALUE

Asset class	Redemption Terms	Redemption Restrictions*
Private equities	Funds are in private equity structure, with no ability to be redeemed	n/a
Real assets	Funds are in private equity structure, with no ability to be redeemed	n/a
Fixed income	93% of NAV is in private equity structure, with no ability to be redeemed 7% have ranges between quarterly redemption with 45 days notice, to annual redemption with 90 days notice	No lock up provisions
Foreign equities	Ranges between monthly redemption with 30 days notice, to triennial redemption with 30 days notice	No lock up provisions
Hedged equities	Ranges between monthly redemption with 10 days notice, to triennial redemption with 45 days notice	7% of NAV has remaining lock up provisions ranging from 6 months to 12 months
Marketable alternatives	Ranges between quarterly redemption with 30 days notice, to triennial redemption with 90 days notice	47% of NAV has remaining lock up provisions ranging from 3 months to 6 months

* Represents initial investment lock up restriction. No other material redemption restrictions, such as redemption gates, were in place at year end.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollars in thousands)

Investments which can be redeemed at NAV by the University on the measurement date or in the near term, 90 days or less, are classified as Level 2. Investments which cannot be redeemed on the measurement date or in the near term are classified as Level 3. The new guidance did not materially affect the University's consolidated financial statements.

As a result of adopting the new guidance for estimating fair value of investments, certain investments have been reclassified as Level 2 assets subject to criteria described above based upon the year end recorded amounts. The amounts reclassified to Level 2 are as follows: fixed income \$25,169; foreign equity \$30,144; hedged equity \$297,438; marketable alternatives \$82,391.

4. LAND, BUILDINGS, AND EQUIPMENT

Land, buildings, and equipment are detailed as follows:

LAND, BUILDINGS, AND EQUIPMENT

	Book value at June 30, 2009	Additions	Disposals and closed projects	Book value at June 30, 2010
Land, buildings, and equipment	\$ 3,207,817	\$ 183,284	\$ (1,277)	\$ 3,389,824
Furniture, equipment, books, and collections	972,383	128,702	(28,884)	\$ 1,072,201
Construction in progress	424,248	274,693	(191,990)	\$ 506,951
Total before accumulated depreciation	\$ 4,604,448	\$ 586,679	\$ (222,151)	\$ 4,968,976
Accumulated depreciation	(1,757,598)			(1,912,343)
Net land, buildings, and equipment	\$ 2,846,850			\$ 3,056,633

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 \$478,424 and \$428,431 at June 30, 2010 and 2009, 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 \$18,100 and \$13,842 at June 30, 2010 and 2009, respectively.

The future commitments on capital projects in progress at June 30, 2010, excluding projects funded by New York State, is \$172,468.

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

The University elected to report its obligations under split interest agreements at fair value. The fair value of the obligation is calculated annually and considered Level 3 in the fair value hierarchy. The discount rate is based on average return of investment grade corporate bonds, weighted using a schedule of actuarial estimates of the lives of the income beneficiaries and the relative value of the agreements.

The University's interest in funds held in trust by others is considered Level 3, based on unobservable inputs, in the 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 funds' trustees. The discount rates used to estimate present value are based on the average return of investment grade corporate bonds, weighted according to a schedule of actuarial estimates.

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	2010 Total	2009 Total
Funds held in trust by others					
Remainder	\$ -	\$ -	\$ 62,735	\$ 62,735	\$ 56,515
Lead and perpetual	-	-	34,535	34,535	34,999
Total funds held in trust by others	\$ -	\$ -	\$ 97,270	\$ 97,270	\$ 91,514
Obligations under split interest agreements	\$ -	\$ -	\$ 108,703	\$ 108,703	\$ 105,476

SUMMARY OF LEVEL 3 SPLIT INTEREST AGREEMENT ACTIVITY

	Fair value at June 30, 2009	Realized gains/(losses)	Unrealized gains/(losses)	Net purchases, sales, settlements	Transfers in/(out) of Level 3	Fair value at June 30, 2010
Funds held in trust by others						
Remainder	\$ 56,515	\$ -	\$ 5,599	\$ 621	\$ -	\$ 62,735
Lead and perpetual	34,999	(382)	21	(103)	-	34,535
Total funds held in trust by others	\$ 91,514	\$ (382)	\$ 5,620	\$ 518	\$ -	\$ 97,270
Obligations under split interest agreements	\$ 105,476	\$ -	\$ 3,227	\$ -	\$ -	\$ 108,703

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

Accrued employee benefit obligations as of June 30 include:

SUMMARY OF DEFERRED BENEFITS

	2010	2009
Postemployment benefits	\$ 26,916	\$ 24,421
Pension and other postretirement benefits	259,038	250,910
Other deferred benefits	161,527	154,461
Total deferred benefits	\$ 447,481	\$ 429,792

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, 2010 and 2009 amounted to \$81,328 and \$86,959, respectively.

The Medical College maintains the University's only defined benefit plan. The participants include non-exempt employees at the Medical College who meet the eligibility requirements for participation. The plan was frozen in 1976 for exempt employees at the Medical College and the accrued benefits were merged with the active non-exempt retirement plan in 1989. 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 dependants. 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	
	2010	2009	2010	2009
CHANGE IN PLAN ASSETS				
Fair value of plan assets at beginning of year	\$ 35,086	\$ 40,719	\$ 110,544	\$ 127,045
Actual return on plan assets	4,748	(6,189)	15,838	(22,090)
Employer contribution	5,320	3,462	8,027	5,589
Benefits paid	(2,877)	(2,516)	(2,172)	-
Settlements	-	(391)	-	-
Fair value of plan assets at end of year	\$ 42,277	\$ 35,085	\$ 132,237	\$ 110,544
CHANGE IN BENEFIT OBLIGATION				
Benefit obligation at beginning of year	\$ 61,536	\$ 57,377	\$ 335,827	\$ 350,135
Service cost (benefits earned during the period)	4,660	3,671	13,469	14,971
Interest cost	4,038	3,311	19,777	20,064
Plan amendments	-	-	-	(823)
Actuarial (gain)/loss	8,743	84	1,593	(36,871)
Settlements	-	(391)	-	-
Gross benefits paid	(2,877)	(2,516)	(14,542)	(11,649)
Less: federal subsidy on benefits paid	-	-	1,328	-
Projected benefit obligation at end of year	\$ 76,100	\$ 61,536	\$ 357,452	\$ 335,827
FUNDED STATUS	\$ (33,823)	\$ (26,451)	\$ (225,215)	\$ (225,283)
AMOUNTS RECOGNIZED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION	\$ (33,823)	\$ (26,451)	\$ (225,215)	\$ (225,283)
AMOUNTS RECORDED IN UNRESTRICTED NET ASSETS NOT YET AMORTIZED AS COMPONENTS OF NET PERIODIC BENEFIT COST				
Net transition obligation	\$ -	\$ -	\$ 10,933	\$ 14,577
Prior service cost	-	-	(366)	(441)
Net actuarial (gain)/loss	22,394	17,506	55,571	61,146
Amount recognized as reduction in unrestricted net assets	\$ 22,394	\$ 17,506	\$ 66,138	\$ 75,282

The accumulated benefit obligation for the pension plans was \$55,988 and \$46,134 at June 30, 2010 and 2009, 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	
	2010	2009	2010	2009
Service cost (benefits earned during the period)	\$ 4,660	\$ 3,671	\$ 13,469	\$ 14,971
Interest cost	4,038	3,311	19,777	20,135
Expected return on plan assets	(2,467)	(2,971)	(9,028)	(9,854)
Amortization of initial transition obligation	-	-	3,644	3,644
Amortization of prior service cost	-	-	(76)	129
Amortization of net (gain)/loss	1,573	219	359	57
Settlement (gain)/loss	-	-	-	-
Net periodic benefit cost	\$ 7,804	\$ 4,230	\$ 28,145	\$ 29,082

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, 2011 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	1,401	1,482
Total	\$ 1,401	\$ 5,050

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	
	2010	2009	2010	2009
USED TO CALCULATE BENEFIT OBLIGATIONS AT JUNE 30				
Discount rate	5.90%	6.10%	5.75% / 5.60%	6.25% / 6.20%
Rate of compensation increase	6.10%	6.10%		
USED TO CALCULATE NET PERIODIC COST AT JULY 1				
Discount rate	6.10%	6.00%	6.25% / 6.20%	6.00%
Expected return on plan assets	8.00%	8.00%	8.00%	8.00%
Rate of compensation increase	6.10%	6.10%		
ASSUMED HEALTH CARE COST TREND RATES				
Health care cost trend rate assumed for next year	n/a	n/a	7.50%	8.00%
Ultimate trend rate	n/a	n/a	5.00%	5.00%
Years to reach ultimate trend rate	n/a	n/a	5	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 \$58,981 and the annual service and interest cost by \$6,349. Decreasing the health care cost trend rate by 1 percent in each future year would decrease the benefit obligation by \$49,293 and the annual service and interest cost by \$5,030.

F. Plan Assets

The University's overall investment objectives for the pension plan and postretirement medical benefit plan assets are broadly defined to include an inflation-adjusted rate of return that seeks growth commensurate with a prudent level of risk. To achieve this objective, the University has established fully discretionary trusts with JP Morgan as trustee and investment manager for the Medical College's defined benefit pension plan and the postretirement medical benefit plan for the University's endowed employees on the Ithaca campus. Under those trust agreements, JP Morgan establishes investment allocations and implements those allocations through various investment funds in order to carry out the investment objectives. JP Morgan has also been appointed as investment manager for the Medical College's postretirement medical benefit plan with full discretion as to investment allocations in specific named funds managed by JP Morgan.

The University, through its Investment Office, conducts reviews of the targeted investment allocations and investment management of the assets to ensure that they are consistent with the investment objectives. Typically, those allocations include a substantial and diversified allocation to equity and equity-oriented asset classes in order to provide real growth per the objectives. The University reviews the trustee's long-term rate of return assumptions for the various asset classes for reasonableness by comparing them to assumptions generated internally for the purposes of investing the University endowment and to assumptions by other outside experts. The Investment Office reviews the trustee's success in managing assets within each targeted asset class by comparisons to standard benchmarks for those asset classes and measures the overall effectiveness of the plan investment results by comparison to benchmarks derived from the individual plan asset class allocations and to universes of plan performance maintained by its endowment custodian.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollars in thousands)

In the next fiscal year, management will establish a formal schedule as part of its meetings with the Investment Committee of the Board of Trustees. The purpose will be to formally review, no less than annually, the asset allocation in each plan and the investment performance of each plan, and to offer suggestions to the trustee and investment manager regarding possible changes to the long-term strategic allocations which the Investment Committee believes would better meet the overall objectives of growth coupled with a prudent level of risk.

Risk mitigation is achieved by diversifying investments across multiple asset classes, investing in high quality securities and permitting flexibility in the balance of investments in the recommended asset classes. Market risk inheres in any portfolio but the investment policies and strategies are designed to avoid concentration of risk in any one entity, industry, country or commodity. The funds in which the plan assets are invested are well diversified and managed to avoid concentration of risk.

The expected rate of return assumptions are based on information provided by external experts, including but not limited to, investment managers at the trustee bank and the expertise within the University's Investment Office. The factors that impact the expected rates of return for various asset types includes assumptions about inflation, historically based real returns, anticipated value added by investment managers and expected average asset allocations. The expected return on plan assets by category at fiscal year ended June 30, 2010 are somewhat lower than in the prior fiscal year: 8 percent on equity securities, 5 percent on fixed income securities and 8 percent on real estate compared to 9.25 percent, 5.75 percent and 8.25 percent, respectively.

SUMMARY OF PLAN ASSETS

PERCENTAGE OF PLAN ASSETS	Target allocation	Pension benefits		Other postretirement	
		2010	2009	2010	2009
Equity securities	39-85%	62.0%	62.0%	68.0%	66.0%
Fixed income securities	15-55%	37.0%	36.0%	32.0%	33.0%
Real estate	0-5%	1.0%	2.0%	0.0%	1.0%
Total		100.0%	100.0%	100.0%	100.0%

The fair value of the pension plan assets and postretirement medical benefit plan assets as of June 30, 2010 and the roll-forward for Level 3 assets are disclosed in the tables below.

The relevant levels are based on the methodology for determining fair value: Level 1: valuation based on active markets for identical assets; Level 2: valuation based on significant observable inputs and Level 3: valuation based on unobservable inputs. Both the pension plan and postretirement medical benefit plans invest in funds to meet their investment objectives. The asset allocation is based on the underlying assets of the various funds. The leveling is based upon each fund as the unit of measure.

PENSION PLAN ASSETS AT FAIR VALUE

	Level 1 fair value	Level 2 fair value	Level 3 fair value	2010 Total
Cash and cash equivalents				
Cash	\$ 41	\$ -	\$ -	\$ 41
Money market	129	-	-	129
Short-term investment fund	-	-	-	-
Equity securities				
U.S. small cap	-	1,821	-	1,821
U.S. large cap	-	20,014	-	20,014
Emerging markets	-	-	-	-
International equity	-	4,350	-	4,350
Fixed income securities				
Corporate bonds	-	13,087	31	13,118
Mortgage-backed securities	-	1,388	864	2,252
Other types of investments				
Real estate	-	-	552	552
Total assets	\$ 170	\$ 40,660	\$ 1,447	\$ 42,277

SUMMARY OF LEVEL 3 PENSION PLAN ACTIVITY

	Fair value, July 1, 2009	Realized gains/(losses)	Unrealized gains/(losses)	Net purchases, sales, settlements	Transfers in/(out) of Level 3	Fair value, June 30, 2010
Mortgage-backed securities	\$ 779	\$ (1)	\$ 131	\$ (45)	\$ -	\$ 864
Corporate bonds	38	4	2	(13)	-	31
Real estate	816	(21)	(63)	(180)	-	552
Total Level 3 assets	\$ 1,633	\$ (18)	\$ 70	\$ (238)	\$ -	\$ 1,447

POSTRETIREMENT PLAN ASSETS AT FAIR VALUE

	Level 1 fair value	Level 2 fair value	Level 3 fair value	2010 Total
Cash and cash equivalents				
Cash	\$ -	\$ -	\$ -	\$ -
Money market	8,918	666	-	9,584
Short-term investment fund	-	-	-	-
Equity securities				
U.S. small cap	-	12,573	-	12,573
U.S. large cap	-	35,668	-	35,668
Emerging markets	-	18,344	-	18,344
International equity	-	21,448	-	21,448
U.S. REITS	-	1,807	-	1,807
Fixed income securities				
U.S. high yield bonds	-	4,946	-	4,946
Corporate bonds	-	12,555	-	12,555
Emerging markets debt	-	2,187	-	2,187
Mortgage-backed securities	-	13,125	-	13,125
Total assets	\$ 8,918	\$ 123,319	\$ -	\$ 132,237

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			
2011	\$ 4,495	\$ 9,483	n/a
FUTURE BENEFIT PAYMENTS			
2011	\$ 3,607	\$ 15,742	\$ 1,832
2012	3,765	16,997	2,030
2013	3,877	18,283	2,231
2014	4,669	19,496	2,439
2015	4,710	20,976	2,643
2016-2020	30,052	127,890	17,161

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, 2010 and 2009 were \$20,140 and \$19,335, 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 \$138,929 and \$131,219 at June 30, 2010 and 2009, 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 \$85,280 and \$74,134 at June 30, 2010 and 2009, 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>2010</u>	<u>2009</u>	<u>Interest rates</u>	<u>Final maturity</u>
Dormitory Authority of the State of New York (DASNY)				
Revenue Bond Series				
1990B-fixed rate	\$ 50,450	\$ 56,000	0.10 to 5.00	2025
2000A-variable rate/weekly	53,005	54,845	2.99*	2029
2000B-variable rate/weekly	70,680	72,800	4.63*	2030
2004-variable rate/weekly	83,900	86,075	3.51*	2033
2006-fixed rate	207,660	219,340	4.00 to 5.00	2035
2008B&C-fixed rate	127,785	130,000	3.00 to 5.00	2037
2009-fixed rate	305,000	305,000	3.00 to 5.00	2039
2010-fixed rate	285,000	-	4.00 to 5.00	2040
Tax-exempt commercial paper	6,155	6,155	0.27 to 0.45	2037
Industrial Development Agency				
2000-fixed rate	1,165	2,275	5.20 to 5.25	2011
2002A-variable rate/weekly	42,145	42,340	4.52*	2030
2002B-variable rate/weekly	15,390	15,390	4.33**	2015
2008A-fixed rate	70,000	70,000	2.00 to 5.00	2037
Bond Series 1987B-fixed rate	5,200	7,110	11.11	2012
Student Loan Marketing Association-fixed rate	4,355	4,700	6.50	2019
Urban Development Corporation	2,375	2,500	-	2029
2009 Taxable-fixed rate	500,000	500,000	4.35 to 5.45	2019
Taxable commercial paper	97,500	127,875	0.20 to 0.70	-
Other	2,817	2,973	6.63 to 7.00	2011-2029
Total bonds and notes payable	<u>\$ 1,930,582</u>	<u>\$ 1,705,378</u>		

* Rates presented are the swap interest rates as noted in the Fair Value of Interest Rate Swaps in Statement of Financial Position table.

** Swap interest rate expires July 1, 2010

The University's bonds and notes payable had carrying amounts of \$1,930,582 and \$1,705,378 at June 30, 2010 and 2009, respectively, compared to estimated fair values of approximately \$2,071,298 and \$1,741,026 at June 30, 2010 and 2009, 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 are not considered an additional liability to the University.

Interest expense during the fiscal year ended June 30, 2010 was \$59,791, of which \$59,198 was related to the bonds and notes payable displayed in the table above. During the fiscal year ended June 30, 2009, interest expense was \$26,041, of which 23,042 was related to the bonds and notes payable. The University capitalized interest on self-constructed assets, such as buildings, in the amount of \$7,042 and \$15,438 for the fiscal years ended June 30, 2010 and 2009, 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.

During the fiscal year ended June 30, 2010, the University issued \$285,000 of fixed-rate debt to finance a portion of the costs of construction of a medical research building in New York City and various capital projects on the Ithaca and Medical College campuses, and refinanced \$50,000 of taxable commercial paper. In addition, the University converted its DASNY Revenue Bond Series 1990B and 2008B&C, and Tompkins County Industrial Development Agency Civic Facility Revenue Bond Series 2008A from variable-rate demand bonds to fixed-rate bonds. The University also terminated the swap associated with the Series 2008 bonds (see note 8B).

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
2011	\$ 28,306	\$ 99,983	\$ 128,289
2012	34,472	91,390	125,862
2013	33,463	90,310	123,773
2014	283,485	88,931	372,416
2015	43,327	76,637	119,964
Thereafter	1,507,529	1,008,517	2,516,046
Total	\$ 1,930,582	\$ 1,455,768	\$ 3,386,350

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 historical averages of tax-exempt debt. For taxable commercial paper debt, estimates are based on the 10-year average London Interbank Offered Rates (LIBOR).

B. Interest Rate Swaps

The University approved the use of interest rate swaps to mitigate interest rate risk for its variable rate debt portfolio. The swap agreements cover current variable rate debt as well as future debt exposure. Interest rate swaps are derivative instruments, however, their use by the University is not considered to be hedging activity, based on definitions in generally accepted accounting principles.

Although the use of swap agreements mitigates interest rate risk, the University, through the use of these agreements, is exposed to the risk that counterparties will fail to meet their contractual obligations. To mitigate the counterparty credit risk, the University entered into contracts with carefully selected major financial institutions based upon their credit

ratings and other factors, and maintains dollar limits for each institution. Master agreements with counterparties include master netting arrangements as further mitigation of credit exposure to counterparties. These arrangements permit the University to net amounts due to the counterparty with amounts due from the counterparty, which reduces the maximum loss from credit risk in the event of counterparty default.

The University's swap agreements contain a credit-risk contingent feature in which the counterparties can request collateralization on agreements in net liability positions. At June 30, 2010, the University had collateral on deposit with counterparties in the amount of \$29,048 compared to \$20,341 at June 30, 2009. The University could be required to post additional collateral if the University's credit rating falls below A1/A+.

The University follows accounting guidance that defines fair value, establishes a framework for measuring fair value and expands disclosure requirements about fair value measurements, including derivatives. The University's interest rate swaps are valued by an external swap consultant that uses the mid-market levels, as of the close of business, to value the agreements. The valuations provided are derived from proprietary models based upon well-recognized financial principles and reasonable estimates about relevant future market conditions and the University's credit worthiness. The University's interest rate swap arrangements have inputs that can generally be corroborated by market data and are classified as Level 2 in the fair value hierarchy.

At June 30, 2010 the University has ten 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 and the incremental interest expense is disclosed in the table below. Under two agreements in effect at June 30, 2010, 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).

The following table provides detailed information on the interest rate swaps at June 30, 2010, with comparative fair values for June 30, 2009. The number of swaps is reported based on notional amount.

FAIR VALUE OF INTEREST RATE SWAPS IN STATEMENT OF FINANCIAL POSITION

Location	Notional amount	Interest rate	Commencement	Termination date	Basis	2010	2009
						Level 2 fair value	Level 2 fair value
Accounts payable and accrued expenses							
	\$ 15,390	4.33%		July 1, 2010	SIFMA	\$ (52)	\$ (612)
	104,845	2.99%		October 1, 2012	LIBOR	(8,824)	(6,943)
	42,340	4.52%		July 1, 2030	SIFMA	(10,083)	(8,379)
	72,200	4.63%		July 1, 2030	LIBOR	(17,677)	(15,075)
	86,075	3.51%		July 1, 2033	LIBOR	(11,953)	(8,373)
	200,000	3.84%		July 1, 2037	SIFMA	-	(8,918)
	100,000	3.92%	July 1, 2011	July 1, 2038	LIBOR	(15,988)	(9,564)
	200,000	3.45%	July 1, 2010	July 1, 2039	LIBOR	(28,555)	(13,212)
	275,000	3.88%	July 1, 2011	July 1, 2040	LIBOR	(54,653)	(32,414)
	200,000	3.48%	July 1, 2012	July 1, 2041	LIBOR	(18,641)	(8,332)
	200,000	3.77%	July 1, 2014	July 1, 2044	LIBOR	(17,857)	(12,844)
Total fair value						\$ (184,283)	\$ (124,666)

During the year ended June 30, 2010 the University refinanced outstanding variable rate debt with fixed rate debt (1990B, 2008A, 2008B, and 2008C) and terminated the interest rate swap agreement related to this variable rate debt. The termination resulted in a realized loss. The following table provides the amounts of the income, expenses, gains and losses recorded for the years ended June 30.

EFFECT OF INTEREST RATE SWAPS ON STATEMENT OF ACTIVITIES

Location	2010		2009	
	Income/(expense)	Gain/(loss)	Income/(expense)	Gain/(loss)
Operating expense				
Interest expense	\$ (15,872)	\$ -	\$ (12,693)	\$ -
Nonoperating activity - other				
Realized gain/(loss)	\$ -	\$ (14,330)	\$ -	\$ -
Unrealized gain/(loss)	-	(59,618)	-	(90,162)
	\$ (15,872)	\$ (73,948)	\$ (12,693)	\$ (90,162)

Activity related to interest rate swaps affect unrestricted net assets, and in the consolidated statement of cash flows, are presented on the change in value of interest rate swaps line in the operating activities section.

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 that they cannot be remarketed. In the event that the bonds covered by these standby purchase agreements are not remarketable and the agreements are not otherwise renewed, the University would be required to refund the bonds or refinance in a different interest rate mode. If all solutions failed and the University had to refund the bonds, the Annual Debt Service Requirements table would be \$128,289 for fiscal year 2011, \$212,562 for fiscal year 2012, \$294,898 for fiscal year 2013, \$372,416 for fiscal year 2014, \$119,964 for fiscal year 2015 and \$2,258,221 thereafter. Detailed information about the standby purchase agreements is shown in the following table:

SUMMARY OF STANDBY PURCHASE AGREEMENTS

Series	Provider	Expiration
2000A	JP Morgan Chase	November 2012
2000B	JP Morgan Chase	November 2012
2002A	JP Morgan Chase	November 2012
2002B	JP Morgan Chase	November 2012
2004	HSBC	April 2012

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, 2010, the interest rates for its two lines of credit were 1.80 percent and 1.00 percent. The two \$100 million lines of credit have annual expiration dates of December 31 and April 1. As of June 30, 2010 and 2009, \$0 and \$104,000 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 \$24,441 and \$22,330 for the fiscal years ended June 30, 2010 and 2009, respectively. The future annual minimum lease payments in the following table are payments under operating leases expiring at various dates through September 1, 2043.

ANNUAL MINIMUM OPERATING LEASE PAYMENTS

Year	Payments
2011	\$ 26,111
2012	18,120
2013	14,513
2014	7,834
2015	6,383
Thereafter	66,724
Total minimum operating lease payments	\$ 139,685

10. FUNCTIONAL EXPENSES AND STUDENT AID

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

FUNCTIONAL EXPENSES		
	2010	2009
Instruction	\$ 594,366	\$ 628,635
Research	558,142	524,926
Public service	110,459	118,945
Academic support	252,431	267,973
Student services	118,733	123,477
Medical services	625,039	549,342
Institutional support	347,826	408,757
Enterprises and subsidiaries	197,273	202,446
Total expenses	<u>\$ 2,804,269</u>	<u>\$ 2,824,501</u>

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 \$159,265 and \$166,942 for the fiscal years ended June 30, 2010 and 2009, 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 \$35,907 and \$26,964 for the fiscal years ended June 30, 2010 and 2009, 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	2010 Total	2009 Total
Endowment					
True endowment	\$ 999,890	\$ -	\$ 1,796,060	\$ 2,795,950	\$ 2,560,985
Funds functioning as endowment (FFE)	1,152,284	311,716	-	1,464,000	1,275,304
Total true endowment and FFE	<u>\$ 2,152,174</u>	<u>\$ 311,716</u>	<u>\$ 1,796,060</u>	<u>\$ 4,259,950</u>	<u>\$ 3,836,289</u>
Funds held by others, perpetual	-	-	118,637	118,637	107,874
Total University endowment	<u>\$ 2,152,174</u>	<u>\$ 311,716</u>	<u>\$ 1,914,697</u>	<u>\$ 4,378,587</u>	<u>\$ 3,944,163</u>
Other net assets					
Operations	(305,050)	176,366	-	(128,684)	(322,338)
Student loans	10,171	-	37,235	47,406	43,994
Facilities and equipment	1,651,239	40,181	-	1,691,420	1,848,369
Split interest agreements	-	53,365	33,026	86,391	75,173
Funds held by others, other than perpetual	-	37,377	26,536	63,913	57,774
Contributions receivable, net	-	352,498	205,427	557,925	425,375
Total net assets	<u>\$ 3,508,534</u>	<u>\$ 971,503</u>	<u>\$ 2,216,921</u>	<u>\$ 6,696,958</u>	<u>\$ 6,072,510</u>

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, 95 percent and 94 percent were invested in the LTIP at June 30, 2010 and 2009, respectively. At June 30, 2010, 2,279 of 5,946 true endowment funds invested in the LTIP had a total historic dollar value of \$895,735 and a fair value of \$805,376, resulting in these endowments being underwater by a total of \$90,359. 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	2010 Total	2009 Total
True endowment and FFE, beginning of year	\$ 1,851,502	\$ 303,867	\$ 1,680,920	\$ 3,836,289	\$ 5,248,009
Investment return					
Net investment income	4,992	14,031	2,654	21,677	15,410
Net realized and unrealized gain/(loss)	296,898	69,064	6,268	372,230	(1,385,303)
Total investment return	\$ 301,890	\$ 83,095	\$ 8,922	\$ 393,907	\$ (1,369,893)
New gifts	2,425	18,561	86,318	107,304	249,810
Net transfers to/(from) FFE	110,412	(2,762)	-	107,650	(58,484)
Distribution of endowment return to other funds	(111,934)	(80,747)	(2,844)	(195,525)	(226,857)
Other changes	5,718	-	2,856	8,574	(6,403)
Reclassifications	(7,839)	(10,298)	19,888	1,751	107
Total true endowment and FFE, end of year	\$ 2,152,174	\$ 311,716	\$ 1,796,060	\$ 4,259,950	\$ 3,836,289

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

On September 17, 2010, the Governor of New York signed into law the Uniform Prudent Management of Institutional Funds Act (UPMIFA), which applies to donor restricted endowment funds (i.e., true endowments). This law will impact the University for fiscal year ended June 30, 2011, primarily in the area of classification of net assets. The appreciation on true endowments, now classified as unrestricted net assets, will be reclassified as temporarily restricted net assets. Management is in the process of evaluating the impact of UPMIFA.

Based on the University's evaluation of subsequent events through October 29, 2010, the date on which the consolidated financial statements were issued, this is the only subsequent event.

Cornell University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010

CFDA No.	Description	Pass-Through Entity	Pass - Through Entity ID	Federal Expenditures
Student Financial Assistance Cluster:				
U. S. Department of Education Direct Awards				
84.007	Federal Supplemental Educational Opportunity Grants			2,877,149
84.032	Federal Family Education Loans			46,282,612
84.033	Federal Work-Study Program			3,577,393
84.038	Federal Perkins Loan Program - Current Year Disbursements			2,998,702
84.063	Federal Pell Grant Program			9,079,316
84.268	Federal Direct Student Loans			57,294,018
84.375	Academic Competitiveness Grants (ACG)			551,902
84.376	National Science and Mathematics Access to Retain Talent Grant (National SMART Grant)			1,119,000
	Total U. S. Department of Education Direct Awards			<u>123,780,092</u>
U. S. Department of Health and Human Services Direct Awards				
	Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged			
93.342	Students			5,931,852
93.925	Scholarships for Health Professions Students from Disadvantaged Backgrounds			80,680
	Total U. S. Department of Health and Human Services Direct Awards			<u>6,012,532</u>
Total Student Financial Assistance Cluster				<u>129,792,624</u>
Research and Development Program Cluster:				
U.S. Department of Agriculture Direct Awards				
10.	Department of Agriculture			82,349
10.001	Agricultural Research_Basic and Applied Research			4,400,871
10.025	Plant and Animal Disease, Pest Control, and Animal Care			419,679
10.028	Wildlife Services			32,826
10.155	Marketing Agreements and Orders			12,195
10.162	Inspection Grading and Standardization			117,180
10.200	Grants for Agricultural Research, Special Research Grants			4,633,416
10.202	Cooperative Forestry Research			205,241
10.203	Payments to Agricultural Experiment Stations Under the Hatch Act			5,555,350
10.206	Grants for Agricultural Research_Competitive Research Grants			3,871,921
10.207	Animal Health and Disease Research			122,848
10.210	Food and Agricultural Sciences National Needs Graduate Fellowship Grants			304,441
10.217	Higher Education Challenge Grants			123,245
10.219	Biotechnology Risk Assessment Research			126,731
10.220	Higher Education Multicultural Scholars Program			42,000
10.250	Agricultural and Rural Economic Research			138,404
10.253	Food Assistance and Nutrition Research Programs (FANRP) (L)			27,647
10.256	Research Innovation and Development Grants in Economic (RIDGE)			24,173
10.303	Integrated Programs			1,376,576
10.304	Homeland Security_Agricultural			984,638
10.305	International Science and Education Grants (B)			38,470
10.307	Organic Agriculture Research and Extension Initiative			127,308

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

Cornell University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010

CFDA No.	Description	Pass-Through Entity	Pass - Through Entity ID	Federal Expenditures
U.S. Department of Agriculture Direct Awards (continued)				
10.309	Specialty Crop Research Initiative (B)			126,069
10.310	Agriculture and Food Research Initiative (AFRI)			687,679
10.311	Beginning Farmer and Rancher Development Program			106,787
10.477	Meat, Poultry, and Egg Products Inspection			116,515
10.652	Forestry Research			17,457
10.680	Forest Health Protection (A,B)			48,675
10.901	Resource Conservation and Development			110,587
10.912	Environmental Quality Incentives Program			6,236
10.960	Technical Agricultural Assistance			2,227
10.961	Scientific Cooperation and Research			4,515
10.962	International Training_Foreign Participant			21,405
	Total U.S. Department of Agriculture Direct Awards			24,015,661
U.S. Department of Agriculture Pass-Through Awards				
10.	Department of Agriculture	Controlled Environment Agriculture Systems	3361019527	93,934
10.		Dairy Management Inc	None	177,337
10.		NYS Dept Of Ag & Markets	10-8236-0245-CA	440,909
10.		NYS Dept Of Ag & Markets	12-25-B-0940	91,125
10.		Tioga Soil & Water Conservation District	NRCS-68-3A75-5-201	14,696
10.		University Of Massachusetts Amherst	2010-65121-20649	37,286
10.001	Agricultural Research_Basic and Applied Research	Biotechnology Research And Development Corporation	59-0402-8-061	205,234
10.001		University Of Nebraska	58-5442-7-298	1,000
10.025	Plant and Animal Disease, Pest Control, and Animal Care	NYS Dept Of Ag & Markets	07-8236-0245-CA	(56,573)
10.025		NYS Dept Of Ag & Markets	08-8236-0245-CA	409,611
10.169	Specialty Crop Block Grant Program (B)	NYS Dept Of Ag & Markets	12-25-B-0940	26,555
10.170	Specialty Crop Block Grant Program - Farm Bill (B)	NYS Dept Of Ag & Markets	None	7,501
10.200	Grants for Agricultural Research, Special Research Grants	Controlled Environment Agriculture Systems	2007-33610-18621	21,083
10.200		North Carolina State University	2009-34103-19819	7,723
10.200		Northeast Regional Aquatic Ctr	2007-38500-18589	73,064
10.200		Rutgers State Univ Of NJ	2003-GA0063	94,277
10.200		Rutgers State Univ Of NJ	2008-39524-04733	26,700
10.200		Rutgers State Univ Of NJ	424102	5,000
10.200		Rutgers State Univ Of NJ	None	18,492
10.200		Rutgers State Univ Of NJ	S09067	7,445
10.200		South Dakota State University	2008-34474-19290	26,220
10.200		University Of California, Davis	2006-34442-17146	12,221
10.200		University Of California, Davis	2008-34442-19231	92,288
10.200		University Of California, Davis	2009-34442-20247	34,759
10.200		University Of Florida	2006-34429-17693	10,724
10.200		University Of Maine	2008-34141-19351	13,707
10.200		University Of Maine	2009-34141-20050	15,236
10.200		University Of Massachusetts Amherst	2009-34103-19877	4,295
10.200		University Of Vermont	2006-38640-16700	71,703
10.200		Virginia Polytechnic Institute & State University	2008-34383-19255	55
10.205	Payments to 1890 Land-Grant Colleges and Tuskegee University	NYS Dept Of Transportation	None	8,000

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

Cornell University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010

CFDA No.	Description	Pass-Through Entity	Pass - Through Entity ID	Federal Expenditures
U.S. Department of Agriculture Pass-Through Awards (continued)				
10.206	Grants for Agricultural Research_Competitive Research Grants	Arizona State University	2007-35107-18299	36,577
10.206		Clemson University	2008-35206-18835	11,610
10.206		Innovative Biotechnologies Inc	2007-35603-17746	7,238
10.206		Institute For Genomic Research	2007-35600-18539	8,687
10.206		Michigan State University	2008-55300-04757	25,307
10.206		North Carolina State University	2005-35212-15287	6,100
10.206		North Carolina State University	2005-35504-16262	2,306
10.206		North Carolina State University	2007-35504-18290	22,802
10.206		Pennsylvania State Univ	2005-55618-15744	11,649
10.206		Pennsylvania State Univ	2008-55620-18710	204,204
10.206		University Of California, Davis	2006-55606-16629	34,052
10.206		University Of California, Santa Cruz	2007-35107-18429	10,428
10.206		University Of Georgia	20063530017224	22,942
10.206		University Of Georgia	2008-55302-04471	2,369
10.206		University Of Massachusetts Amherst	2006-35204-16880	41,794
10.206		University Of Minnesota	2009-55200-05011	8,060
10.206		University Of Missouri	2007-35607-17790	14,940
10.206		Virginia Polytechnic Institute & State University	2008-55605-18673	53,640
10.212	Small Business Innovation Research	Rt Solutions, Llc	2009-33610-20277	67,976
10.212		Terrenew Llc	2008-33610-19570	28,299
10.212		Trellis Growing Systems, Llc	None	12
10.215	Sustainable Agriculture Research and Education	Northeast Organic Farming Association Of Vermont	None	(266)
10.215		University Of Vermont	2007-38640-17935	37,695
10.215		University Of Vermont	2008-38640-18866	82,262
10.215		University Of Vermont	2009-38640-19631	46,359
10.215		University Of Vermont	None	16,099
10.303	Integrated Programs	Colorado State University	2005-51110-03278	120,156
10.303		Colorado State University	2008-51110-04333	124,042
10.303		Iowa State University	2005-51101-02384	14,680
10.303		Michigan State University	2005-51100-02363	120
10.303		North Carolina State University	2006-51101-03604	59,759
10.303		Purdue University	2006-51130-03701	666
10.303		Purdue University	2007-04967-23; 2007-51120-18	1,900
10.303		University Of California, Davis	2008-51100-19334	9,842
10.303		University Of Delaware	2008-51110-04346	97,011
10.303		University Of Idaho	2007-51130-03992	(241)
10.303		University Of Illinois Urbana-Champaign	2007-51101-03915	46,054
10.303		University Of Massachusetts Amherst	2006-51100-03693	7,942
10.303		University Of Rhode Island	2008-51130-19504	70,687
10.303		University Of Wisconsin Madison	2008-51106-19463	14,453
10.307	Organic Agriculture Research and Extension Initiative	Ohio State University	2009-51300-05512	13,412
10.307		Oregon State University	2009-51300-05585	100,985
10.309	Specialty Crop Research Initiative (B)	Carnegie-Mellon University	2008-51180-04890	87,439
10.309		Michigan State University	2009-51181-05808	3,610
10.309		University Of Maryland College Park	2009-51181-05768	10,494
10.309		Washington State University	2008-51180-04880	21,145
10.310	Agriculture and Food Research Initiative (AFRI)	Michigan State University	2009-85606-05673	13,547

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Cornell University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010

CFDA No.	Description	Pass-Through Entity	Pass - Through Entity ID	Federal Expenditures
U.S. Department of Agriculture Pass-Through Awards (continued)				
10.310		Pennsylvania State Univ	2010-65206-20723	39,368
10.310		Texas A&M University	2009-65104-05959	36,637
10.310		University Of Georgia	2010-65116-20458	15,297
10.458	Crop Insurance Education in Targeted States	Northeast Organic Farming Association Of New York	None	2,358
10.500	Cooperative Extension Service	Auburn University	2008-48540-04313	7,077
10.500		NYS Office Of Temporary And Disability Assistance	See file	135,639
10.500		Pennsylvania State Univ	2006-48653-03713	9,089
10.500		University Of Maine	2008-47001-04302	15,021
10.500		University Of Nebraska	None	4,099
10.500		University Of Vermont	2007-47001-03782	15,559
10.500		University Of Vermont	2008-47001-04302	19,794
10.500		University Of Vermont	2009-47001-05350	17,045
10.652	Forestry Research	University Of Vermont	07-DG-1122300-066	7,843
10.652		University Of Vermont	08-DG-11242307-044	43,356
10.652		University Of Vermont	09-DG-11242307-026	41,347
10.664	Cooperative Forestry Assistance	Minnesota Department Of Natural Resources	None	27,614
10.683	National Fish and Wildlife Foundation	National Fish And Wildlife Foundation	None	57,083
10.912	Environmental Quality Incentives Program	National Fish And Wildlife Foundation	2008-0116-030	55,423
	Total U.S. Department of Agriculture Pass-Through Awards			<u>4,162,100</u>
	Total U.S. Department of Agriculture Awards			<u>28,177,761</u>
U.S. Department of Commerce Direct Awards				
11.	Department of Commerce			813,660
11.001	Census Bureau Data Products			9,663
11.302	Economic Development_Support for Planning Organizations			80,068
11.431	Climate and Atmospheric Research			744,752
11.439	Marine Mammal Data Program			26,106
11.463	Habitat Conservation			30,761
11.609	Measurement and Engineering Research and Standards			66,796
	Total U.S. Department of Commerce Direct Awards			<u>1,771,806</u>
U.S. Department of Commerce Pass-Through Awards				
11.	Department of Commerce	Abt Associates	50-YABC-2-66036, T.O. 004	115,638
11.		Oak Management Inc.	GS23FO365K	19,998
11.001	Census Bureau Data Products	Abt Associates	50-YABC-2-66036, T.O. 003	31,294
11.113	ITA Special Projects	Natl Textile Center	ITA-08-07400	187,736
11.417	Sea Grant Support	Lake Champlain Sea Grant Of The University Of Vermont (And Plattsburgh State University)	None	7,770
11.417		New York Sea Grant Institute, Stony Brook	NA07OAR4170010	223,995
11.417		New York Sea Grant Institute, Stony Brook	None	31,920
11.417		Suny Stony Brook	NA07OAR4170010	49,596
11.417		University Of Vermont	NA060AR4170154	48,362
11.463	Habitat Conservation	National Fish And Wildlife Foundation	None	6,205
11.478	Center for Sponsored Coastal Ocean Research_Coastal Ocean Program	University Of Michigan	NA05NOS4781204	116,249
11.609	Measurement and Engineering Research and Standards - ARRA	International Business Machines	60NANB10D003	6,474
11.609	Measurement and Engineering Research and Standards	University Of Delaware	60NANB10D016	5,072
	Total U.S. Department of Commerce Pass Through Awards			<u>850,309</u>
	Total U.S. Department of Commerce Awards			<u>2,622,115</u>

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

Cornell University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010

CFDA No.	Description	Pass-Through Entity	Pass - Through Entity ID	Federal Expenditures
U.S. Department Of Defense Direct Awards				
12.	Department of Defense			1,529,822
12.300	Basic and Applied Scientific Research			4,726,455
12.351	Basic Scientific Research - Combating Weapons of Mass Destruction			11,896
12.420	Military Medical Research and Development			978,632
12.431	Basic Scientific Research			3,458,440
12.630	Basic, Applied, and Advanced Research in Science and Engineering			1,375,469
12.800	Air Force Defense Research Sciences Program			3,092,832
12.901	Mathematical Sciences Grants Program			14,872
12.910	Research and Technology Development			2,394,041
	Total U.S. Department of Defense Direct Awards			17,582,459
U.S. Department Of Defense Pass-Through Awards				
12.	Department of Defense	Atc-NY Inc.	FA9550-07-C-0127	18,265
12.		Atc-NY Inc.	FA9550-09-C-0081	143,336
12.		Atmosphere And Space Technology Research Associates	FA9550-09-C-0072	117,602
12.		Boeing Integrated Defense Systems	N00173-08-C-2074	225,575
12.		Carnegie-Mellon University	2003-CT-888	43,887
12.		Carnegie-Mellon University	2009-CT-2047	79,211
12.		Clemson University	W912HQ-07-C-0008	73,806
12.		Department Of Defense	None	1,685,873
12.		Department Of Veteran Affairs	None	1,049
12.		Georgia Institute Of Technology	2003-IT-674	23,745
12.		Geosyntec Consultants Inc.	TR0207.7	352
12.		Geosyntec Consultants Inc.	W912HQ-07-C-0028	49,853
12.		Illuminaria Inc.	FA9550-10-C-0048	64,727
12.		Marine Acoustics Inc.	N00024-01-D-7014	80,030
12.		Morton Photonics	W31P4Q-09-C-0928	104,538
12.		Ocean Acoustical Services And Instrumentation Systems, Inc.	N00014-07-C-0771	(7,467)
12.		Physical Sciences, Inc	W911NF-09-C-0113	7,135
12.		Stanford University	None	287,237
12.		Tetragenetics Inc.	W911NF-07-C-0107	53,306
12.		Ues Inc.	FA8650-10-D-5226	25,292
12.		University Of California, Davis	HR0011-09-1-0013	140,120
12.300	Basic and Applied Scientific Research	Telcordia Technologies Inc.	N00014-09-C-0021	105,666
12.300		University Of California, Santa Barbara	N00014-05-1-0419	203,146
12.300		University Of California, Santa Barbara	N00014-06-1-0428	163,012
12.300		University Of Pittsburgh	N00014-07-1-0152	16,901
12.300		Widetronix Inc.	N00014-5-C-0325	(12,082)
12.351	Basic Scientific Research - Combating Weapons of Mass Destruction	North Carolina State University	HDTRA1-08-1-0001	126,554
12.351		University Of California, Los Angeles	HDTRA1-108-1-0023	182,454
12.351		Vanderbilt University	HDTRAI-09-I-0013	39,293
12.431	Basic Scientific Research	K Lab Corporation	W911NF-09-C-0133	29,597
12.431		Nano Engineering Innovation	W911NF-06-C-0124	87,492
12.431		Northrop Grumman Corporation	HR0011-08-C-0033	(4,062)
12.431		Ohio State University	W911NF-08-1-0238	108,122

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Cornell University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010

CFDA No.	Description	Pass-Through Entity	Pass - Through Entity ID	Federal Expenditures
U.S. Department Of Defense Pass-Through Awards (continued)				
12.431		Rice University	W911NF-07-1-0464	128,541
12.431		University Of Central Florida	W911NF-09-1-0500	40,672
12.431		University Of Pennsylvania	W911NF-07-1-0216	48,570
12.431		University Of Pittsburgh	None	(36,132)
12.431		University Of Washington	W911NF-05-1-0403	100,900
12.600	Community Economic Adjustment	Rite Solutions	N00024-07-C-4138	24,833
12.630	Basic, Applied, and Advanced Research in Science and Engineering	Telcordia Technologies Inc.	DAAD19-01-2-011	42,980
12.800	Air Force Defense Research Sciences Program	Brown University	FA9550-09-1-0613	101,738
12.800		Carnegie-Mellon University	FA9550-08-1-0356	120,556
12.800		Columbia University	FA9550-09-1-0705	558,993
12.800		Council For Logistics Research	None	(2,014)
12.800		Illuminaria Inc.	FA9550-09-C-0053	11,947
12.800		Massachusetts Institute Of Technology	None	80,958
12.800		Stanford University	FA9550-09-1-0704	15,229
12.800		Structured Materials Industries Inc.	FA9550-09-C-0186	26,249
12.800		Ues Inc.	FA8650-04-D-5235	81,780
12.800		Ues Inc.	None	23,477
12.800		University Of California Berkeley	FA9550-06-1-0244	(379)
12.800		University Of Maryland College Park	FA9550-09-1-0121	26,462
12.800		University Of Virginia	FA9550-09-1-0611	114,571
12.910	Research and Technology Development	Bae Systems	HR001-09-C-0099	129,899
12.910		Georgia Institute Of Technology	W31P4Q-09-1-0012	225,194
12.910		IBM, San Jose	HR0011-09-C-0002	201,311
12.910		Johns Hopkins University	FA9453-09-1-0357	60,247
12.910		Kitware Inc	HR0011-08-C-0135	37,624
12.910		Stanford University	FA9550-05-1-0414	156,826
12.910				648,777
	Total U.S. Department Of Defense Pass-Through Awards			<u>7,233,374</u>
	Total U.S. Department Of Defense Awards			<u>24,815,833</u>
Department of the Interior Direct Awards				
15.	Department of Interior			324,710
15.608	Fish and Wildlife Management Assistance			2,043
15.615	Cooperative Endangered Species Conservation Fund			145,219
15.620	African Elephant Conservation			69,251
15.630	Coastal Program			9,805
15.635	Neotropical Migratory Bird Conservation			12,033
15.640	Wildlife Without Borders- Latin America and the Caribbean			2,324
15.650	Research Grants (Generic)			2,941
15.805	Assistance to State Water Resources Research Institutes			114,621
15.808	U.S. Geological Survey_ Research and Data Collection			477,505
15.812	Cooperative Research Units Program			109,332
	Department of the Interior Direct Awards			<u>1,269,784</u>

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

Cornell University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010

CFDA No.	Description	Pass-Through Entity	Pass - Through Entity ID	Federal Expenditures
Department of the Interior Pass-Through Awards				
15.608	Fish and Wildlife Management Assistance	National Fish And Wildlife Foundation	None	173,465
15.634	State Wildlife Grants	New Hampshire Fish And Game Department	None	24,282
	Total Department of the Interior Pass-Through Awards			<u>197,747</u>
	Total Department of the Interior Awards			<u>1,467,531</u>
Department of Justice Direct Awards				
16.	Department of Justice			22,936
16.560	National Institute of Justice Research, Evaluation, and Development Project Grants			79,960
	Total Department of Justice Awards			<u>102,896</u>
Department of Labor Direct Awards				
17.720	Employment Programs for People with Disabilities			133,416
	Total Department of Labor Awards			<u>133,416</u>
Department of Transportation Direct Awards				
20.	Department of Transportation			182,877
20.761	Biobased Transportation Research			2,149,338
	Total Department of Transportation Direct Awards			<u>2,332,215</u>
Department of Transportation Pass-Through Awards				
20.205	Highway Planning and Construction	NYS Dept Of Transportation	C-01-67	79,405
		NYS Dept Of Transportation	None	591,914
20.502	Federal Transit Grants for University Research and Training	City University Of New York	C030506	176,609
20.505	Federal Transit_Metropolitan Planning Grants	City University Of New York	C030561	68,095
		City University Of New York	DTRS99-G-0002	5,000
20.600	State and Community Highway Safety	NYS Dept Of Motor Vehicles	RS-7455121	7,799
20.701	University Transportation Centers Program	City University Of New York	USDOT:DTRS99-G-0002	29,010
20.761	Biobased Transportation Research	Pennsylvania State Univ	52110-8623 (CORNELL)	11,042
	Total Department of Transportation Pass-Through Awards			<u>968,874</u>
	Total Department of Transportation Awards			<u>3,301,089</u>
Department of the Treasury Pass-Through Awards				
21.	Department of the Treasury	Suny Buffalo State	TPD-ABA-07-C-0001	26,036
	Total Department of the Treasury Awards			<u>26,036</u>
Office of Personnel Management Pass-Through Awards				
27.011	Intergovernmental Personnel Act (IPA) Mobility Program	General Electric	DE-FC26-08NT05870	126,744
	Total Office of Personnel Management Awards			<u>126,744</u>
National Aeronautics and Space Administration Direct Awards				
43.	National Aeronautics and Space Administration			3,436,858
43.001	Aerospace Education Services Program			2,529,329
43.002	Technology Transfer			94,620
	Total National Aeronautics and Space Administration Direct Awards			<u>6,060,807</u>

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

Cornell University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010

CFDA No.	Description	Pass-Through Entity	Pass - Through Entity ID	Federal Expenditures
National Aeronautics and Space Administration Pass-Through Awards				
43.	National Aeronautics and Space Administration	Arizona State University	1228404	33,049
43.		Arizona State University	NNG07EK00C	90,147
43.		Carnegie Institution Of Washington	NNX09AB74G	17,679
43.		Jet Propulsion Laboratory	NMO710023	1,051,636
43.		Jet Propulsion Laboratory	NMO710076	922,903
43.		Jet Propulsion Laboratory	NMO710776	27,264
43.		Jet Propulsion Laboratory	NMO710805	18,349
43.		Jet Propulsion Laboratory	NMO710846	8,261
43.		Jet Propulsion Laboratory	NMO710947	30,137
43.		Jet Propulsion Laboratory	NMO711043	235,869
43.		Jet Propulsion Laboratory	None	269,841
43.		Makel Engineering Inc.	NNX10CE49P	29,601
43.		Malin Space Science Systems	None	82,815
43.		Smithsonian Astrophysical Observatory	NAS8-03060	(242)
43.		Space Telescope Science Inst.	NAS5-26555	99,015
43.		Structured Materials Industries Inc.	NASA NNX10CF62P	16,106
43.		University Of Alaska Fairbanks	NNX09AC01G	13,958
43.		University Of Arizona	1272218	106,202
43.		University Of California Berkeley	008668	28,507
43.		University Of Maine	NNA07CN69A	22,665
43.		University Of Maryland College Park	NCC3989	236,384
43.		University Of Maryland College Park	None	106,850
43.		University Of Wisconsin	NNX07AL36G	36,554
43.		Woods Hole Oceanographic Institute	NNX07AL80G	53,719
43.001	Aerospace Education Services Program	Applied Physics Laboratory	NNX007AG01G	19,897
43.001		California Institute Of Technology	NAS7-03001	65,637
43.001		Jet Propulsion Laboratory	NMO0710777	22,113
43.001		Jet Propulsion Laboratory	NMO710076	83,382
43.001		Jet Propulsion Laboratory	NMO710782	1,840,779
43.001		Makel Engineering Inc.	NNX10CE41P	8,477
43.001		Malin Space Science Systems	None	19,186
43.001		Seti Institute	NNX07AJ76G	28,239
43.001		Space Telescope Science Inst.	NAS5-26555	27,044
43.001		Structured Materials Industries Inc.	NNX08CA28C	99,965
43.001		Universities Space Research Assoc	NAS2-97001	1,208,146
43.001		University Of Arizona	1228726	9,403
43.001		University Of Pittsburgh	NNX08AB36A	145,050
	Total National Aeronautics and Space Administration Pass-Through Awards			<u>7,114,587</u>
	Total National Aeronautics and Space Administration Awards			<u>13,175,394</u>
National Foundation on the Arts and the Humanities Direct Awards				
45.161	Promotion of the Humanities Research			71,534
	Total National Foundation on the Arts and the Humanities Direct Awards			<u>71,534</u>

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Cornell University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010

CFDA No.	Description	Pass-Through Entity	Pass - Through Entity ID	Federal Expenditures
National Foundation on the Arts and the Humanities Pass-Through Awards				
45.313	Librarians for the 21st Century	Syracuse University	LG-05-09-0061-09	10,547
	Total National Foundation on the Arts and the Humanities Pass-Through Awards			<u>10,547</u>
	Total National Foundation on the Arts and the Humanities Awards			<u>82,081</u>
National Science Foundation Direct Awards				
47.000	National Science Foundation			3,475,598
47.041	Engineering Grants			25,153,425
47.049	Mathematical and Physical Sciences			35,295,912
47.050	Geosciences			6,672,138
47.070	Computer and Information Science and Engineering			10,041,571
47.074	Biological Sciences			15,004,235
47.075	Social, Behavioral, and Economic Sciences			1,701,540
47.076	Education and Human Resources			6,592,319
47.079	International Science and Engineering			480,606
47.080	Office of Cyberinfrastructure			39,784
47.082	Trans-NSF Recovery Act Research Support - ARRA			31,744,663
	Total National Science Foundation Direct Awards			<u>136,201,791</u>
National Science Foundation Pass-Through Awards				
47.	National Science Foundation	Computing Research Association	0937060	123,955
47.		Network For Earthquake Engineering Simulation	CMS-0402490	5,170
47.041	Engineering Grants	Consortium Of Univ For Research In Earthquake Engineering	CMMI -721399	26,948
47.041		Massachusetts Institute Of Technology	EFRI-0735953	69,440
47.041		Northwestern University	CMMI-0900586	56,037
47.041		Purdue University	CMMI-0927178	281,668
47.041		Texas A&M University	CMS-0619083	180,594
47.041		University Of California Berkeley	None	55,166
47.041		University Of California Berkeley	NSF/CCF-0424422	596,774
47.041		University Of Michigan	CMMI-0724022	(1,784)
47.041		University Of Rochester	CBET-0827862	61,166
47.041		University Of Texas System	ECCS-0709323	2,393
47.049	Mathematical and Physical Sciences	Association Of Universities For Research In Astronomy Inc.	AST-0714154	29,292
47.049		Iowa State University	DMR-07-010564	67,556
47.049		Johns Hopkins University	AST-0808064	9,844
47.049		Norfolk State University	DMR-0611430	111,755
47.049		Pennsylvania State Univ	DMR-0622893	(868)
47.049		Pennsylvania State Univ	DMR-0820404	29,997
47.049		Tuskegee University	DMR-0611612	126,955
47.049		University Of California Berkeley	EF-0425878	148,726
47.049		University Of California, Los Angeles	None	441,486
47.049		University Of Oregon	None	16,989
47.049		University Of Oregon	PHY-0529471	1,627
47.049		University Of Washington	DMR-0120967	62,035
47.050	Geosciences	Boston University	None	7,393
47.050		Network For Earthquake Engineering Simulation	CMS-0402490	218,729
47.050		Rutgers State Univ Of NJ	0733275	11,969

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

Cornell University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010

CFDA No.	Description	Pass-Through Entity	Pass - Through Entity ID	Federal Expenditures
National Science Foundation Pass-Through Awards (continued)				
47.050		Scientific Solutions	ATM-0437343	22,520
47.050		University Of Southern California	EAR-0529922	20,999
47.070	Computer and Information Science and Engineering	Carnegie-Mellon University	IIS-0325047	33,632
47.070		Univ.Corp-Atmospheric Resear	ATM-0301213	(8,617)
47.070		University Of California, Davis	CNS-0904239	6,799
47.070		University Of Maryland	CCF 0704138	12,937
47.070		University Of Texas Austin	CCF-0833162	79,333
47.070		University Of Texas Austin	CNS-0923907	6,436
47.074	Biological Sciences	Boyce Thompson Institute	DBI-0419435	71,169
47.074		Boyce Thompson Institute	IOS-0820405	13,652
47.074		Cold Spring Harbor Laboratory	DBI-0703908	654,388
47.074		Colorado State University	DBI-0605200	170,102
47.074		Natureserve	DBI-0547630	10,503
47.074		New York University	DBI-0701382	111,543
47.074		Oregon State University	DBI-0822201	27,297
47.074		Purdue University	DBI-0822258	130,413
47.074		University Of California Riverside	EF-0623632	96,761
47.074		University Of Florida	DEB-0315963	24,615
47.074		University Of Illinois Urbana-Champaign	DBI-0501700	71,547
47.074		University Of Oregon	0421799	237,813
47.074		University Of Oregon	DBI-0922560	136,326
47.074		University Of Wisconsin	DBI-0321467	(3,633)
47.074		University Of Wisconsin Madison	DBI-0321467	26,453
47.074		Yale University	DBI-0701736	660,625
47.075	Social, Behavioral, and Economic Sciences	University Of Delaware	0826832	63,928
47.075		University Of Texas At El Paso	OCI-0753415	201,056
47.076	Education and Human Resources	Association Of Science-Technology Centers	DRL-0813135	73,992
47.076		Clark Atlanta University	HRD-0630456	38,627
47.076		Drexel University	None	25,000
47.076		Hobart & William Smith Colleges	0833675	120,119
47.076		Ohio State University	DRL-0733024	64,644
47.076		Structured Materials Industries Inc.	IIP-0930419	45,000
47.078	Polar Programs	San Diego State University Research Foundation	ARC-0808604	71,338
47.078	Polar Programs - ARRA	Nano-C	IIP-0930526	71,060
47.079	International Science and Engineering	New Jersey Inst. Of Technology	ATM-0522137	(475)
47.079		Us Civilian Research & Development Foundation	INT-9531011	4,739
47.080	Office of Cyberinfrastructure	Johns Hopkins University	0830976	267,442
47.080		University Of New Mexico	OCI-0830944	14,486
47.080		University Of Texas Austin	OCI-0622780	294,861
47.082	Trans-NSF Recovery Act Research Support - ARRA	Columbia University	ECCS-0903406	81,609
47.082	Trans-NSF Recovery Act Research Support - ARRA	Suny Stony Brook	CCF-0926190	42,831
Total National Science Foundation Pass-Through Awards				6,834,882
Total National Science Foundation Awards				143,036,673

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

Cornell University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010

CFDA No.	Description	Pass-Through Entity	Pass - Through Entity ID	Federal Expenditures
Environmental Protection Agency Direct Awards				
66.456	National Estuary Program			3,300
66.469	Great Lakes Program			10,150
66.509	Science To Achieve Results (STAR) Program			74,053
66.511	Office of Research and Development Consolidated Research			164,213
55.516	P3 Award: National Student Design Competition for Sustainability			10,000
66.611	Environmental Policy and Innovation Grants			27,210
66.714	Pesticide Environmental Stewardship_Regional Grants			40,693
	Total Environmental Protection Agency Direct Awards			329,619
Environmental Protection Agency Pass-Through Awards				
66.	Environmental Protection Agency	Delaware County	None	3,706
66.		Perrin Quarles Associates, Inc.	EP-C-06-003	30,000
66.466	Chesapeake Bay Program	Pennsylvania State Univ	2009-0055-024	5,043
66.606	Surveys, Studies, Investigations and Special Purpose Grants	Clarkson University	17058-01139-S11	53,964
66.606		Syracuse Center Of Excellence	X-83232501-0	2,110
66.606		Syracuse University	X-83232501-0	738
	Total Environmental Protection Agency Pass-Through Awards			95,561
	Total Environmental Protection Agency Awards			425,180
U.S. Department of Energy Direct Awards				
81.	Department of Energy			623,054
81.049	Office of Science Financial Assistance Program			4,546,466
81.049	Office of Science Financial Assistance Program - ARRA			2,235,069
81.087	Renewable Energy Research and Development			415,127
81.112	Stewardship Science Grant Program			400
81.114	University Reactor Infrastructure and Education Support			1,827,871
81.121	Nuclear Energy Research, Development and Demonstration			264,986
	Total U.S. Department of Energy Direct Awards			9,912,973
U.S. Department of Energy Pass-Through Awards				
81.	Department of Energy	Arizona State University	DE-FC-09NT43321	614,852
81.		Brookhaven National Lab	DE-AC02-98CH10886	1,231,141
81.		Fermi National Accelerator Laboratory	DE-AC02-07CH11359	23,000
81.		Fermi National Accelerator Laboratory	None	81,212
81.		Lawrence Berkeley Laboratory	DE-AC02-05CH11231	44,316
81.		Lawrence Livermore Nat'L Lab	DE-AC52-07NA27344	51,292
81.		Muons, Inc.	90047S09-I	20,621
81.		Natl Renewable Energy Lab	DE-AC36-99GO10337	50,454
81.		Novozymes, Inc.	DE-FC36-08G018080	61,741
81.		Sandia Laboratories	DE-AC04-94AL85000	12,235
81.		Sandia Laboratories	None	377,857
81.		Stanford University	DE-AC02-76SF00515	555,406
81.		Syracuse University	DE-EE0002121	1,236
81.		University Of Georgia	4000063512	8,333
81.		Ut-Battelle Llc	None	17,972
81.049	Office of Science Financial Assistance Program	Carnegie Institution Of Washington	DE-SC0001057	54,264
81.049		Johns Hopkins University	DE-SC0002509	26

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

Cornell University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010

CFDA No.	Description	Pass-Through Entity	Pass - Through Entity ID	Federal Expenditures
U.S. Department of Energy Pass-Through Awards (continued)				
81.049		Lehigh University	DE-FG02-07ER46463	120,884
81.049		Memorial Sloan Kettering Cancer Center	DE-SC0002184	36,743
81.049		Natl Renewable Energy Lab	DE-AC36-99GO10337	282,454
81.049		Pennsylvania State Univ	DE-FC02-06ER64157	45,204
81.049		Princeton University	DE-FG02-04ER46165	66,685
81.049		Princeton University	DE-SC0001198	132,066
81.049		University Of Florida	DE-FG02-07ER6458	41,820
81.049		University Of Wisconsin Madison	DE-FC02-07ER64494	135,315
81.049		Washington State University	DE-SC0001728	24,651
81.079	Regional Biomass Energy Programs	Natl Renewable Energy Lab	DE-AC36-08GO28308	113,319
81.079		S Dakota State University	DE-FC36-05GO85041	36,470
81.079		South Dakota State University	DE-FC36-05GO85041	6,824
81.079		South Dakota State University	DE-FC36-05GO85041	17,912
81.086	Conservation Research and Development - ARRA	California Institute Of Technology	DE-EE0002890	12,915
81.086	Conservation Research and Development - ARRA	Columbia University	DE-EE0002892	43,850
81.087	Renewable Energy Research and Development	Natl Renewable Energy Lab	DE-AC36-08GO28308	69,547
81.087		New Energy Solutions Inc.	None	(59,571)
	Total U.S. Department of Energy Pass-Through Awards			<u>4,333,046</u>
	Total U.S. Department of Energy Awards			<u>14,246,019</u>
U.S. Department Of Education Direct Awards				
84.015	National Resource Centers and Fellowships Program for Language and Area or Language and International Studies			131,468
84.022	Overseas_Doctoral Dissertation			19,550
84.133	National Institute on Disability and Rehabilitation Research			783,579
84.200	Graduate Assistance in Areas of National Need			130,656
	Total U.S. Department Of Education Direct Awards			<u>1,065,253</u>
U.S. Department Of Education Pass-Through Awards				
84.051	Vocational Education_National Programs	University Of Louisville	V051A070003	396,463
84.116	Fund for the Improvement of Postsecondary Education	University Of Wisconsin	P116Y090038	29,511
84.133	National Institute on Disability and Rehabilitation Research	City University Of New York	H133B080012	42,821
84.133		University Of Massachusetts Boston	H133A090002	62,549
84.298	State Grants for Innovative Programs	Dept Of Education, Puerto Rico	None	39,634
84.366	Mathematics and Science Partnerships	Syracuse City School District	0294 10 0111	43,842
	Total U.S. Department Of Education Pass-Through Awards			<u>614,820</u>
	Total U.S. Department Of Education Awards			<u>1,680,073</u>
U.S. Department of Health and Human Services Direct Awards				
93.	Department of Health and Human Services			2,586,696
93.	Department of Health and Human Services - ARRA			3,693,172
93.061	Innovations in Applied Public Health Research			25,579
93.110	Maternal and Child Health Federal Consolidated Programs			58,035
93.113	Biological Response to Environmental Health Hazards			1,448,027
93.121	Oral Diseases and Disorders Research			637,799
93.172	Human Genome Research			740,839
93.173	Research Related to Deafness and Communication Disorders			1,683,326

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

Cornell University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010

CFDA No.	Description	Pass-Through Entity	Pass - Through Entity ID	Federal Expenditures
U.S. Department of Health and Human Services Direct Awards (continued)				
93.213	Research and Training in Complementary and Alternative Medicine			105,424
93.225	National Research Service Awards_Health Services Research Training			227,198
93.226	Research on Healthcare Costs, Quality and Outcomes			1,821,336
93.233	National Center on Sleep Disorders Research			114,765
93.242	Mental Health Research Grants			11,706,634
93.273	Alcohol Research Programs			399,611
93.279	Drug Abuse Research Programs			6,298,457
93.279	Drug Abuse Research Programs - ARRA			1,068,442
93.281	Mental Health Research Career/Scientist Development Awards			796,036
93.282	Mental Health National Research Service Awards for Research Training			286,634
93.283	Centers for Disease Control and Prevention_Investigations and Technical Assistance			154,248
93.286	Discovery and Applied Research			3,736,983
93.307	Minority Health and Health Disparities Research			19,410
93.310	Trans-NIH Research Support (B,M)			1,809,120
93.361	Nursing Research			287,229
93.371	Biomedical Research Technology			2,302,806
93.389	National Center for Research Resources			14,921,024
93.389	National Center for Research Resources - ARRA			257,187
93.393	Cancer Cause and Prevention Research			3,798,022
93.394	Cancer Detection and Diagnosis Research			745,240
93.395	Cancer Treatment Research			1,699,419
93.396	Cancer Biology Research			3,217,370
93.397	Cancer Centers Support Grants			1,155,342
93.398	Cancer Research Manpower			2,112,083
93.399	Cancer Control			480,810
93.647	Social Services Research and Demonstration			2,469
93.670	Child Abuse and Neglect Discretionary Activities			637,194
93.701	Trans -NIH Recovery Act Research Support - ARRA			11,798,732
93.837	Heart and Vascular Diseases Research			15,449,375
93.838	Lung Diseases Research			3,230,093
93.839	Blood Diseases and Resources Research			2,278,547
93.846	Arthritis, Musculoskeletal and Skin Diseases Research			1,731,929
93.847	Diabetes, Endocrinology and Metabolism Research			5,844,888
93.847	Diabetes, Endocrinology and Metabolism Research - ARRA			(54,365)
93.848	Digestive Diseases and Nutrition Research			852,989
93.849	Kidney Diseases, Urology and Hematology Research			1,013,417
93.849	Kidney Diseases, Urology and Hematology Research - ARRA			592
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders			15,378,697
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders - ARRA			714,832
93.855	Allergy, Immunology and Transplantation Research			24,052,592
93.855	Allergy, Immunology and Transplantation Research - ARRA			30,710
93.856	Microbiology and Infectious Diseases Research			3,214,973
93.856	Microbiology and Infectious Diseases Research - ARRA			985,865
93.859	Biomedical Research and Research Training			25,434,755
93.864	Population Research			1,164,679

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Cornell University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010

CFDA No.	Description	Pass-Through Entity	Pass - Through Entity ID	Federal Expenditures
U.S. Department of Health and Human Services Direct Awards (continued)				
93.865	Child Health and Human Development Extramural Research			5,080,713
93.866	Aging Research			4,001,567
93.867	Vision Research			4,886,660
93.886	Grants for Physician Assistant Training Program			156,541
93.989	International Research and Research Training			894,686
	Total U.S. Department of Health and Human Services Direct Awards			199,177,433
U.S. Department of Health and Human Services Pass-Through Awards				
93.	Department of Health and Human Services	Abt Associates, Inc.	None	143
93.		Advalue Photonics, Inc.	FA9550-09-C-0124	25,779
93.		Agency For Hr & Q	None	143,107
93.		American Psychoanalytic Assoc.	None	20,975
93.		Bedford Va Research Corp., Inc.	None	11,808
93.		Beth Israel Deaconess Med Center	None	72,775
93.		Brentwd Biomed Ri	None	156
93.		Burke Medical Research Institute	None	322,083
93.		Calgb Foundation	None	87,675
93.		Case Western Reserve University	None	253,275
93.		Center For Disease Control	None	129,119
93.		Children's Hospital Los Angeles	None	1,511
93.		Columbia University	None	139,897
93.		Duke University	None	310
93.		Emmes Corporation	None	1
93.		Emory University	None	285,003
93.		Feinstein Institue For Med Research	None	91,879
93.		Fred Hutchinson Cancer Research Center	None	113,771
93.		Gheskio Center	None	178,671
93.		Harvard Clinical Research Institute	None	55,790
93.		Harvard Medical School	None	7,365
93.		Health Research Inc	1700-01-N01 A125490	2,562
93.		Health Research Inc	3R01NS05391203S2	27,698
93.		Hospital For Special Surgery	None	(81)
93.		John Hopkins University	None	14,689
93.		Johns Hopkins University	None	317,137
93.		Long Island Jewish Med. Ctr.	None	11,979
93.		Lutheran Family Health Centers	None	231
93.		Medstar Research Institute	None	9,868
93.		Memorial Sloan-Kettering Institute	None	85,652
93.		Menssana Research, Inc.	None	40,969
93.		Montefiore Medical Center	None	26,705
93.		Mt. Sinai School Of Medicine	None	77,755
93.		Myomo, Inc.	None	24,547
93.		Nat'L Cancer Institute	None	1,958,457
93.		Nat'L Institute Of Drug Abuse	None	(40,879)
93.		Nat'L Marrow Donor Program	None	1,106
93.		New England Research Institute	None	485
93.		New York University	None	6,648

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Cornell University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010

CFDA No.	Description	Pass-Through Entity	Pass - Through Entity ID	Federal Expenditures
U.S. Department of Health and Human Services Pass-Through Awards (continued)				
93.		Progenics Pharmaceuticals, Inc.	None	263,574
93.		Research Foundation Cuny Hunter College	None	34,567
93.		Rice University	None	16,321
93.		Rockefeller University	None	1,186,314
93.		Rti-Nat'L Heart, Lung & Blood Institute	None	236,513
93.		Saic Frederick, Inc.	None	(28,288)
93.		Social & Scientific Systems, Inc.	None	37,335
93.		Strang Cancer Center	None	18,196
93.		University College Of London	None	6,513
93.		University Of CA, Davis	None	(561)
93.		University Of CA, Sd	None	39,001
93.		University Of Connecticut	None	325,684
93.		University Of Med. & Dentistry Of NJ	None	15,778
93.		University Of Minnesota	None	55,448
93.		University Of Pennsylvania	None	31,775
93.		University Of Pittsburgh	None	142,567
93.		University Of Rochester	HHSN266200700008C	85,870
93.		University Of Rochester	HHSN266200700008C(N01-AI-700)	424,416
93.		University Of Rochester	None	29,934
93.		University Of Texas Md Anderson	None	85,769
93.		Vanderbilt University	None	(102)
93.		Vanderbilt University	None	43,012
93.		Visiting Nurses Service Of NY	None	9,047
93.		Vybion Inc.	None	54,095
93.069	Public Health Emergency Preparedness (B)	Trustees Of Dartmouth College	None	57,923
93.121	Oral Diseases and Disorders Research	NJ Med School	None	2,871
93.145	AIDS Education and Training Centers	Columbia University	None	177,630
93.172	Human Genome Research	Baylor College Of Medicine	1U01HG005211-01	39,949
93.173	Research Related to Deafness and Communication Disorders	Research Foundation Suny @ Binghamton	None	19,264
93.213		Vanderbilt University	None	146,332
93.213	Research and Training in Complementary and Alternative Medicine	New York University School Of Medicine	None	32,672
93.226	Research on Healthcare Costs, Quality and Outcomes	Arizona State University	R01HS018481	25,026
93.242		Brigham & Women's Hospital	None	118,398
93.242	Mental Health Research Grants	Duke University	None	2,381
93.242		New York University	None	527,552
93.242		Princeton University	None	70,827
93.242		Research Fdn For Mental Hygiene, Inc.	None	59,686
93.242		Rockefeller University	None	169,997
93.242		Trustees Of Dartmouth College	None	87,227
93.242		University Of Colorado	5 R01 MH070761-05-EXT	4,500
93.242		University Of Texas at Austin	None	17,755
93.242		Yale University	None	150,760
93.266	Rapid Expansion of Antiretroviral Therapy Programs for HIV-Infected Persons in Selected Countries in Africa and the Caribbean Under the President's Emergency Plan for AIDS Relief	University Of Washington	None	383,063
93.279	Drug Abuse Research Programs	Mt. Sinai School Of Medicine	None	86,707
93.279		Rockefeller University	None	358,343

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Cornell University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010

CFDA No.	Description	Pass-Through Entity	Pass - Through Entity ID	Federal Expenditures
U.S. Department of Health and Human Services Pass-Through Awards (continued)				
93.279		Univ. Of CA, Sf	None	234,871
93.279		University Of Illinois-Chicago	U01-DA-017378-01	3,523
93.279		University Of Miami	None	69,029
93.279		University Of Pittsburgh	5 U01 DA023821-03	12,124
93.283	Centers for Disease Control and Prevention_ Investigations and Technical Assistance	Columbia University	None	15,021
93.283		Mcking Consulting Corporation	200-2003-01396 TO# 0063	49,999
93.283		Mt. Sinai School Of Medicine	None	123,645
93.286	Discovery and Applied Research	Boston University	1 R01 EB005658-01A1	26,903
93.286		Mayo Clinic College Of Medicine	2R01EB001640-11A1	54,120
93.286		Mayo Clinic College Of Medicine	3R01 EB002167-20	84,439
93.286		Riverside Research Institute	None	60,472
93.286		Stanford University	5R01EB004321	137,088
93.286		University Of Maryland	R01 EB006615	49,271
93.310	Trans-NIH Research Support (B,M)	Boyce Thompson Institute	7P41GM079571	51,667
93.361	Nursing Research	Columbia University	None	41,164
93.371	Biomedical Research Technology	Area Detector Systems Corporation	2 R44014613	648
93.371		Northern Ca Institute For Res. & Education	None	106,173
93.392	Cancer Construction	Boston Medical Center	None	83,405
93.393	Cancer Cause and Prevention Research	Baylor College Of Medicine	None	21,925
93.393		University Of Pittsburgh	5R24HL76852-05	2,330
93.393		University Of Tennessee	1 R21 CA122430-01	9,471
93.393		University Of Washington	5 U01 CA114642-05	144,266
93.395	Cancer Treatment Research	Emmes Corporation	None	38,754
93.395		Juvaris Bio Therapeutics, Inc.	1 R43 CA133993-01	59,060
93.395		Mt. Sinai School Of Medicine	None	1,211
93.395		Nat'L Childhood Cancer Foundation	None	31,814
93.395		University Of Chicago	None	44,466
93.396	Cancer Biology Research	Brigham & Women's Hospital	None	(51)
93.396		Case Western University	R01 CA107013	79,323
93.396		Cincinnati Children's Hospital Medical	None	25,959
93.396		University Of Rochester	None	12,503
93.397	Cancer Centers Support Grants	Dana-Farber Cancer Institute	None	4,840
93.397		Emory University	None	60,745
93.397		Montefiore Medical Center	None	(925)
93.397		Roswell Park Cancer Institute	55-5661-32	25,000
93.399	Cancer Control	Emory University	None	(4,117)
93.399		University Of Michigan	None	15,201
93.399		University Of Texas @ San Antonio	None	(85,440)
93.399		University Of Texas Md Anderson	None	80,519
93.399		University Of Washington	5 U01 CA114642-04	(2,427)
93.648	Child Welfare Services Training Grants	James Bell Associates Inc.	HHSP233200600448G	10,621
93.701	Trans -NIH Recovery Act Research Support - ARRA	Beth Israel Deaconess Med Center	None	240,250
93.701		Columbia University	None	164,151
93.701		Dana-Farber Cancer Institute	None	81,722
93.701		Emory University	None	97,563
93.701		Nat'L Childhood Cancer Foundation	None	211,148
93.701		Northern Ca Institute For Res. & Education	None	119,525
93.701		Northern California Institue	None	71,728
93.701		Research Foundation Of Cuny	None	45,094

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Cornell University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010

CFDA No.	Description	Pass-Through Entity	Pass - Through Entity ID	Federal Expenditures
U.S. Department of Health and Human Services Pass-Through Awards (continued)				
93.701		University Of CA, Sd	None	9,959
93.701		University Of Miami	None	85,353
93.701		University Of Washington Customer Inquir	None	47,621
93.701		Colorado State University	2R01CA095056-06A2	12,196
93.701		Fred Hutchinson Cancer Research Center	RC1HL100270	89,234
93.701		Hospital For Special Surgery	RC1AR058255	67,840
93.701		Jackson Laboratory	3P01HD042137-06A1S1	4,427
93.701		Mayo Clinic College Of Medicine	1R21CA133536-02	118,503
93.701		National Research Opinion Center - University Of Chicago	1R03DA026089-01	37,898
93.701		University Of Florida	U24 RR029822	992,343
93.701		University Of Maryland	U01 HG004866	50,174
93.701		University Of Missouri	3R01NS048826-05S1	20,016
93.701		University Of Pittsburgh	1RC2AR058929-01	159,565
93.701		University Of Texas System	1 RC2 HL102419-01	26,726
93.701		Vanderbilt University	1RC2DA028981-01	25,021
93.701		Wake Forest University Baptist Medical Center	1RC1AG035835-01	28,098
93.837	Heart and Vascular Diseases Research	Beth Israel Deaconess Med Center	None	83,716
93.837		Columbia University	None	215,251
93.837		Mt. Sinai School Of Medicine	None	44,396
93.837		Transonic Systems, Inc	2 R44 HL061994-04A2	1,702
93.837		University Of Alabama @ Birmingham	None	34,074
93.837		University Of California, Los Angeles	1 R01 HL087228	129,489
93.837		University Of California, Los Angeles	P01 HL090553	362,758
93.837		University Of Iowa	1P01HL084207-01A1	92,127
93.837		University Of Michigan	R01 HL073394	79,709
93.837		University Of North Carolina	None	84,531
93.837		University Of Rochester	None	85
93.837		University Of Washington	None	44,040
93.838	Lung Diseases Research	University Of Pennsylvania	5R01HL081824-03	4,496
93.839	Blood Diseases and Resources Research	University Of Pennsylvania	R33-HL-087353-03	68,205
93.839		University Of Rochester	P01 HL18208	86,888
93.846	Arthritis, Musculoskeletal and Skin Diseases Research	Hospital For Special Surgery	5 R01 AR041325-17	60,936
93.846		Hospital For Special Surgery	None	16,252
93.846		Hospital For Special Surgery	P30 AR0046121-10	87,172
93.846		Suny Upstate Medical Center	1 R01 AR054145-01A2	11,000
93.846		University Of Southern California	5 R01 AR052345-05	58,753
93.848	Digestive Diseases and Nutrition Research	Columbia University	None	877,961
93.848		Research Fdn For Mental Hygiene, Inc.	None	56,080
93.848		Saint Francis Hospital And Medical Center	R01 DK066303	16,940
93.848		St. Luke's Roosevelt	None	8,268
93.848		University Of North Carolina	R01 DK053347	125,392
93.849	Kidney Diseases, Urology and Hematology Research	New York Medical College	None	80,954
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders	Artann Laboratories	1R43NS065524-01	62,030
93.853		Columbia University	None	(2,330)
93.853		Johns Hopkins University	1R01NS060910	75,778
93.853		Penn State University	None	2,311
93.853		Transonic Systems, Inc	2 R44 NS049680-02	3,497

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

Cornell University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010

CFDA No.	Description	Pass-Through Entity	Pass - Through Entity ID	Federal Expenditures
U.S. Department of Health and Human Services Pass-Through Awards (continued)				
93.853		University Of Miami	None	23,276
93.853		University Of Missouri	1 R01 NS048826-05	7,874
93.853		University Of Pittsburgh	R01 NS032385	27,602
93.855	Allergy, Immunology and Transplantation Research	Brigham & Women's Hospital	None	63,055
93.855		Colorado State University	None	90,201
93.855		Columbia University	5 U54 AI057158-06	68,289
93.855		Columbia University	None	556,446
93.855		Federal University Of Bahia	None	66,495
93.855		Fox Chase Cancer Center	1 U19 AI083008-01	19,055
93.855		Fred Hutchinson Cancer Research Center	None	20,224
93.855		Health Research, Inc.	None	(3,379)
93.855		Inst. For Clinical Research, Inc.	None	118
93.855		Institut Pasteur	5R01AI042361-11	19,032
93.855		Massachusetts General Hospital	None	135
93.855		Memorial Sloan-Kettering Institute	None	121,865
93.855		Montefiore Medical Center	None	21,974
93.855		Rheonix, Inc.	1 UO1 AI082448-01	142,551
93.855		Stanford University	None	371,199
93.855		University Of Pennsylvania	None	58,338
93.855		Vanderbilt University	None	180,765
93.856	Microbiology and Infectious Diseases Research	Chembio Diagnostic Systems, Inc.	None	85,904
93.856		Columbia University	None	56,838
93.856		Gheskio Center	None	189,889
93.859	Biomedical Research and Research Training	Memorial Sloan-Kettering Institute	None	163,201
93.859		Gladstone J Davis Institute	R01 GM082901	65,281
93.859		Hauptman-Woodward Medical Research Institute Inc.	U54 GM074899	99,108
93.859		Mitegen, Llc	R41 TM075361	(665)
93.859		Pennsylvania State Univ	5R01GM080533-04	188,481
93.859		University Of Chicago	5 R01 GM077959-03	24,345
93.859		University Of Maryland Baltimore	R01 GM70855	2,363
93.859		University Of Michigan	GM065509-06	145,524
93.859		University Of Minnesota	2R01GM059604	110,900
93.859		University Of Utah	2 R01 GM064664	51,954
93.859		Virginia Polytechnic Institute & State University	3R01GM076121-04S1	29,547
93.864	Population Research	Jackson Laboratory	P01HD042137	263,474
93.864		Ohio State University	R01 HD054866-01A1	121,733
93.865	Child Health and Human Development Extramural Research	Children's Research Institute	None	5,408
93.865		Umdnj-Robert Wood Johnson	None	8,764
93.865		Univ Of Medicine & Dentistry Of NJ	None	223,678
93.865		University Of Georgia	2R01HD03058815A1	15,833
93.865		University Of Rochester	None	(832)
93.866	Aging Research	Aces Inc.	1R41G029756-01	3,547
93.866		National Research Opinion Center - University Of Chicago	1R01AG033903-01	8,878
93.866		Purdue University	R01AG018869	92,671
93.866		Rockefeller University	None	30,788
93.866		University Of California, Sd	None	281,482
93.866		University Of Colorado	None	20,913

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

Cornell University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010

CFDA No.	Description	Pass-Through Entity	Pass - Through Entity ID	Federal Expenditures
U.S. Department of Health and Human Services Pass-Through Awards (continued)				
93.866		University Of Louisville	None	12
93.867	Vision Research	Johns Hopkins University	None	335,557
93.867		University Of Illinois	None	43,929
93.928	Special Projects of National Significance	New York Academy Of Medicine	None	42,637
93.989	International Research and Research Training	Vanderbilt University Medical Center	None	127,015
	Total U.S. Department of Health and Human Services Pass-Through Awards			<u>22,308,760</u>
	Total U.S. Department of Health and Human Services Awards			<u>221,486,193</u>
Social Security Administration Pass-Through Awards				
96.007	Social Security_Research and Demonstration	Rand Corporation	19-F-10002-9-01	56,395
	Total Social Security Administration Awards			<u>56,395</u>
Department of Homeland Security Direct Awards				
97.	Department of Homeland Security			55,737
97.065	Homeland Security Advanced Research Projects Agency			581,249
97.069	Aviation Research Grants			39,229
97.108	Homeland Security, Research, Testing, Evaluation, and Demonstration of Technologies			612,329
	Total Department of Homeland Security Direct Awards			<u>1,288,544</u>
Department of Homeland Security Pass-Through Awards				
97.001	One-Time Projects	Dartmouth College	2006-CS-001-000001-02	24,059
97.061	Centers for Homeland Security	University Of Texas Austin	Z934002	90,414
	Total Department of Homeland Security Pass-Through Awards			<u>114,473</u>
	Total Department of Homeland Security Awards			<u>1,403,017</u>
United States Agency for International Development Direct Awards				
98.001	USAID Foreign Assistance for Programs Overseas			1,667,329
	Total United States Agency for International Development Direct Awards			<u>1,667,329</u>
United States Agency for International Development Pass-Through Awards				
98.	United States Agency for International Development	International Rice Research Institute	None	(39,973)
98.		Michigan State University	EDH-A-00-07-00005	166,604
98.		University Of California, Davis	016258	61,295
98.001	USAID Foreign Assistance for Programs Overseas	Higher Education For Development	AEG-A-00-05-00007-00	22,463
98.001		University Of California, Davis	AEG-A-00-08-00008	4,014
98.001		University Of Wisconsin Madison	AEG-A-00-08-00008	117,510
98.001		University Of Wisconsin Madison	EDH-A-00-06-00003-00	196,780
98.001		Virginia Polytechnic Institute & State University	EPP-A-00-04-00013-00	226,271
98.012	USAID Development Partnerships for University Cooperation and Development (B)	University Of Georgia	ECCA00070000100	90,995
	Total United States Agency for International Development Pass-Through Awards			<u>845,959</u>
	Total United States Agency for International Development Awards			<u>2,513,288</u>
Total Research and Development Program Cluster				<u>458,877,734</u>

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

Cornell University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010

CFDA No.	Description	Pass-Through Entity	Pass - Through Entity ID	Federal Expenditures
Other Awards:				
U.S. Department of Agriculture Direct Awards				
10.	Department of Agriculture			3,490
10.025	Plant and Animal Disease, Pest Control, and Animal Care			122,363
10.155	Marketing Agreements and Orders			8,965
10.200	Grants for Agricultural Research, Special Research Grants			(96,345)
10.202	Cooperative Forestry Research			5,032
10.203	Payments to Agricultural Experiment Stations Under the Hatch Act			470,192
10.206	Grants for Agricultural Research_Competitive Research Grants			2,775
10.304	Homeland Security_Agricultural			278,720
10.350	Technical Assistance to Cooperatives			(328)
10.500	Cooperative Extension Service			13,614,680
10.606	Food for Progress			621,055
10.664	Cooperative Forestry Assistance			8,884
10.677	Forest Land Enhancement Program			12,913
10.907	Snow Survey and Water Supply Forecasting			8,594
10.912	Environmental Quality Incentives Program			54,647
10.950	Agricultural Statistics Reports			124,179
10.960	Technical Agricultural Assistance			6,113
10.961	Scientific Cooperation and Research			26,241
10.962	International Training_Foreign Participant			24,806
	Total U.S. Department of Agriculture Direct Awards			15,296,976
U.S. Department of Agriculture Pass-Through Awards				
10.	Department of Agriculture	NYS Dept Of Ag & Markets	12-25-B-0940	354
10.025	Plant and Animal Disease, Pest Control, and Animal Care	NYS Dept Of Ag & Markets	06-9636-0029-CA	71,742
10.025		NYS Dept Of Ag & Markets	09-8236-0325-CA	14,999
10.025		NYS Dept Of Ag & Markets	09-9636-0207-CA	114,098
10.025		NYS Dept Of Ag & Markets	09-9636-0939-CA	176,954
10.200	Grants for Agricultural Research, Special Research Grants	Pennsylvania State Univ	2008-51150-04609	40,269
10.200		University Of California, Davis	2009-39557-20245	11,055
10.200		University Of Vermont	2006-38640-16700	4,578
10.215	Sustainable Agriculture Research and Education	University Of Vermont	2007-38640-17935	61,212
10.215		University Of Vermont	2008-38640-18866	5,688
10.215		University Of Vermont	2009-38640-19631	12,214
10.215		University Of Vermont	None	1,263
10.217	Higher Education Challenge Grants	University Of Delaware	2004-38411-16681	(1)
10.303	Integrated Programs	Oregon State University	2007-51110-03815	29,168
10.303		Pennsylvania State Univ	2007-51120-18446	425,573
10.303		University Of Florida	2009-51110-20174	22,332
10.458	Crop Insurance Education in Targeted States	NYS Dept Of Ag & Markets	08-IE-0833-0092	63,541
10.500	Cooperative Extension Service	Auburn University	2008-48540-04313	27,152
10.500		Pennsylvania State Univ	2007-41210-03946	1,269
10.500		University Of Arizona	2008-41520-04810	17,098
10.500		University Of Delaware	2007-49200-03888	73,388
10.500		University Of Kentucky	2009-41520-05374	28,006
10.500		University Of Nebraska	4-98-2-23	4,500
10.500		University Of Vermont	2006-47001-03367	16,476

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

Cornell University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010

CFDA No.	Description	Pass-Through Entity	Pass - Through Entity ID	Federal Expenditures
U.S. Department of Agriculture Pass-Through Awards (continued)				
10.500	Cooperative Extension Service	University of Vermont	2009-47001-05350	23,192
10.551	Food Stamps	NYS Office Of Temporary And Disability Assistance	None	81,389
10.551		Off Of Domestic Violence & Emergency Intervention Svcs NYC	None	5,762,021
10.960	Technical Agricultural Assistance	University Of California, Davis	58-3148-7-150	3,175
	Total U.S. Department of Agriculture Pass-Through Awards			<u>7,092,705</u>
	Total U.S. Department of Agriculture Awards			<u>22,389,681</u>
U.S. Department of Commerce Direct Awards				
11.302	Economic Development_Support for Planning Organizations			99,947
	Total U.S. Department of Commerce Direct Awards			<u>99,947</u>
U.S. Department of Commerce Pass-Through Awards				
11.417	Sea Grant Support	New York Sea Grant Institute, Stony Brook	NA07OAR4170010	436,181
11.417		New York Sea Grant Institute, Stony Brook	None	204,190
11.417		University Of Michigan	NA060AR4170017	52,310
11.431	Climate and Atmospheric Research	Ohio State University	NA08OAR4310721	5,727
11.472	Coastal Services Center	Great Lakes Observing System	NA08NOS4730293	2,000
	Total U.S. Department of Commerce Pass Through Awards			<u>700,408</u>
	Total U.S. Department of Commerce Awards			<u>800,355</u>
Department of Housing and Urban Development Pass-Through Awards				
14.	Department of Housing and Urban Development	American Small Business Alliance, Inc.	None	15,515
14.900	Lead-Based Paint Hazard Control in Privately-Owned Housing	Monroe County	None	32,444
14.900			NYLHB0436-09	21,506
	Total Department of Housing and Urban Development Awards			<u>69,465</u>
U.S. Department of the Interior Pass-Through Awards				
15.	Department of Interior	National Fish And Wildlife Foundation	None	56,155
	Total U.S. Department of Interior Awards			<u>56,155</u>
U.S. Department Of Labor Direct Awards				
17.720	Employment Programs for People with Disabilities			660,285
	Total U.S. Department Of Labor Awards			<u>660,285</u>
Department of State Pass-Through Awards				
19.	Department of State	Universidad Galileo	S-GT500-09-GR-058	8,556
19.400	Educational Exchange_Graduate Students	Institute Of International Education	S-ECAAS-09-CA-012	244,075
	Total U.S. Department of State Awards			<u>252,631</u>
Department of Transportation Pass-Through Awards				
20.600	State and Community Highway Safety	NYS Dept Of Motor Vehicles	None	12,626
	Total Department of Transportation Awards			<u>12,626</u>
Appalachian Regional Commission Pass-Through Awards				
23.	Appalachian Regional Commission	Southern Tier Central Regional Planning & Develop. Board	NY-16268	12,642
	Total Appalachian Regional Commission Awards			<u>12,642</u>

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

Cornell University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010

CFDA No.	Description	Pass-Through Entity	Pass - Through Entity ID	Federal Expenditures
National Foundation on the Arts and the Humanities Direct Awards				
45.	National Foundation on the Arts and the Humanities			7,732
45.024	Promotion of the Arts_Grants to Organizations and Individuals			48,900
	Promotion of the Arts_Grants to Organizations and Individuals - ARRA			50,000
45.130	Promotion of the Humanities_Challenge Grants			500,000
45.146	Promotion of the Humanities-Research Materials: Editions			58,002
45.149	Promotion of the Humanities_Division of Preservation and Access			46,532
45.301	Museum for America Grants			47,338
45.312	National Leadership Grants			100,467
	Total National Foundation on the Arts and the Humanities Direct Awards			<u>858,971</u>
National Foundation on the Arts and the Humanities Pass-Through Awards				
45.312	National Leadership Grants	University Of Florida	LG-07-08-0097	86,702
	Total National Foundation on the Arts and the Humanities Pass-Through Awards			<u>86,702</u>
	Total National Foundation on the Arts and the Humanities Awards			<u>945,673</u>
National Science Foundation Direct Awards				
47.041	Engineering Grants			34,097
47.049	Mathematical and Physical Sciences			212,456
47.070	Computer and Information Science and Engineering			1,743
47.075	Social, Behavioral, and Economic Sciences			479,303
47.076	Education and Human Resources			2,282,423
47.080	Office of Cyberinfrastructure			3,733
	Total National Science Foundation Direct Awards			<u>3,013,755</u>
National Science Foundation Pass-Through Awards				
47.049	Mathematical and Physical Sciences	University Of Minnesota	0439734	17,500
47.076	Education and Human Resources	Syracuse University	HRD-0703452	67,085
47.076		Syracuse University	None	25,661
	Total National Science Foundation Pass-Through Awards			<u>110,246</u>
	Total National Science Foundation Awards			<u>3,124,001</u>
Environmental Protection Agency Direct Awards				
66.	Environmental Protection Agency			6,508
66.437	Long Island Sound Program			146,232
66.456	National Estuary Program			10,717
66.500	Environmental Protection_Consolidated Research			114,691
66.714	Pesticide Environmental Stewardship_Regional Grants			26,877
	Total Environmental Protection Agency Direct Awards			<u>305,025</u>
Environmental Protection Agency Pass-Through Awards				
66.458	Capitalization Grants for Clean Water State Revolving Funds - ARRA	Interstate Environmental Commission	None	27,445
66.460	Nonpoint Source Implementation Grants	Sea Grant U Of Connecticut	DEPA00002080103	20,487
	Total Environmental Protection Agency Pass-Through Awards			<u>47,932</u>
	Total Environmental Protection Agency Awards			<u>352,957</u>
Nuclear Regulatory Commission Direct Awards				
77.	Nuclear Regulatory Commission			101,456
	Total Nuclear Regulatory Commission Awards			<u>101,456</u>

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

Cornell University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010

CFDA No.	Description	Pass-Through Entity	Pass - Through Entity ID	Federal Expenditures
U.S. Department of Energy Direct Awards				
81.049	Office of Science Financial Assistance Program			2,589
	Total U.S. Department of Energy Awards			<u>2,589</u>
U.S. Department of Energy Pass-Through Awards				
81.	Department of Energy	Brookhaven National Lab	DE-AC02-98CH10886	34,093
	Total U.S. Department of Energy Pass-Through Awards			<u>34,093</u>
	Total U.S. Department of Energy Awards			<u>36,682</u>
U.S. Department Of Education Direct Awards				
84.015	National Resource Centers and Fellowships Program for Language and Area or Language and International Studies			2,520,046
84.017	International Research and Studies			25,940
84.022	Overseas_Doctoral Dissertation			94,673
84.047	TRIO_Upward Bound			229,962
84.133	National Institute on Disability and Rehabilitation Research			1,132,379
	Total U.S. Department of Education Direct Awards			<u>4,003,000</u>
U.S. Department Of Education Pass-Through Awards				
84.	Department of Education	Northern Illinois University	None	26,216
		NYS Dept Of Education	None	630,868
		NYS Office Of Children And Family Services	None	489,116
84.027	Special Education_Grants to States	NYS Dept Of Education	None	(1,681)
84.366	Mathematics and Science Partnerships	Syracuse City School District	USDE CFDA 84.366	10,221
	Total U.S. Department Of Education Pass-Through Awards			<u>1,154,740</u>
	Total U.S. Department Of Education Awards			<u>5,157,740</u>
United States Institute of Peace Direct Awards				
91.001	Unsolicited Grant Program			12,640
	Total United States Institute of Peace Awards			<u>12,640</u>
U.S. Department of Health and Human Services Direct Awards				
93.307	Minority Health and Health Disparities Research			114,061
93.333	General Clinical Research Centers			194,624
93.389	National Center for Research Resources			40,522
93.865	Child Health and Human Development Extramural Research			52,319
	Total U.S. Department of Health and Human Services Direct Awards			<u>401,526</u>
U.S. Department of Health and Human Services Pass-Through Awards				
93.	Department of Health and Human Services	NYS Developmental Disabilities Planning Council	None	53,151
93.		NYS Office Of Children And Family Services	None	15,648
93.		Research Foundation For Mental Hygiene Inc.	1QACMS030318/01	949,225
93.		Virginia Commonwealth University	SS00-10-60005	49,377
93.558	Temporary Assistance for Needy Families	NYS Office Of Children And Family Services	None	486,330
93.648	Child Welfare Services Training Grants	Suny Buffalo State	None	221,083
93.658	Foster Care_Title IV-E	NYS Office Of Children And Family Services	None	29,098

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

Cornell University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010

CFDA No.	Description	Pass-Through Entity	Pass - Through Entity ID	Federal Expenditures
U.S. Department of Health and Human Services Pass-Through Awards (continued)				
93.768	Medicaid Infrastructure Grants To Support the Competitive Employment of People with Disabilities	Research Foundation For Mental Hygiene Inc.	1QACMS030318/01	1,831,970
93.768		State Of Wisconsin Dept. Of Health And Family Services	None	49,938
93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	NYS Office For The Aging	10-0532082	14,999
93.859	Biomedical Research and Research Training	University Of California, San Diego	5P01 GM078586	23,131
93.994	Maternal and Child Health Services Block Grant to the States	NYS Dept Of Health	MCH BLOCK GRANT (42.3%)	1,168,528
	Total U.S. Department of Health and Human Services Pass-Through Awards			<u>4,892,478</u>
	Total U.S. Department of Health and Human Services Awards			<u>5,294,004</u>
Corporation for National and Community Service Direct Awards				
94.013	Volunteers in Service to America			59,646
	Total Corporation for National and Community Service Direct Awards			<u>59,646</u>
Corporation for National and Community Service Pass-Through Awards				
94.005	Learn and Serve America_Higher Education	Long Term Care, Foundation For	06LHHNY001	1,785
94.005		Pennsylvania Campus Compact	06LHHPA001	6,168
94.005		Pennsylvania Campus Compact	None	3,653
	Total Corporation for National and Community Service Pass-Through Awards			<u>11,606</u>
	Total Corporation for National and Community Service Awards			<u>71,252</u>
Social Security Administration Pass-Through Awards				
96.008	Social Security_Benefits Planning, Assistance, and Outreach Program	NYS Office Of Temporary And Disability Assistance	None	399,643
	Total Social Security Administration Awards			<u>399,643</u>
United States Agency for International Development Direct Awards				
98.	United States Agency for International Development			27,864
98.001	USAID Foreign Assistance for Programs Overseas			866,013
	Total United States Agency for International Development Awards			<u>893,877</u>
United States Agency for International Development Pass-Through Awards				
98.001	USAID Foreign Assistance for Programs Overseas	International Relief And Development, Inc.	674-A-00-09-00133-00	43,867
	Total United States Agency for International Development Pass-Through Awards			<u>43,867</u>
	Total United States Agency for International Development Awards			<u>937,744</u>
Total Other Awards				<u>40,687,632</u>
Total Federal Award Expenditures for the year ended June 30, 2010				<u>629,357,990</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, 2010

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.

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, 2010 totaled \$119,104,324 including \$76,759,376 for the Ithaca campus and \$42,344,948 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.

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.

Cornell University
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010

3. Student Loan Programs

The University had the following loan balances outstanding at June 30, 2010. 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	\$ 39,740,327
Health Professions Student Loan Program, including Primary Care Loans and Loans for Disadvantage Students	93.342	<u>4,979,372</u>
		<u>\$ 44,719,699</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, 2010.

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, 2010.

Federal Direct Loan Program (FDLP):		
Federal Subsidized		\$ 25,616,760
Federal Unsubsidized		<u>31,677,258</u>
Total FDLP	84.268	<u>\$ 57,294,018</u>
Federal Family Education Loan Program	84.032	<u>\$ 46,282,612</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.

Cornell University
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010

5. Subrecipients

The University has 522 research subcontracts of its federal funds, which have been issued to subrecipients that total approximately \$46.8 million. Due to the large number of programs and sponsors, it is not practical to disclose the amount of payments to each research subrecipient.

The University has 31 non-research subcontracts of its federal funds, which have been issued to subrecipients that total approximately \$2.8M. Refer to the table below for the amount provided to subrecipients under each CFDA number.

CFDA No.	Description	Amount provided to Subrecipients
10.200	Grants for Agricultural Research, Special Research Grants	\$ 68,022
10.215	Sustainable Agriculture Research and Education	2,417
10.500	Cooperative Extension Service	83,112
84.015	National Resource Centers and Fellowships Program for Language and Area or Language and International Studies	740,069
84.133	National Institute on Disability and Rehabilitation Research	135,315
93.	Department of Health and Human Services	17,613
93.333	General Clinical Research Centers	22,896
93.768	Medicaid Infrastructure Grants To Support the Competitive Employment of People with Disabilities	540,237
93.994	Maternal and Child Health Services Block Grant to the States	482,582
98.	United States Agency for International Development	27,789
98.001	USAID Foreign Assistance for Programs Overseas	702,017
	Total Other Subrecipients	\$ 2,822,069

**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, 2010 and have issued our report thereon dated October 29, 2010. 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 deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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. However, we identified a deficiency in internal control over financial reporting, described in the accompanying Schedule of findings and questioned costs as finding number 2010-1, that we consider to be significant deficiency in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the University in a separate letter dated October 29, 2010.

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.



October 29, 2010

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

To the Board of Trustees
Cornell University

Compliance

We have audited the compliance of Cornell University (the "University") with the types of compliance requirements described in the (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010, except as described in the second paragraph of this 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, 2010. 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 item 2010-2.

Internal Control Over Compliance

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

Our consideration and the other auditors' consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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.



February 4, 2011

Cornell University
Schedule of Findings and Questioned Costs
Year Ended June 30, 2010

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes _____ X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ X Yes _____ 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	Research and Development Cluster
Various	Student Financial Aid Cluster
10.551	Food Stamps
84.015	National Resource Centers and Fellowships Program for Language and Area or Language and International Studies

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, 2010

Section II – Financial Statement Findings

Current Year:

2010-1: Formalize Closing Process - Weill Cornell Medical College

In January 2009, Weill Cornell Medical College ("WCMC") implemented the SAP system that required a significant upgrade during fiscal 2010 (completed in late May, 2010). PwC recognizes the significance of the efforts required of WCMC's management throughout this period and the impact they had on the financial reporting process of WCMC discussed below. However, upon evaluation of the internal control deficiencies noted below, we have determined that the combination of these deficiencies noted in the audit is a significant deficiency in the financial reporting process under the definition provided in the Report of Independent Auditors on Internal Controls over Financial Reporting.

Observation:

In conducting our audit of WCMC, we performed procedures that considered the design and operating effectiveness of the internal control environment and internal controls over financial reporting. As a result of these procedures, we noted that WCMC does not currently have a formalized close process in place. Specifically, there were several general ledger accounts (e.g., payroll, accounts payable, grants receivable) within PwC's original scope of work that were either not reconciled or reviewed timely as of June 30, 2010 prior to the commencement of year end fieldwork. Additionally, some of these accounts had not been reconciled or reviewed during the fiscal year. Therefore, we expanded the scope of our audit to perform additional procedures on accounts with balances at June 30, 2010 of greater than \$10 million. This resulted in the audit of nine additional accounts in the areas of student loans, prepaid expenses, accrued expenses and deferred revenue. Our procedures concluded that three of the nine accounts were not reconciled at that point in time and seven of the nine accounts required adjustments based on our auditing procedures or management's reconciliation of these accounts. In addition, we requested all bank reconciliations at June 30, 2010. Upon receipt of all cash reconciliations, we noted one bank reconciliation (payroll) required an immaterial adjustment to the balance upon management's further review. The net adjustment as a result of our auditing procedures approximated \$7.0 million to the consolidated statement of activities. Based upon discussions with management, a process was designed to evaluate the breadth of accounts that were still not reconciled or reviewed below \$10 million to assess the significance to the Cornell University's consolidated financial statements at June 30, 2010. After a detailed review of the individual general ledger accounts of WCMC, management and PwC determined that there were several accounts that required reconciliation or another review by management to ensure they were complete and accurate at June 30, 2010. After these reconciliations and reviews were subsequently completed by WCMC, University Audit conducted a review of all of these accounts, except for certain general ledger accounts of an immaterial amount. While the results of these reviews, University Audit did not result in material adjustments to the consolidated financial statements (less than \$1.0 million in net adjustments to the consolidated statement of activities) at June 30, 2010, there were a significant number of adjustments or reclassifications between accounts made by WCMC.

Recommendation:

In order to mitigate the risk of material misstatement in the consolidated financial statements remaining undetected, we recommend that WCMC consider enhancing their current financial reporting policies and procedures to include, but not be limited to:

Cornell University
Schedule of Findings and Questioned Costs
Year Ended June 30, 2010

Develop Comprehensive Accounting Policies and Procedures Manual

WCMC policies and procedures are informal and are not being performed consistently and timely, which can lead to inaccuracy and inefficiency in processing accounting transactions. A comprehensive WCMC manual would be a valuable tool for the Accounting Department to serve as a reference manual for existing employees and to train new employees. The manual would highlight the correct procedures to follow for each major transaction class and would help limit potential errors and inconsistencies. Specific areas that should be considered include:

- **Account Reconciliations** - A formal policy to ensure all key account reconciliations/analyses are signed off indicating who prepared and who reviewed the reconciliations. These reconciliations/analyses would represent the primary audit support for all general ledger balances. Without a formal policy, defined responsibilities, or deadlines, reconciliations/ analyses are not being completed and reviewed in a timely manner, which could increase the risk that a misstatement in the consolidated financial statements will not be prevented or detected. Additionally, by enhancing the period end reporting controls with proper documentation, WCMC could ensure there is appropriate segregation of duties in these functional areas. To help implement this process, WCMC could consider creating a period close checklist which includes all account reconciliations/analysis that would be signed off each month / period by the preparer and reviewer and dated to ensure timely completion.
- **Financial Statement Analysis** - A formal policy to ensure fluctuations in key balance sheet and income statement accounts are analyzed and reviewed on a periodic basis. At least on an annual basis, WCMC should review and document material business changes and fluctuations in their general ledger accounts (period over period). Such analyses should be reviewed by the senior finance management to ensure no material adjustments are required.
- **Significant Estimates** - A formal policy for establishing reserves for significant estimates such as the NY Presbyterian receivable and grants receivable to ensure management applies a consistent methodology each period. During fiscal 2010, WCMC prepared a model to determine the current period end reserve for the NY Presbyterian receivable. Given the significance of the activity that flows through this account, we recommend the analysis of the net collectability of this receivable is done periodically throughout the year. Regarding private grants receivable, WCMC recorded a general reserve against these receivables. After our review, this reserve was appropriately adjusted. We recommend a more detailed methodology of the net collectability of grant accounts and other significant estimates be performed and assessed periodically to ensure the consolidated financial statements reflect their properly stated balances.

Management's Response:

See Management Views and Corrective Action Plan

Cornell University
Schedule of Findings and Questioned Costs
Year Ended June 30, 2010

Section III – Federal Award Findings and Questioned Costs

Current Year Audit Findings:

2010 - 2 Non-Compliance with Timing of Return of Title IV Funds

Student Financial Aid Cluster (excluding Federal Work Study)

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 55 students (50 - Ithaca Campus and 5 - WMC Campus) 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 11/2/09, 11/3/09, and 11/6/09 were not returned until 1/11/10, 1/8/10 and 1/8/10, respectively. This resulted in non-compliant return periods of 70, 66 and 63 days, respectively.

Cause:

The Financial Aid office did not have the opportunity to implement the planned corrective action in the Fall 2009 semester due to the timing of identification of the issue during the Fiscal 2009 OMB Circular A-133 audit. We note that there were no instances of non-compliance identified during Spring 2010 once the corrective action plan was put in place.

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 55 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). We recommend the University continue to focus on the issue of timely return of funds and continue to monitor the corrective action plan

Management Response:

See Management Views and Corrective Action Plan

Cornell University
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2010

Summary Schedule of Prior Audit Findings

2009 - 1 Non-Compliance with Refunded Credit Balances

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).

Status:

Upon further review subsequent to the 2009 audit, management and PWC concurred that the instances in question were compliant with 34CFR section 668.164(e) and no corrective action was necessary.

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

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.

Status:

See finding 2010-2. There were three additional instances noted in the fall 2009 semester, prior to the University's implementation of the corrective action plan in spring of 2010. No instances were noted subsequent to the implementation.

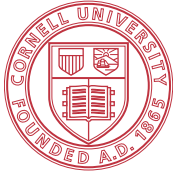
2009 - 3 Non-Compliance of Student Status Changes

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.

Status:

No instances were noted in the current year audit.



Management Views and Corrective Action Plan Year Ended June 30, 2010

The following findings were noted during the audit of Federal programs in accordance with OMB Circular A-133. None of the findings had an effect on grant or contract accounts. Management of Cornell University agrees with these findings and proposes the following Corrective Action Plans:

Finding Number 2010-1: Formalize Closing Process - Weill Cornell Medical College

Summary of Finding:

In January 2009, Weill Cornell Medical College ("WCMC") implemented the SAP system that required a significant upgrade during fiscal 2010 (completed in late May, 2010). PwC recognizes the significance of the efforts required of WCMC's management throughout this period and the impact they had on the financial reporting process of WCMC discussed below. However, upon evaluation of the internal control deficiencies noted below, we have determined that the combination of these deficiencies noted in the audit is a significant deficiency in the financial reporting process.

In conducting our audit of WCMC, we performed procedures that considered the design and operating effectiveness of the internal control environment and internal controls over financial reporting. As a result of these procedures, we noted that WCMC does not currently have a formalized close process in place. Specifically, there were several general ledger accounts (e.g., payroll, accounts payable, grants receivable) within PwC's original scope of work that were either not reconciled or reviewed timely as of June 30, 2010 prior to the commencement of year end fieldwork. Additionally, some of these accounts had not been reconciled or reviewed during the fiscal year. Therefore, we expanded the scope of our audit to perform additional procedures on accounts with balances at June 30, 2010 of greater than \$10 million. This resulted in the audit of nine additional accounts in the areas of student loans, prepaid expenses, accrued expenses and deferred revenue. Our procedures concluded that three of the nine accounts were not reconciled at that point in time and seven of the nine accounts required adjustments based on our auditing procedures or management's reconciliation of these accounts. In addition, we requested all bank reconciliations at June 30, 2010. Upon receipt of all cash reconciliations, we noted one bank reconciliation (payroll) required an immaterial adjustment to the balance upon management's further review. The net adjustment as a result of our auditing procedures approximated \$7.0 million to the consolidated statement of activities. Based upon discussions with management, a process was designed to evaluate the breadth of accounts that were still not reconciled or reviewed below \$10 million to assess the significance to the Cornell University's consolidated financial statements at June 30, 2010. After a detailed review of the individual general ledger accounts of WCMC, management and PwC determined that there were several accounts that required reconciliation or another review by management to ensure they were complete and accurate at June 30, 2010. After these reconciliations and reviews were subsequently completed by WCMC, University Audit conducted a review of all of these accounts, except for certain general ledger accounts of an immaterial amount. While the results of these reviews by University Audit did not result in material adjustments to the consolidated financial statements (less than \$1.0 million in net adjustments to the consolidated statement of activities) at June

30, 2010, there were a significant number of adjustments or reclassifications between accounts made by WCMC.

Corrective Action Plan:

- WCMC will develop a policies and procedures manual by December 31, 2010 and use this manual as part of its monthly close process and the interim and final close for financial statements. Resolved.
- WCMC's finance staff will work with the University Controller to ensure that the policy and procedures manual addresses, among other things, processes for reconciliation, financial statement analysis and clear and consistent methodology for establishing and reviewing reserves Resolution anticipated no later than June 30, 2011.

Responsible Individual: WCMC Senior Director for Finance

Finding Number 2010-2: 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 55 students (50 - Ithaca Campus and 5 - WMC Campus) 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 11/2/09, 11/3/09, and 11/6/09 were not returned until 1/11/10, 1/8/10 and 1/8/10, respectively. This resulted in noncompliant return periods of 70, 66 and 63 days, respectively. Note: The University was closed for winter break from December 24 to January 4, 2010.

The Financial Aid office did not have the opportunity to implement the planned corrective action in the Fall 2009 semester due to the timing of identification of the issue during the Fiscal 2009 OMB Circular A-133 audit. We note that there were no instances of non-compliance identified during Spring 2010 once the corrective action plan was put in place.

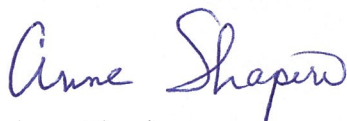
Regulation 34 CFR 668.173(c)(i) states that institutions with a 5% or greater error rate during a compliance audit are not in compliance with federal cash reserve requirements. Given the error rate is greater than 5% (3 exceptions out of 55 sampled), we recommend that the University contact the Department 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). We recommend the University continue to focus on the issue of timely return of funds and continue to monitor the corrective action plan.

Corrective Action Plan:

- Management implemented the procedures identified below early in the spring 2010 based on the corrective action plan described in response to finding 2009-2. The current procedures appear effective. There were no instances of non-compliance noted in spring 2010.
 - The Associate Director of Compliance and Regulations and the Associate Director of Counseling reviewed and updated the Leave of Absence process to take advantage of the Return to Title IV Funds HERA calculation delivered by PeopleSoft.
 - Management identified the timely return of Title IV funds as a priority and allocated the staffing to keep these adjustments up to date.
 - Additional personnel were trained in the process.
 - Management contacted the Department of Education and complied with their requirements related to this finding.
- Management will contact the Department of Education to determine whether any additional steps are necessary in response to the errors in fall 2009. In addition all Title IV refunds now undergo a secondary review to ensure compliance.
- Resolution anticipated no later than June 30, 2011.

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

Signed,



Anne Shapiro
University Controller