

Cornell University

**Reports on Federal Awards in
Accordance with OMB Circular A-133**

June 30, 2011

EIN: 15 -0532082

Cornell University

Index

June 30, 2011

	Page(s)
Report of Independent Auditors	1
Consolidated Financial Statements	2-5
Notes to Consolidated Financial Statements	6-30
Schedule of Expenditures of Federal Awards	31-59
Notes to Schedule of Expenditures of Federal Awards	60-62
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>	63-64
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	65-66
Schedule of Findings and Questioned Costs	67-73
Summary Schedule of Prior Audit Findings	74-75
Management's Corrective Action Plan	76-78



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, 2011, 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, 2010 financial statements, and in our report dated October 29, 2010 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.

As discussed in Note 1P to the consolidated financial statements, the University changed the manner in which it classifies accumulated total investment returns within net assets as a result of the adoption of ASC 958, Not-for-Profit Entities (formerly FASB Staff Position No. 117-1).

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2011 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, 2011. 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, 2011 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.

A handwritten signature in cursive script that reads "PricewaterhouseCoopers LLP".

September 27, 2011

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF JUNE 30, 2011 (in thousands)

(WITH COMPARATIVE INFORMATION AS OF JUNE 30, 2010)

	2011	2010
Assets		
1 Cash and cash equivalents	\$ 146,070	\$ 100,168
2 Collateral for securities loaned	-	23,247
3 Accounts receivable, net (note 2-A)	353,568	386,554
4 Contributions receivable, net (note 2-B)	584,483	557,926
5 Inventories and prepaid expenses	47,727	48,556
6 Student loans receivable, net (note 2-C)	69,093	69,994
7 Investments (note 3)	6,348,227	5,633,184
8 Land, buildings, and equipment, net (note 4)	3,147,011	3,056,633
9 Funds held in trust by others (note 5)	112,035	97,270
10 Total assets	<u>\$ 10,808,214</u>	<u>\$ 9,973,532</u>
Liabilities		
11 Accounts payable and accrued expenses	\$ 367,160	\$ 421,385
12 Payable under securities loan agreements	-	25,685
13 Deferred revenue and other liabilities (note 8-D)	294,035	203,060
14 Obligations under split interest agreements (note 5)	114,077	108,703
15 Deferred benefits (note 6)	431,564	447,481
16 Funds held in trust for others (note 7)	111,153	92,325
17 Bonds and notes payable (note 8)	1,932,136	1,930,582
18 Government advances for student loans	47,094	47,353
19 Total liabilities	<u>3,297,219</u>	<u>3,276,574</u>
Net assets (note 11)		
20 Unrestricted	2,751,527	3,508,534
21 Temporarily restricted	2,432,376	971,503
22 Permanently restricted	2,327,092	2,216,921
23 Total net assets	<u>7,510,995</u>	<u>6,696,958</u>
24 Total liabilities and net assets	<u>\$ 10,808,214</u>	<u>\$ 9,973,532</u>

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

CONSOLIDATED STATEMENT OF ACTIVITIES FOR THE YEAR-ENDED JUNE 30, 2011 (in thousands)

(WITH SUMMARIZED INFORMATION FOR THE YEAR-ENDED JUNE 30, 2010)

	Unrestricted	Temporarily Restricted
Operating revenues		
1 Tuition and fees	\$ 787,882	\$ -
2 Scholarship allowance	(306,809)	-
3 Net tuition and fees	481,073	-
4 State and federal appropriations	164,013	-
5 Grants, contracts and similar agreements		
6 Direct	471,997	-
7 Indirect cost recoveries	151,039	-
8 Contributions	78,829	151,848
9 Investment return, distributed (note 3-A)	244,189	66,251
10 Medical Physician Organization	577,568	-
11 Auxiliary enterprises	154,354	-
12 Educational activities and other sales and services	414,653	-
13 Net assets released from restrictions	169,592	(169,592)
14 Total operating revenues	2,907,307	48,507
Operating expenses (note 10)		
15 Compensation and benefits	1,830,907	-
16 Purchased services	125,787	-
17 Supplies and general	587,730	-
18 Utilities, rents and taxes	145,376	-
19 Interest expense (note 8)	70,065	-
20 Depreciation	214,828	-
21 Total operating expenses	2,974,693	-
22 Change in net assets from operating activities	(67,386)	48,507
Nonoperating revenues and (expenses)		
23 State and federal appropriations for capital acquisitions	44,552	-
24 Grants, contracts and similar agreements for capital acquisitions	-	-
25 Contributions for capital acquisitions, trusts and endowments	27,762	8,093
26 Investment return, net of amount distributed (note 3-A)	266,495	316,192
27 Change in value of split interest agreements	388	12,095
28 Pension and postretirement changes other than net periodic costs (note 6-C)	40,158	-
29 Other	15,692	-
30 Net asset released for capital acquisitions and reclassifications	5,581	(14,263)
31 Change in net assets from nonoperating activities	400,628	322,117
32 Change in net assets before effect of change in accounting principle	333,242	370,624
33 Cumulative effect of change in accounting principle	(1,090,249)	1,090,249
34 Change in net assets	(757,007)	1,460,873
35 Net assets, beginning of the year	3,508,534	971,503
36 Net assets, end of the year	\$ 2,751,527	\$ 2,432,376

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

Permanently Restricted	2011 Total	2010 Total	
\$ -	\$ 787,882	\$ 741,836	1
-	(306,809)	(280,300)	2
-	481,073	461,536	3
-	164,013	176,559	4
-			5
-	471,997	542,234	6
-	151,039	137,258	7
-	230,677	189,937	8
-	310,440	304,749	9
-	577,568	557,179	10
-	154,354	152,440	11
-	414,653	416,223	12
-	-	-	13
-	2,955,814	2,938,115	14
-			
-	1,830,907	1,758,101	15
-	125,787	135,045	16
-	587,730	530,721	17
-	145,376	141,377	18
-	70,065	59,791	19
-	214,828	179,234	20
-	2,974,693	2,804,269	21
-			
-	(18,879)	133,846	22
-			
-	44,552	25,824	23
-	-	-	24
73,431	109,286	253,550	25
19,397	602,084	251,108	26
8,661	21,144	16,206	27
-	40,158	(5,608)	28
-	15,692	(50,478)	29
8,682	-	-	30
110,171	832,916	490,602	31
110,171	814,037	624,448	32
-	-	-	33
110,171	814,037	624,448	34
2,216,921	6,696,958	6,072,510	35
\$ 2,327,092	\$ 7,510,995	\$ 6,696,958	36

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR-ENDED JUNE 30, 2011 (in thousands)

(WITH COMPARATIVE INFORMATION FOR THE YEAR-ENDED JUNE 30, 2010)

	2011	2010
Cash flows from operating activities		
1 Change in net assets	\$ 814,037	\$ 624,448
Adjustments to reconcile change in net assets to net cash provided/(used) by operating activities		
2 Contributions for capital acquisitions, trusts and endowments	(105,411)	(251,687)
3 Depreciation	214,828	179,234
4 Net realized and unrealized (gain)/loss on investments	(800,514)	(463,047)
5 Pension and postretirement changes other than net periodic costs	(40,158)	5,608
6 Change in value of interest rate swaps	(25,198)	73,948
7 Other adjustments	2,557	3,132
Change in assets and liabilities		
8 Accounts receivable, net	32,986	(72,060)
9 Contributions receivable, net	(26,557)	(132,551)
10 Inventories and prepaid expenses	829	7,589
11 Accounts payable and accrued expenses	(29,026)	(22,662)
12 Deferred revenue and other liabilities	90,975	(39,349)
13 Change in obligations under split interest agreements	(9,391)	(2,529)
14 Deferred benefits	24,241	12,081
15 Net cash provided/(used) by operating activities	<u>144,198</u>	<u>(77,845)</u>
Cash flows from investing activities		
16 Proceeds from the sale and maturities of investments	19,289,490	21,438,356
17 Purchase of investments	(19,206,457)	(21,534,640)
18 Acquisition of land, buildings, and equipment (net)	(307,732)	(392,956)
19 Student loans granted	(9,811)	(8,507)
20 Student loans repaid	10,680	9,856
21 Change in funds held in trust for others	18,828	(1,327)
22 Net cash used by investing activities	<u>(205,002)</u>	<u>(489,218)</u>
Cash flows from financing activities		
Contributions restricted to		
23 Investment in endowments	85,753	155,383
24 Investment in physical plant	15,911	93,826
25 Investment subject to living trust agreements	3,747	2,478
26 Principal payments of bonds and notes payable	(37,291)	(74,156)
27 Proceeds from issuance of bonds and notes payable	38,845	299,360
28 Bond issuance costs incurred	-	(4,216)
29 Government advances for student loans	(259)	817
30 Net cash provided by financing activities	<u>106,706</u>	<u>473,492</u>
31 Net change in cash and cash equivalents	45,902	(93,571)
32 Cash and cash equivalents, beginning of year	100,168	193,739
33 Cash and cash equivalents, end of year	<u>\$ 146,070</u>	<u>\$ 100,168</u>
Supplemental disclosure of cash flow information		
34 Cash paid for interest	\$ 93,871	\$ 67,630

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

In accordance with the guidance provided in the New York Prudent Management of Institutional Funds Act (NYPMIFA), the University’s Board of Trustees, with consideration of the actions, reports, information, advice and counsel provided by its duly constituted committees and appointed officers of the University, including University Counsel, has instructed the University to preserve the historical dollar value of donor-restricted (true) endowment funds, absent explicit donor direction to the contrary. As a result, the University classifies as permanently restricted net assets the original gift value of true endowments, plus any subsequent gifts and accumulations made in accordance with the directions of the applicable gift instruments. The portion of the true endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets in accordance with accounting standards.

Temporarily restricted net assets also include gifts and appropriations from the endowment that can be expended, but for which the donors’ purpose restrictions have not yet been met, as well as net assets with explicit or implied time restrictions such as pledges and split interest agreements. 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 restriction lines.

Unrestricted net assets are the remaining net assets of the University.

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

As of June 30, 2011, the University has discontinued its securities lending program. The program was operative during most of the fiscal year-ended June 30, 2011 based on the University's long-standing agreement with its investment custodian. Under the agreement, the University lent securities to approved brokers for a fee. The securities on loan were returnable on demand and were collateralized by cash deposits that were adjusted daily based on the market value of the securities loaned. The collateral was invested in short-term securities with the goal of preserving capital, and the earnings were recorded as additional income to the investment pools. Collateral was reported as both an asset and liability of the University.

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

To ensure full compliance with NYPMIFA, a supplemental statement to the University's investment policy was adopted and approved by the Board in September, 2010. The responsibility for accepting, preserving and managing the funds entrusted to Cornell rests, by law, with the Board of Trustees, however, the Trustees have delegated authority for investment decisions to the Investment Committee of the Board of Trustees. The Committee determines investment policy, objectives and guidelines including allocation of assets between classes of investments.

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 five 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 from the endowment over time so that present and future needs can be treated equitably in inflation-adjusted terms. Diversification is a key component of the University's standard for managing and investing endowment funds and asset allocation targets are subject to ongoing reviews by the Investment Committee of the Board of Trustees.

The University applies the "prudent person" standard when making its decision whether to appropriate or accumulate endowment funds considering the following factors, in accordance with NYPMIFA: the duration and preservation of the endowment fund, the purposes of the institution and the endowment fund, general economic conditions including potential effect of inflation or deflation, the expected total return of the fund, other resources of the University, the needs of the University and the fund to make distributions and preserve capital, and the University's investment policy.

The Board authorizes an annual distribution, or payout, from endowment funds that is five percent greater than the prior fiscal year, as long as that increase allows the payout to remain within a defined target percentage 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, current market conditions, or any of the factors for prudent judgment described above.

Total distributions or spending reflected on the consolidated statement of activities includes payout, investment expenses, and service charges that support the general and stewardship costs of the University endowment.

The University, in compliance with NYPMIFA, notified available donors who had established endowments prior to September 17, 2010 of the new law, and offered these donors the option of requiring the University to maintain historical

dollar value for their endowment funds. A minority of donors requested this option; for those who did, the University has designed procedures to ensure that the University maintains historical dollar value by not expending the payout on any fund whose fair value is less than its historical dollar value (i.e., “underwater”).

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

Effective for the fiscal year-ended June 30, 2011, the University has included disclosures required by ASU 2010-20: *Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses*. The new disclosures provide enhanced information about credit quality and losses, primarily of student loans receivable (see Note 2C).

On September 17, 2010, New York enacted the New York Prudent Management of Institutional Funds Act (NYPMIFA), its version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). As a result, the University expanded its disclosures for fiscal year-ended June 30, 2011 under the provisions of ASC 958, *Not-for-Profit Entities* (formerly FASB Staff Position No. 117-1). In addition, the University reclassified unrestricted net assets related to accumulated earnings on endowment funds as of July 1, 2010 to temporarily restricted net assets in the amount of \$1,090,249, reflected in the consolidated statement of activities as a cumulative effect of change in accounting principle.

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

The University's receivables from the sources identified in the table below are reviewed and monitored for aging and other factors that affect collectability. There is a corresponding allowance account for amounts outstanding at June 30, 2011, with the exception of the New York State receivable which is deemed fully collectible.

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

SUMMARY OF ACCOUNTS RECEIVABLE		
	2011	2010
Grants and contracts	\$ 125,727	\$ 137,902
Collateral related to interest rate swap agreements	26,461	29,048
New York Presbyterian Hospital and other affiliates	57,758	53,818
Patients (net of contractual allowances)	76,327	81,094
State of New York for capital projects	75,549	38,717
Student accounts	3,561	6,225
Other	41,916	91,458
Gross accounts receivable	\$ 407,299	\$ 438,262
Less: allowance for doubtful accounts	(53,731)	(51,708)
Net accounts receivable	\$ 353,568	\$ 386,554

The patient accounts receivable for medical services was comprised of the following at June 30, 2011 and 2010, respectively: commercial third parties 61.6 percent and 56.1 percent; federal/state government 15.4 percent and 18.2 percent; and patients 23.0 percent and 25.7 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 1.9 percent to 7 percent. Contributions are expected to be realized as follows:

SUMMARY OF CONTRIBUTIONS RECEIVABLE		
	2011	2010
Less than one year	\$ 227,267	\$ 235,438
Between one and five years	339,625	294,494
More than five years	182,164	210,195
Gross contributions receivable	\$ 749,056	\$ 740,127
Less: unamortized discount	(93,110)	(123,562)
Less: allowance for uncollectible amounts	(71,463)	(58,639)
Net contributions receivable	\$ 584,483	\$ 557,926

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

EXPECTED PURPOSE OF CONTRIBUTIONS RECEIVABLE		
	2011	2010
Support of University operations	\$ 227,233	\$ 163,662
Capital purposes	174,887	188,837
Endowments and similar funds	182,363	205,427
Net contributions receivable	\$ 584,483	\$ 557,926

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollars in thousands)

At June 30, 2011 and 2010, conditional promises not reflected in the consolidated financial statements, which consist primarily of bequest intentions, were approximately \$207,252 and \$208,005, respectively.

C. Student Loans Receivable

In keeping with Ezra Cornell’s vision, the University has a “need-blind” policy of admission. Many students receive financial aid that consists of scholarship/fellowship grants, work-study opportunities and, when appropriate, student loans. The University participates in various federal revolving loan programs, in addition to administering institutional loan programs.

Student loan programs are funded by donor contributions, other institutional sources, and governmental programs, primarily the Federal Perkins Loan Program. The amounts received from the federal government’s portion of the Perkins program are ultimately refundable to the federal government and are reported as a liability on the University’s consolidated statement of financial position as government advances for student loans.

Credit worthiness is not a factor when granting a student a loan from institutional or federal resources; it is based on financial need. However, once the loan is in repayment status, the University monitors, no less than quarterly, the aging of the student loans receivable. If a loan is 75 days past due, the University generally will not release a transcript and/or diploma. If the loan is 180 days past due, the University evaluates whether to assign the account to an external agency for collection.

The University Bursar is required to authorize any write-off of a student loan receivable; such write-offs are based primarily on the aging report and an evaluation of any recent activity in the account. Overall default rates and an evaluation of general economic conditions are reviewed at least annually. The University, because of its close and continuing relationship with its students and graduates, seeks to work closely with the students to help ensure repayment. At June 30, 2011, the average overall default rate approximates 6 percent, with a rate of approximately 2.2 percent on the federal revolving loan portfolio.

Student loans are often subject to unique restrictions and conditions and, therefore, it is not practical to determine their fair values. The allowance for doubtful accounts is for all loans, whether in repayment status or not.

The two tables below provide enhanced disclosures about the student loan receivables and the allowances associated with federal and institutional loan programs.

SUMMARY OF STUDENT LOANS RECEIVABLE

	2011			2010		
	Receivable	Allowance	Net receivable	Receivable	Allowance	Net receivable
Federal revolving loans	\$ 43,472	\$ (2,156)	\$ 41,316	\$ 44,731	\$ (1,817)	\$ 42,914
Institutional loans	30,813	(3,036)	27,777	30,431	(3,351)	27,080
Total student loans receivable	\$ 74,285	\$ (5,192)	\$ 69,093	\$ 75,162	\$ (5,168)	\$ 69,994

CHANGE IN STUDENT LOAN ALLOWANCE

	2011		
	Federal revolving	Institutional	Total allowance
Allowance at beginning of year	\$ (1,817)	\$ (3,351)	\$ (5,168)
Current year provisions	(339)	315	(24)
Current year write-offs	-	-	-
Current year recoveries	-	-	-
Allowance at end of year	\$ (2,156)	\$ (3,036)	\$ (5,192)

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; it also describes 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 accessible active markets 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. In determining fair value of financial instruments, the University considers factors such as interest rate yield curves, duration of the instrument, and counterparty credit risk. The fair value of Level 2 instruments is determined using multiple valuation techniques including the market approach, income approach or cost approach.

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 University uses the NAV to determine the fair value of all alternative investments that do not have a readily determinable fair value and that have financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. Investments that 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 that cannot be redeemed on the measurement date or in the near term are classified as Level 3.

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollars in thousands)

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	2011 Total	2010 Total
Cash and cash equivalents	\$ 194,869	\$ 63,481	\$ -	\$ 258,350	\$ 331,803
Derivatives	(7,982)	10,702	-	2,720	528
Equity					
Domestic equity	295,912	193,021	144	489,077	349,694
Foreign equity	444,012	50,873	62,280	557,165	372,231
Hedged equity	-	320,994	218,549	539,543	464,960
Private equity	-	-	1,063,722	1,063,722	860,788
Fixed income					
Asset backed fixed income	-	40,399	1,750	42,149	67,832
Corporate bonds	321,339	233,210	-	554,549	735,513
Equity partnership	-	13,532	308,275	321,807	374,095
International	159,545	96,824	-	256,369	85,983
Municipals	5,950	27,911	-	33,861	13,878
Mutual funds (non-equity)	293	50,635	-	50,928	51,495
Preferred/convertible	-	-	8,415	8,415	8,390
Other fixed income	-	105	-	105	1,229
US government	290,997	134,008	-	425,005	598,597
Marketable alternatives	209	120,603	644,267	765,079	607,077
Real assets	-	-	921,506	921,506	721,732
Receivable for investments sold	26,631	-	-	26,631	2,977
Payable for investments purchased	(35,933)	-	-	(35,933)	(73,539)
Other	-	-	67,179	\$ 67,179	\$ 57,921
Total investments	\$ 1,695,842	\$ 1,356,298	\$ 3,296,087	\$ 6,348,227	\$ 5,633,184
Securities not included in investment portfolio					
Cash and cash equivalents	\$ 78,075	\$ -	\$ -	\$ 78,075	\$ 58,156
Collateral for securities loaned	\$ -	\$ -	\$ -	\$ -	\$ 23,247

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, 2010	Realized gain/(loss)	Unrealized gain/(loss)	Net purchases, sales, settlements	Transfers in/(out) of Level 3	Fair value at June 30, 2011
Equity						
Domestic equity	\$ 1,634	\$ 2,090	\$ (2,335)	\$ (1,229)	\$ (16)	\$ 144
Foreign equity	25,152	233	7,451	29,444	-	62,280
Hedged equity	167,522	54,792	(22,228)	18,463	-	218,549
Private equity	860,788	83,113	143,830	(24,009)	-	1,063,722
Fixed income						
Asset backed fixed income	1,750	-	-	-	-	1,750
Equity partnership	349,455	13,125	47,348	(101,653)	-	308,275
Preferred/convertible	8,325	3	66	21	-	8,415
Marketable alternatives	524,654	12,358	35,180	72,075	-	644,267
Real assets	721,732	34,311	148,416	17,047	-	921,506
Other	57,921	-	9,812	206	(760)	67,179
Total level 3 investments	\$ 2,718,933	\$ 200,025	\$ 367,540	\$ 10,365	\$ (776)	\$ 3,296,087

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, 2011.

Under the terms of certain limited partnership agreements, the University is obligated to make additional capital contributions up to contractual levels. At June 30, 2011 and 2010, the University had commitments of \$681,614 and \$840,144, respectively, for which capital calls had not been exercised (Note 1-E). 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, 2011 and 2010, the University had premium payment commitments of \$27,440 and \$27,674, respectively. The University's premium payment schedule is as follows: \$7,735 annually for the years ended June 30, 2012, and 2013; \$6,735 for the year-ended June 30, 2014; \$3,785 for the year-ended June 30, 2015; \$1,160 for the year-ended June 30, 2016 and \$290 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

	2011	2010
Working capital	\$ -	\$ -
Intermediate-term	653,496	605,794
Long-term investment pool (LTIP)	4,921,840	4,223,208
Separately invested portfolio	506,437	477,033
Pooled life income funds	11,817	12,048
DASNY holdings	227,609	296,563
Other	27,028	18,538
Total investments	<u>\$ 6,348,227</u>	<u>\$ 5,633,184</u>

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

SUMMARY OF INVESTMENT RETURN

	2011	2010
Interest and dividends, net of investment fees	\$ 112,010	\$ 92,810
Net realized gain/(loss)	360,510	217,096
Net unrealized gain/(loss)	440,004	245,951
Total investment return	<u>\$ 912,524</u>	<u>\$ 555,857</u>
LTIP distributions for operations	\$ 248,445	\$ 267,535
PBIF distributions for operations	2,645	3,202
Trust and other income for operations	59,350	34,012
Investment return, distributed	<u>\$ 310,440</u>	<u>\$ 304,749</u>
Investment return, undistributed	602,084	251,108
Total investment return	<u>\$ 912,524</u>	<u>\$ 555,857</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, 2011 and 2010, the fair values per unit were \$53.58 and \$47.38, respectively. The total return on the University's long-term investments, of which the LTIP is the major component, was 19.9 percent

for the fiscal year-ended June 30, 2011. The changes in the fair value and cost of the LTIP and information about its participating units as of June 30, 2011 and 2010 are as follows:

SUMMARY INFORMATION - LONG-TERM INVESTMENT POOL

	Fair value	Cost	Appreciation/ (depreciation)	Fair value per unit	Number of units
End of year	\$ 4,921,840	\$ 4,103,292	\$ 818,548	\$ 53.58	91,861,708
Beginning of year	\$ 4,223,208	\$ 3,865,716	\$ 357,492	\$ 47.38	89,137,470
Unrealized net gain/(loss) for year			\$ 461,056		
Realized net gain/(loss) for year			\$ 313,859		
Net gain/(loss) for year			\$ 774,915		

For the fiscal year-ended June 30, 2011, investment payout to participating funds totaled \$198,751 (\$2.20 per unit) of which \$170,603 was paid out for the University's operations, with the balance in the amount of \$28,148 either returned to principal or distributed to funds held for others. The payout for the fiscal year-ended June 30, 2011 was comprised of \$30,977 in net investment income and \$167,774 paid from accumulated gains. For the fiscal year-ended June 30, 2010, the investment payout was \$217,152 (\$2.55 per unit), and was comprised of \$18,882 in net investment income and \$198,270 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 \$227,609 and \$296,563 as of June 30, 2011 and 2010, respectively. The amount of bond proceeds not yet expended included in the total reserves at DASNY are \$213,336 and \$266,704 as of June 30, 2011 and 2010, 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, 2011 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	2011			2010		
		Notional amount	# of contracts	Level 2 fair value	Notional amount	# of contracts	Level 2 fair value
Investments							
	Foreign currency	\$ -	51	\$ (1,126)	\$ -	78	\$ 6,052
	Commodity	257,239	50	(7,015)	195,587	53	(3,581)
	Synthetic	68,043	46	115	49,914	41	(195)
	Interest rate	2,067,903	5	10,746	1,937,668	4	(1,748)
	Total fair value	\$ 2,393,185	152	\$ 2,720	\$ 2,183,169	176	\$ 528

EFFECT OF DERIVATIVE HOLDINGS ON STATEMENT OF ACTIVITIES

Location	Derivative Type	2011	2010
		Unrealized gain/(loss)	Unrealized gain/(loss)
Investment return, net of amount distributed			
	Foreign currency	\$ (1,126)	\$ 6,052
	Commodity	(7,015)	(3,581)
	Synthetic	255	(36)
	Interest rate	(2,808)	(7,567)
	Total unrealized gain/(loss)	\$ (10,694)	\$ (5,132)

The unrealized gain/ loss from derivative holdings affects temporarily restricted net assets for LTIP shares in the permanent endowment; otherwise, the gain/loss affects unrestricted net assets. The net unrealized gain/loss is reported in the operating section of the consolidated statement of cash flow as net realized and unrealized gain/loss on investments.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollars in thousands)

E. Alternative Investments Measured Using Net Asset Value

The University uses 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 equity	Buyout	\$ 379,651		\$ 126,964	
	Special situation	296,643		115,395	
	Venture capital	363,961		96,492	
	Total private equity	\$ 1,040,255	1 to 10 years	\$ 338,851	1 to 10 years
Real assets	Real estate	638,327		153,080	
	Natural resource	264,104		102,699	
	Total real assets	\$ 902,431	1 to 8 years	\$ 255,779	1 to 8 years
Fixed income	Distressed	142,880		7,310	
	Leveraged loans	21,513		-	
	Mezzanine	74,052		61,695	
	Multi-strategy	83,362		9,000	
	Total fixed income	\$ 321,807	1 to 10 years	\$ 78,005	1 to 10 years
Foreign equity	Emerging markets	93,589			
	Global equity	5,380			
	Total foreign equity	\$ 98,969			
Hedged equity	Global equity long/short	174,248			
	U.S. equity long/short	365,295			
	Total hedged equity	\$ 539,543			
Marketable alternatives	Event driven	94,553			
	Global macro	52,479			
	Multi-strategy	200,743			
	Relative value	116,610			
	Special opportunity	300,484		8,979	
	Total marketable alternatives	\$ 764,869		\$ 8,979	3 years
Domestic equity	Indexed	113,769			
	Total domestic equity	\$ 113,769			
Total for alternative investments using NAV		\$ 3,781,643		\$ 681,614	

REDEMPTION INFORMATION FOR ALTERNATIVE INVESTMENTS MEASURED USING NET ASSET VALUE

Asset class	Redemption terms	Redemption restrictions*
Private equity	n/a **	n/a
Real assets	n/a **	n/a
Fixed income	Ranges between quarterly redemption with 45 days notice, to annual redemption with 90 days notice***	No lock up provisions
Foreign equity	Ranges between monthly redemption with 30 days notice, to triennial redemption with 30 days notice	33% of NAV has remaining lock up provisions of 27 months
Hedged equity	Ranges between monthly redemption with 10 days notice, to triennial redemption with 45 days notice	26% of NAV has remaining lock up provisions ranging from 3 months to 33 months
Marketable alternatives	Ranges between quarterly redemption with 30 days notice, to triennial redemption with 90 days notice	17% of NAV has remaining lock up provisions ranging from 6 months to 30 months
Domestic equity	Daily redemption with 2 days notice	No lock up provisions

* Represents initial investment lock up restriction. No other material redemption restrictions, such as redemption gates, were in place at June 30, 2011.

**These funds are in private equity structure, with no ability to be redeemed.

***92% of NAV is in private equity structure, with no ability to be redeemed. Redemption provisions for the remaining 8% are shown above.

4. LAND, BUILDINGS, AND EQUIPMENT

Land, buildings, and equipment are detailed as follows:

LAND, BUILDINGS, AND EQUIPMENT

	Book value at June 30, 2010	Additions	Disposals and closed projects	Book value at June 30, 2011
Land, buildings, and equipment	\$ 3,389,824	\$ 340,791	\$ (5,384)	\$ 3,725,231
Furniture, equipment, books, and collections	1,072,201	82,969	(20,504)	1,134,666
Construction in progress	506,951	184,442	(296,763)	394,630
Total before accumulated depreciation	\$ 4,968,976	\$ 608,202	\$ (322,651)	\$ 5,254,527
Accumulated depreciation	(1,912,343)			(2,107,516)
Net land, buildings, and equipment	\$ 3,056,633			\$ 3,147,011

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 \$558,410 and \$478,424 at June 30, 2011 and 2010, respectively, the acquisition cost of which was borne primarily by New York State and (2) land, buildings, and equipment for which titles rest with government and corporate agencies aggregating \$13,422 and \$18,100 at June 30, 2011 and 2010, respectively.

The future commitments on capital projects in progress, excluding projects funded by New York State, for the fiscal years ended June 30, 2011 and 2010, is \$94,441 and \$172,468, respectively.

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

The University reports 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	2011 Total	2010 Total
Funds held in trust by others					
Remainder	\$ -	\$ -	\$ 70,966	\$ 70,966	\$ 62,735
Lead and perpetual	-	-	41,069	41,069	34,535
Total funds held in trust by others	\$ -	\$ -	\$ 112,035	\$ 112,035	\$ 97,270
Obligations under split-interest agreements	\$ -	\$ -	\$ 114,077	\$ 114,077	\$ 108,703

SUMMARY OF LEVEL 3 SPLIT-INTEREST AGREEMENT ACTIVITY

	Fair value at June 30, 2010	Realized gain/(loss)	Unrealized gain/(loss)	Net purchases, sales, settlements	Transfers in/(out) of Level 3	Fair value at June 30, 2011
Funds held in trust by others						
Remainder	\$ 62,735	\$ -	\$ 6,609	\$ 1,622	\$ -	\$ 70,966
Lead and perpetual	34,535	853	226	5,455	-	41,069
Total funds held in trust by others	\$ 97,270	\$ 853	\$ 6,835	\$ 7,077	\$ -	\$ 112,035
Obligations under split-interest agreements	\$ 108,703	\$ -	\$ 5,374	\$ -	\$ -	\$ 114,077

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

Accrued employee benefit obligations as of June 30 include:

SUMMARY OF DEFERRED BENEFITS

	2011	2010
Postemployment benefits	\$ 24,027	\$ 26,916
Pension and other postretirement benefits	231,854	259,038
Other deferred benefits	175,683	161,527
Total deferred benefits	\$ 431,564	\$ 447,481

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, 2011 and 2010 amounted to \$84,107 and \$81,328, 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 dependents. Although there is no legal obligation for future benefits, the cost of postretirement benefits must be accrued during the service lives of employees. The University elected the prospective transition approach and is amortizing the transition obligation over 20 years, through fiscal year 2012-13.

C. Obligations and Funded Status

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

SUMMARY OF OBLIGATIONS AND FUNDED STATUS

	Pension benefits		Other postretirement	
	2011	2010	2011	2010
Change in plan assets				
Fair value of plan assets at beginning of year	\$ 42,277	\$ 35,086	\$ 132,237	\$ 110,544
Actual return on plan assets	9,646	4,748	29,859	15,838
Employer contribution	6,052	5,320	8,632	8,027
Benefits paid	(2,361)	(2,877)	(2,499)	(2,172)
Fair value of plan assets at end of year	\$ 55,614	\$ 42,277	\$ 168,229	\$ 132,237
Change in benefit obligation				
Benefit obligation at beginning of year	\$ 76,100	\$ 61,536	\$ 357,452	\$ 335,827
Service cost (benefits earned during the period)	5,151	4,660	15,698	13,469
Interest cost	4,172	4,038	20,900	19,777
Plan amendments	(967)	-	-	-
Actuarial (gain)/loss	(8,183)	8,743	(20)	1,593
Gross benefits paid	(2,361)	(2,877)	(13,657)	(14,542)
Less: federal subsidy on benefits paid	-	-	1,412	1,328
Projected benefit obligation at end of year	\$ 73,912	\$ 76,100	\$ 381,785	\$ 357,452
Funded status	\$ (18,298)	\$ (33,823)	\$ (213,556)	\$ (225,215)
Amounts recognized in the consolidated				
Statement of financial position	\$ (18,298)	\$ (33,823)	\$ (213,556)	\$ (225,215)
Amounts recorded in unrestricted net assets not yet amortized as components of net periodic benefit cost				
Net transition obligation	\$ -	\$ -	\$ 7,289	\$ 10,933
Prior service cost	(967)	-	(290)	(366)
Net actuarial (gain)/loss	7,481	22,394	34,606	55,571
Amount recognized as reduction in unrestricted net assets	\$ 6,514	\$ 22,394	\$ 41,605	\$ 66,138

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollars in thousands)

The accumulated benefit obligation for the pension plans was \$56,358 and \$55,988 at June 30, 2011 and 2010, 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	
	2011	2010	2011	2010
Service cost (benefits earned during the period)	\$ 5,151	\$ 4,660	\$ 15,698	\$ 13,469
Interest cost	4,172	4,038	20,901	19,777
Expected return on plan assets	(3,505)	(2,467)	(10,580)	(9,028)
Amortization of initial transition obligation	-	-	3,644	3,644
Amortization of prior service cost	-	-	(76)	(76)
Amortization of net (gain)/loss	589	1,573	1,665	359
Net periodic benefit cost	\$ 6,407	\$ 7,804	\$ 31,252	\$ 28,145

The amounts of transition obligation, prior service costs, and actuarial gains/losses that will be amortized into net periodic benefit cost for the year-ended June 30, 2012 are estimated as follows:

ESTIMATED COMPONENTS OF NET PERIODIC BENEFIT COST

	Pension benefits	Other postretirement
Transition obligation	\$ -	\$ 3,645
Prior service cost	(92)	(76)
Net actuarial (gain)/loss	9	489
Total	\$ (83)	\$ 4,058

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	
	2011	2010	2011	2010
Used to calculate benefit obligations at June 30				
Discount rate	5.90%	5.90%	5.75% / 5.60%	5.75% / 5.60%
Rate of compensation increase	6.10%	6.10%		
Used to calculate net periodic cost at July 1				
Discount rate	5.90%	6.10%	5.75% / 5.60%	6.25% / 6.20%
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	7.00%	7.50%
Ultimate trend rate	n/a	n/a	5.00%	5.00%
Years to reach ultimate trend rate	n/a	n/a	4	5

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 \$75,882 and the annual service and interest cost by \$8,031. Decreasing the health care cost trend rate by 1 percent in each future year would decrease the benefit obligation by \$52,506 and the annual service and interest cost by \$5,830.

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.

In the next fiscal year, and no less than annually thereafter, the University committee that provides guidance and oversight for the University's defined contribution pension plans will, in addition, review the asset allocation and performance in the University's defined benefit pension plan and the post-retirement medical benefit plans. This committee, rather than the Investment Committee of the Board of Trustees, will offer suggestions to the trustee and investment manager regarding possible changes to the long-term strategic allocations that the 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 for the fiscal year-ended June 30, 2011 are somewhat lower than in the prior fiscal year: 7.9 percent on equity securities, 4.5 percent on fixed income securities and 7 percent on real estate compared to 8 percent, 5 percent and 8 percent, respectively.

SUMMARY OF PLAN ASSETS

	Target allocation	Pension benefits		Other postretirement	
		2011	2010	2011	2010
Percentage of plan assets					
Equity securities	39-85%	66.0%	62.0%	72.0%	68.0%
Fixed income securities	15-55%	30.0%	37.0%	28.0%	32.0%
Real estate	0-5%	4.0%	1.0%	0.0%	0.0%
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, 2011 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollars in thousands)

PENSION PLAN ASSETS AT FAIR VALUE

	Level 1 fair value	Level 2 fair value	Level 3 fair value	2011 Total	2010 Total
Cash and cash equivalents					
Cash	\$ 227	\$ -	\$ -	\$ 227	\$ 41
Money market	107	-	-	107	129
Equity securities					
U.S. small cap	-	4,237	-	4,237	1,821
U.S. large cap	-	18,759	-	18,759	20,014
U.S. REITS	-	1,389	-	1,389	-
Emerging markets	-	4,479	-	4,479	-
International equity	-	7,676	-	7,676	4,350
Fixed income securities					
U.S. high yield bonds	-	3,097	-	3,097	-
Corporate bonds	-	9,925	17	9,942	13,118
Mortgage-backed securities	-	1,520	941	2,461	2,252
International fixed income	-	1,158	-	1,158	-
Other types of investments					
Real estate	-	-	2,082	2,082	552
Total assets	\$ 334	\$ 52,240	\$ 3,040	\$ 55,614	\$ 42,277

SUMMARY OF LEVEL 3 PENSION PLAN ACTIVITY

	Fair value, June 30, 2010	Realized gain/(loss)	Unrealized gain/(loss)	Net purchases, sales, settlements	Transfers in/(out) of Level 3	Fair value, June 30, 2011
Mortgage-backed securities	\$ 864	\$ -	\$ 77	\$ -	\$ -	\$ 941
Corporate bonds	31	7	(3)	(18)	-	17
Real estate	552	110	208	1,212	-	2,082
Total Level 3 assets	\$ 1,447	\$ 117	\$ 282	\$ 1,194	\$ -	\$ 3,040

POSTRETIREMENT PLAN ASSETS AT FAIR VALUE

	Level 1 fair value	Level 2 fair value	Level 3 fair value	2011 Total	2010 Total
Cash and cash equivalents					
Money market	\$ 8,182	\$ 1,270	\$ -	\$ 9,452	\$ 9,584
Equity securities					
U.S. small cap	-	15,109	-	15,109	12,573
U.S. large cap	-	45,723	-	45,723	35,668
Emerging markets	-	27,422	-	27,422	18,344
International equity	-	30,114	-	30,114	21,448
U.S. REITS	-	2,153	-	2,153	1,807
Fixed income securities					
U.S. high yield bonds	-	6,494	-	6,494	4,946
Corporate bonds	-	27,926	-	27,926	12,555
Emerging markets debt	-	3,836	-	3,836	2,187
Mortgage-backed securities	-	-	-	-	13,125
Total assets	\$ 8,182	\$ 160,047	\$ -	\$ 168,229	\$ 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			
2012	\$ 4,400	\$ 10,335	n/a
Future benefit payments			
2012	\$ 2,904	\$ 16,947	\$ 1,866
2013	3,000	18,225	2,053
2014	3,514	19,463	2,253
2015	3,429	20,998	2,446
2016	3,771	22,422	2,674
2017-2021	24,926	140,716	17,439

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, 2011 and 2010 were \$20,510 and \$20,140, 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 \$160,501 and \$139,233 at June 30, 2011 and 2010, respectively. Of these investments, a portion of the future income stream has been directed in perpetuity to benefit the Medical College. The present value of this income stream, calculated to be \$91,766 and \$85,280 at June 30, 2011 and 2010, 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>2011</u>	<u>2010</u>	<u>Interest rates</u>	<u>Final maturity</u>
Dormitory Authority of the State of New York (DASNY)				
Revenue Bond Series				
1990B-fixed rate	\$ 47,980	\$ 50,450	3.00 to 5.00	2025
2000A-variable rate/weekly	51,090	53,005	2.99*	2029
2000B-variable rate/weekly	68,460	70,680	4.63*	2030
2004-variable rate/weekly	81,600	83,900	3.51*	2033
2006-fixed rate	196,120	207,660	4.00 to 5.00	2035
2008B&C-fixed rate	125,420	127,785	3.00 to 5.00	2037
2009-fixed rate	305,000	305,000	3.00 to 5.00	2039
2010-fixed rate	285,000	285,000	4.00 to 5.00	2040
Tax-exempt commercial paper	59,000	6,155	0.21 to 2.99*	2037
Industrial Development Agency				
2000-fixed rate	-	1,165	5.25	2011
2002A-variable rate/weekly	41,940	42,145	4.52*	2030
2002B-variable rate/weekly	15,390	15,390	0.07 to 0.32	2015
2008A-fixed rate	68,630	70,000	2.00 to 5.00	2037
Bond Series 1987B-fixed rate	3,080	5,200	11.11	2013
Student Loan Marketing Association-fixed rate	-	4,355	6.50	2011
Urban Development Corporation	2,250	2,375	-	2029
2009 Taxable-fixed rate	500,000	500,000	4.35 to 5.45	2019
Taxable commercial paper	78,500	97,500	0.18 to 0.35	-
Other	2,676	2,817	6.63 to 7.00	2011-2029
Total bonds and notes payable	<u>\$1,932,136</u>	<u>\$ 1,930,582</u>		

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

The University's bonds and notes payable had carrying amounts of \$1,932,136 and \$1,930,582 at June 30, 2011 and 2010, respectively, compared to estimated fair values of approximately \$2,053,009 and \$2,071,298 at June 30, 2011 and 2010, 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, 2011 was \$70,065, of which \$69,730 was related to the bonds and notes payable displayed in the table above. During the fiscal year-ended June 30, 2010, interest expense was \$59,791, of which \$59,198 was related to the bonds and notes payable. The University capitalized the interest on self-constructed assets, such as buildings, in the amounts of \$19,313 and \$7,042 for the fiscal years ended June 30, 2011 and 2010, 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, the bonds are a general obligation of the University and are secured by a pledge of revenue.

During fiscal year-ended June 30, 2011, the University refinanced the SLMA loan with taxable commercial paper and terminated an interest rate swap. 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:

<u>ANNUAL DEBT SERVICE REQUIREMENTS</u>			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 39,077	\$ 102,710	\$ 141,787
2013	38,043	99,587	137,630
2014	288,040	95,507	383,547
2015	47,852	80,044	127,896
2016	33,639	76,253	109,892
Thereafter	1,485,485	876,453	2,361,938
Total	\$ 1,932,136	\$ 1,330,554	\$ 3,262,690

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 the 5 year Securities Industry and Financial Markets Association rate (SIFMA). For taxable commercial paper debt, estimates are based on the 5-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, 2011, the University had collateral on deposit with counterparties in the amount of \$26,461 compared to \$29,048 at June 30, 2010. 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, 2011, the University has eight 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. In all agreements in effect at June 30, 2011, 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, 2011, with comparative fair values for June 30, 2010. The number of swaps is reported based on notional amount.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollars in thousands)

FAIR VALUE OF INTEREST RATE SWAPS IN STATEMENT OF FINANCIAL POSITION

Location	Notional amount	Interest rate	Commencement	Termination date	Basis	2011 Level 2 fair value	2010 Level 2 fair value
Accounts payable and accrued expenses							
	\$ 15,390	4.33%		July 1, 2010	SIFMA	\$ -	\$ (52)
	104,845	2.99%		October 1, 2012*	LIBOR	(8,003)	(8,824)
	42,340	4.52%		July 1, 2030	LIBOR	(8,702)	(10,083)
	72,200	4.63%		July 1, 2030	LIBOR	(15,255)	(17,677)
	86,075	3.51%		July 1, 2033	LIBOR	(9,648)	(11,953)
	200,000	3.45%		December 15, 2010	LIBOR	-	(28,555)
	100,000	3.92%	July 1, 2011	July 1, 2038	LIBOR	(16,303)	(15,988)
	275,000	3.88%	July 1, 2011	July 1, 2040	LIBOR	(51,905)	(54,653)
	200,000	3.48%	July 1, 2012	July 1, 2041	LIBOR	(17,272)	(18,641)
	200,000	3.77%	July 1, 2014	July 1, 2044	LIBOR	(13,497)	(17,857)
Total fair value						\$ (140,585)	\$ (184,283)

* Counterparty has the option to extend termination date to October 1, 2015

During the year-ended June 30, 2011, the University terminated an interest rate swap agreement with a notional amount of \$200,000 and an interest rate of 3.45 percent, resulting 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	2011		2010	
	Income/(expense)	Gain/(loss)	Income/(expense)	Gain/(loss)
Operating expense				
Interest expense	\$ (12,025)	\$ -	\$ (15,872)	\$ -
Nonoperating activity - other				
Realized gain/(loss)	\$ -	\$ (18,500)	\$ -	\$ (14,330)
Unrealized gain/(loss)	-	43,698	-	(59,618)
	\$ (12,025)	\$ 25,198	\$ (15,872)	\$ (73,948)

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 \$131,790 for fiscal year 2012 and \$237,763 for fiscal year 2013. 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	Nov-12
2000B	JP Morgan Chase	Nov-12
2002A	JP Morgan Chase	Nov-12
2002B	JP Morgan Chase	Nov-12
2004	HSBC	Apr-12

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, 2011, the interest rates for its two lines of credit were .87 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, 2011 and 2010, the University did not borrow 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 \$26,249 and \$24,441 for the fiscal years ended June 30, 2011 and 2010, 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
2012	\$ 19,970
2013	17,868
2014	9,184
2015	7,656
2016	7,279
Thereafter	104,991
Total minimum operating lease payments	\$ 166,948

10. FUNCTIONAL EXPENSES AND STUDENT AID

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

FUNCTIONAL EXPENSES		
	2011	2010
Instruction	\$ 652,651	\$ 594,366
Research	593,005	558,142
Public service	109,479	110,459
Academic support	261,856	252,431
Student services	126,104	118,733
Medical services	649,746	625,039
Institutional support	371,733	347,826
Enterprises and subsidiaries	210,119	197,273
Total expenses	\$ 2,974,693	\$ 2,804,269

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 \$163,558 and \$159,265 for the fiscal years ended June 30, 2011 and 2010, 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 \$41,851 and \$40,662 for the fiscal years ended June 30, 2011 and 2010, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollars in thousands)

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	2011 Total	2010 Total
Endowment					
True endowment	\$ (27,312)	\$ 1,396,968	\$ 1,904,970	\$ 3,274,626	\$ 2,795,950
Funds functioning as endowment (FFE)	1,322,508	330,936	-	1,653,444	1,464,000
Total true endowment and FFE	\$ 1,295,196	\$ 1,727,904	\$ 1,904,970	\$ 4,928,070	\$ 4,259,950
Funds held by others, perpetual	-	-	131,336	131,336	118,637
Total University endowment	\$ 1,295,196	\$ 1,727,904	\$ 2,036,306	\$ 5,059,406	\$ 4,378,587
Other net assets					
Operations	(337,236)	163,572	-	(173,664)	(128,685)
Student loans	11,155	-	38,187	49,342	47,406
Facilities and equipment	1,782,412	31,658	-	1,814,070	1,691,420
Split interest agreements	-	64,656	40,236	104,892	86,391
Funds held by others, other than perpetual	-	42,466	30,000	72,466	63,913
Contributions receivable, net	-	402,120	182,363	584,483	557,926
Total net assets	\$ 2,751,527	\$ 2,432,376	\$ 2,327,092	\$ 7,510,995	\$ 6,696,958

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, 96 percent and 95 percent were invested in the LTIP at June 30, 2011 and 2010, respectively. At June 30, 2011, 735 of 6,088 true endowment funds invested in the LTIP had a total historic dollar value of \$328,811 and a fair value of \$301,499, resulting in these endowments being underwater by a total of \$27,312. The University holds significant 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	2011 Total	2010 Total
True endowment and FFE, beginning of year	\$ 2,152,174	\$ 311,716	\$ 1,796,060	\$ 4,259,950	\$ 3,836,289
Cumulative effect of change in accounting principle	(1,090,249)	1,090,249	-	-	-
True endowment and FFE, after change	1,061,925	1,401,965	1,796,060	4,259,950	3,836,289
Investment return					
Net investment income	24,736	15,586	2,656	42,978	21,677
Net realized and unrealized gain/(loss)	328,733	357,620	5,231	691,584	372,230
Total investment return	\$ 353,469	\$ 373,206	\$ 7,887	\$ 734,562	\$ 393,907
New gifts	8,009	14,104	89,145	111,258	107,304
Net transfers to/(from) FFE	(18,366)	2,616	9	(15,741)	107,650
Distribution of endowment return to other funds	(108,425)	(62,178)	(2,511)	(173,114)	(195,525)
Other changes	4,314	(69)	5,890	10,135	8,574
Reclassifications	(5,730)	(1,740)	8,490	1,020	1,751
Total true endowment and FFE, end of year	\$ 1,295,196	\$ 1,727,904	\$ 1,904,970	\$ 4,928,070	\$ 4,259,950

12. CONTINGENT LIABILITIES

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

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

13. SUBSEQUENT EVENTS

The University has performed an evaluation of subsequent events through September 27, 2011, the date on which the consolidated financial statements were issued.

Cornell University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

CFDA No.	Description	Pass-Through Entity	Pass - Through Entity ID	Federal Expenditures
<u>Student Financial Assistance Cluster:</u>				
U. S. Department of Education Awards				
84.007	Federal Supplemental Educational Opportunity Grants			2,763,900
84.033	Federal Work-Study Program			2,976,864
84.038	Federal Perkins Loan Program - Current Year Disbursements			3,555,288
84.063	Federal Pell Grant Program			9,878,787
84.268	Federal Direct Student Loans			118,037,155
84.375	Academic Competitiveness Grants (ACG)			425,460
84.376	National Science and Mathematics Access to Retain Talent Grant (National SMART Grant)			1,111,000
	Total U. S. Department of Education Awards			<u>138,748,454</u>
U. S. Department of Health and Human Services Awards				
	Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged			
93.342	Students			1,748,938
93.925	Scholarships for Health Professions Students from Disadvantaged Backgrounds			55,259
	Total U. S. Department of Health and Human Services Awards			<u>1,804,197</u>
	Total Student Financial Assistance Cluster			<u>140,552,651</u>
<u>Research and Development Program Cluster:</u>				
U.S. Department of Agriculture Direct Awards				
10	Department of Agriculture			93,919
10.001	Agricultural Research_Basic and Applied Research			4,164,647
10.025	Plant and Animal Disease, Pest Control, and Animal Care			1,401,905
10.028	Wildlife Services			1,101
10.155	Marketing Agreements and Orders			35,752
10.162	Inspection Grading and Standardization			192,641
10.200	Grants for Agricultural Research, Special Research Grants			4,271,753
10.202	Cooperative Forestry Research			220,756
10.203	Payments to Agricultural Experiment Stations Under the Hatch Act			5,671,112
10.206	Grants for Agricultural Research_Competitive Research Grants			2,625,533
10.207	Animal Health and Disease Research			91,413
10.210	Food and Agricultural Sciences National Needs Graduate Fellowship Grants			261,882
10.217	Higher Education Challenge Grants			173,143
10.219	Biotechnology Risk Assessment Research			147,357
10.220	Higher Education Multicultural Scholars Program			30,000
10.250	Agricultural and Rural Economic Research			69,705
10.253	Food Assistance and Nutrition Research Programs (FANRP) (L)			142,412
10.256	Research Innovation and Development Grants in Economic (RIDGE)			25,860
10.303	Integrated Programs			1,010,241
10.304	Homeland Security_Agricultural			868,418
10.305	International Science and Education Grants (B)			122,581
10.307	Organic Agriculture Research and Extension Initiative			504,870
10.309	Specialty Crop Research Initiative (B)			256,496
10.310	Agriculture and Food Research Initiative (AFRI)			2,851,822
10.311	Beginning Farmer and Rancher Development Program			313,108
10.320	Sun Grant Program			53,660

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

Cornell University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

CFDA No.	Description	Pass-Through Entity	Pass - Through Entity ID	Federal Expenditures
U.S. Department of Agriculture Direct Awards (continued)				
10.477	Meat, Poultry, and Egg Products Inspection			53,036
10.500	Cooperative Extension Service			132,274
10.606	Food for Progress			288,930
10.664	Cooperative Forestry Assistance			26,433
10.678	Forest Stewardship Program			2,952
10.680	Forest Health Protection (A,B)			66,540
10.901	Resource Conservation and Development			40,768
10.912	Environmental Quality Incentives Program			66,360
10.961	Scientific Cooperation and Research			32,499
10.962	International Training_Foreign Participant			23,244
	Total U.S. Department of Agriculture Direct Awards			26,335,123
U.S. Department of Agriculture Pass-Through Awards				
10	Department of Agriculture	Catholic Relief Services	Lrp-520-2010-002-00	43,415
10			Lrp-680-2010-003-00	14,814
10			Lrp-686-2010-004-00	37,051
10			Not Available	23,312
10		Controlled Environment Agriculture Systems	3361019527	68,577
10		Dairy Research Institute	Check-Off Funds	166,055
10			Not Available	(1,688)
10		Land O' Lakes	Lrp-611-2010/010-00	42,795
10		Lincoln Lab, Mit	Not Available	63,964
10		Nys Dept Of Ag & Markets	10-8236-0245-Ca	300,966
10			12-25-B-0940	56,160
10		Pennsylvania State Univ	07-9100-1136-Ca	26,026
10		Us Apple Export Council	2010-20	90,770
10		World Vision, Inc.	Lrp-617-2011-002-00	7,668
10.001	Agricultural Research_Basic and Applied Research	Biotechnology Research And Development Corporation	59-0402-8-061	394,368
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	08-8236-0245-Ca	(18,773)
10.028	Wildlife Services	Mississippi State Univ	10-7400-0471-Ca	15,150
10.170	Specialty Crop Block Grant Program - Farm Bill (B)	Nys Dept Of Ag & Markets	12/25/5/1085	11,980
10.170			12-25-5-1085	2,524
10.170			12-25-B-0940	119,052
10.170			12-25-B-1085	37,246
10.170			Not Available	85,850
10.200	Grants for Agricultural Research, Special Research Grants	Michigan State University	2010-51150-21317	3,863
10.200		North Carolina State University	2009-34103-19819	18,558
10.200		Notheast Regional Aquatic Ctr	2007-38500-18589	68,844
10.200		Pennsylvania State Univ	2010-34103-21274	6,365
10.200			2010-41530-21275	110
10.200		Rutgers State Univ Of Nj	2003-Ga0063	22,521
10.200			2008-39524-04733	8,400
10.200			2010-34383-20774	26,675
10.200		South Dakota State University	2008-34474-19290	(2,669)

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

Cornell University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

CFDA No.	Description	Pass-Through Entity	Pass - Through Entity ID	Federal Expenditures
U.S. Department of Agriculture Pass-Through Awards (continued)				
10.200		University Of California, Davis	2008-34442-19231	9,350
10.200			2009-34442-20247	114,004
10.200			2010-34442-21101	39,213
10.200		University Of Maine	2008-34141-19351	(4,844)
10.200			2009-34141-20050	6,062
10.200			2010-34141-21166	19,328
10.200		University Of Massachusetts Amherst	2009-34103-19877	18,939
10.200		University Of Vermont	2006-38640-16700	(1,321)
10.206	Grants for Agricultural Research_Competitive Research Grants	Arizona State University	2007-35107-18299	5,300
10.206		Clemson University	2008-35206-18835	615
10.206		Michigan State University	2008-55300-04757	4,026
10.206		North Carolina State University	2007-35504-18290	69,279
10.206		Pennsylvania State Univ	2008-55620-18710	89,121
10.206		University Of California, Santa Cruz	2007-35107-18429	205
10.206		University Of Georgia	20063530017224	3,240
10.206		University Of Minnesota	2009-55200-05011	95,263
10.206		Virginia Polytechnic Institute & State University	2008-55605-18673	38,099
10.212	Small Business Innovation Research	Cycloptics	2010-33610-21389	51,400
10.212		Rt Solutions, Llc	2009-33610-20277	74,558
10.212		Terrenew Llc	2008-33610-19570	16,545
10.212		Trellis Growing Systems, Llc	Not Available	110,617
10.215	Sustainable Agriculture Research and Education	Pennsylvania State Univ	Lne 10-296	489
10.215		University Of Vermont	2007-38640-17935	24,911
10.215			2008-38640-18866	124,327
10.215			2009-38640-19631	91,259
10.215			2010-38640-20820	77,236
10.216	1890 Institution Capacity Building Grants	West Virginia State University	2010-38821-21476	10,979
10.303	Integrated Programs	Colorado State University	2005-51110-03278	2,503
10.303			2008-51110-04333	68,735
10.303			2010-51110-21076	21,619
10.303		Kansas State University	2010-51110-21083	49,878
10.303		North Carolina State University	2006-51101-03604	3,899
10.303		Purdue University	2006-51130-03701	630
10.303		University Of California, Davis	2008-51100-19334	3,435
10.303		University Of Delaware	2008-51110-04346	(76)
10.303		University Of Idaho	2007-51130-03992	19,553
10.303		University Of Illinois Urbana-Champaign	2007-51101-03915	13,505
10.303		University Of Rhode Island	2008-51130-19504	44,848
10.303		University Of Wisconsin Madison	2008-51106-19463	121,194
10.303		Washington State University	2010-51110-21131	28,984
10.307	Organic Agriculture Research and Extension Initiative	Ohio State University	2009-51300-05512	24,648
10.307		Oregon State University	2009-51300-05585	188,549
10.309	Specialty Crop Research Initiative (B)	Carnegie-Mellon University	2008-51180-04890	72,484
10.309		Michigan State University	2009-51181-05808	36,063
10.309		University Of Maryland College Park	2009-51181-05768	22,127
10.309		University Of Minnesota	2010-51181-21159	1,702

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

Cornell University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

CFDA No.	Description	Pass-Through Entity	Pass - Through Entity ID	Federal Expenditures
U.S. Department of Agriculture Pass-Through Awards (continued)				
10.309		Virginia Polytechnic Institute & State University	2010-51181-21599	139,050
10.310	Agriculture and Food Research Initiative (AFRI)	Michigan State University	2009-85606-05673	69,547
10.310		Montana State Univ	2010-65105-20627	9,164
10.310		Pennsylvania State Univ	2010-65206-20723	39,622
10.310		Texas A&M University	2009-65104-05959	85,041
10.310		Tufts University	2010-65106-20610	6,505
10.310		University Of California, Davis	2011-68002-30029	725
10.310		University Of Delaware	2011-68003-30005	583
10.310		University Of Georgia	2010-65116-20458	45,154
10.310		University Of Massachusetts Amherst	2010-65121-20649	187,445
10.310		University Of Wyoming	2011-68004-30074	26,673
10.310		Yale University	2009-65200-05920	22,334
10.500	Cooperative Extension Service	North Carolina State University	2007-39552-18643	1,368
10.500		Nys Office Of Temporary And Disability Assistance	Not Available	179,928
10.500		Purdue University	2010-48869-20781	176,102
10.500		University Of Maine	2008-47001-04302	2,467
10.500		University Of Massachusetts Amherst	2010-39559-21860	67,530
10.500		University Of Nebraska	2009-41534-05439	(1,125)
10.500		University Of Vermont	2007-47001-03782	7,906
10.500			2009-47001-05350	30,361
10.583	Hunger Free Communities	Us Apple Export Council	2010-20	53,867
10.652	Forestry Research	Cary Institute Of Ecosystem Studies	09-Dg-11242307-056	1,185
10.652		University Of Vermont	07-Dg-1122300-066	45,458
10.652			08-Dg-11242307-044	34,693
10.652			09-Dg-11242307-026	52,496
10.664	Cooperative Forestry Assistance	Nys Dept Of Environmental Conservation	10-Dg-11420004-205	25,943
10.680	Forest Health Protection (A,B)	Suny Research Foundation	10-Dg-11420004-304	8,107
10.683	National Fish and Wildlife Foundation	National Fish And Wildlife Foundation	Not Available	272,748
10.912	Environmental Quality Incentives Program	National Fish And Wildlife Foundation	2008-0116-030	106,407
Total U.S. Department of Agriculture Pass-Through Awards				<u>5,250,713</u>
Total U.S. Department of Agriculture Awards				<u>31,585,836</u>
U.S. Department of Commerce Direct Awards				
11	Department of Commerce			993,149
11.001	Census Bureau Data Products			24,445
11.431	Climate and Atmospheric Research			442,458
11.439	Marine Mammal Data Program			(676)
11.463	Habitat Conservation			16,847
Total U.S. Department of Commerce Direct Awards				<u>1,476,223</u>
U.S. Department of Commerce Pass-Through Awards				
11	Department of Commerce	Abt Associates	50-Yabc-2-66036, T.O. 004	44,111
11		University Of South Carolina	Na080Ar4310648	52,263
11.113	ITA Special Projects	Natl Textile Center	Ita-08-07400	253,297

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

Cornell University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

CFDA No.	Description	Pass-Through Entity	Pass - Through Entity ID	Federal Expenditures
U.S. Department of Commerce Pass-Through Awards (continued)				
11.417	Sea Grant Support	Lake Champlain Sea Grant Of The University Of Vermont (And Plattsburgh State University)	Na06Oar4170154	19,700
11.417			Na10Oar4170063	31,588
11.417		New York Sea Grant Institute, Stony Brook	Na07Oar4170010	56,979
11.417			Na10Oar4170064	221,053
11.417		Sea Grant Program, University Of Wisconsin	Na10Oar170070	5,031
11.417		Suny Stony Brook	Na07Oar4170010	27,911
11.417			Na10Oar4170064	116,740
11.417		University Of Vermont	Na060Ar4170154	2,440
11.417		Woods Hole Oceanographic Institute	Na10Oar4170083	84,762
11.417		Not Available	Not Available	1,283
11.472	Unallied Science Program	Partnership For Mid Atlantic Fisheries Science	Na10Nmf4720017	72,787
11.478	Center for Sponsored Coastal Ocean Research_Coastal Ocean Program	University Of Michigan	Na05Nos4781204	184,281
11.609	Measurement and Engineering Research and Standards - ARRA	International Business Machines	60Nanb10D003	89,996
11.609		University Of Delaware	60Nanb10D016	110,434
Total U.S. Department of Commerce Pass-Through Awards				<u>1,374,656</u>
Total U.S. Department of Commerce Awards				<u>2,850,879</u>
U.S. Department Of Defense Direct Awards				
12	Department of Defense			4,954,989
12.300	Basic and Applied Scientific Research			5,251,901
12.351	Basic Scientific Research - Combating Weapons of Mass Destruction			194,919
12.420	Military Medical Research and Development			1,479,333
12.431	Basic Scientific Research			2,738,897
12.630	Basic, Applied, and Advanced Research in Science and Engineering			1,141,331
12.800	Air Force Defense Research Sciences Program			3,722,118
12.901	Mathematical Sciences Grants Program			82,910
12.910	Research and Technology Development			2,198,089
Total U.S. Department of Defense Direct Awards				<u>21,764,487</u>
U.S. Department Of Defense Pass-Through Awards				
12	Department of Defense	Advanced Dynamics Inc.	N00014-10-M-0263	21,000
12		Atc-Ny Inc.	Fa9550-09-C-0081	31,592
12		Atmosphere And Space Technology Research Associates	Fa9550-09-C-0072	106,859
12		Boeing Integrated Defense Systems	N00173-08-C-2074	258,938
12		Carnegie-Mellon University	2009-Ct-2047	161,261
12		Charles River Analytics Inc.	N000-14-10-M-0343	29,309
12		Charles Stark Draper Laboratory Inc.	2010-0838203-000	37,786
12		Clemson University	W912Hq-07-C-0008	67,173
12		Colorado State University	W912Dy0820043	2,437
12		Composite Technology Development Inc.	Fa9453-10--0063	21,874
12		Geosyntec Consultants Inc.	W912Hq-07-C-0028	62,301
12		Ifyber, Llc	W81Xwh-11-C-0032	18,880
12		Illuminaria Inc.	Fa9550-10-C-0048	198,075
12		Marine Acoustics Inc.	N00024-01-D-7014	(5,381)

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

Cornell University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

CFDA No.	Description	Pass-Through Entity	Pass - Through Entity ID	Federal Expenditures
U.S. Department Of Defense Pass-Through Awards (continued)				
12		Morton Photonics	91Crb-10-C-0099	43,239
12			W31P4Q-09-C-0928	130,743
12		Nanomason	N00014-11-M0361	4,830
12		Physical Sciences, Inc	W911NF-09-C-0113	4,565
12		Rockwell Collins	N00173-06-2055	90,000
12		Ues Inc.	Fa8650-10-D-5226	59,814
12		University Of California, Davis	Hr0011-09-1-0013	141,013
12		Not Available	Not Available	22,301
12.300	Basic and Applied Scientific Research	Duke University	Fa8750-10-2-0193	78,397
		Engineering-Environmental Management Inc. (Dba Hdr		
		Enviro., Op., & Construct. Inc)	N62470-10-D-3011	16,092
12.300			Not Available	9,315
12.300		Intelligent Automation, Inc	Not Available	24,550
12.300		Structured Materials Industries Inc.	Fa9550-10-C-0186	112,638
12.300		University Of California, Santa Barbara	N00014-05-1-0419	18,787
12.300			N00014-06-1-0428	144,492
12.351	Basic Scientific Research - Combating Weapons of Mass Destruction	North Carolina State University	Hdtra1-08-1-0001	61,313
12.351		University Of California, Los Angeles	Hdtra1-108-1-0023	91,097
12.351		Vanderbilt University	Hdtra1-09-1-0013	52,529
12.420	Military Medical Research and Development	University Of Central Florida	W81Xwh-10-1-0542	28,403
12.431	Basic Scientific Research	Ohio State University	W911NF-08-1-0238	139,124
12.431		Rice University	W911NF-07-1-0464	128,338
12.431		University Of Central Florida	W911NF-09-1-0500	79,784
12.431		University Of Pennsylvania	W911NF-07-1-0216	90,042
12.431		University of Pittsburgh	Not Available	(11,750)
12.431		University Of Washington	W911NF-05-1-0403	50,214
12.630	Basic, Applied, and Advanced Research in Science and Engineering	Telcordia Technologies Inc.	Daad19-01-2-011	5,072
12.630		University Of Arizona	Fa9550-10-1-0561	59,069
12.800	Air Force Defense Research Sciences Program	Brown University	Fa9550-09-1-0613	324,595
12.800		Carnegie-Mellon University	Fa9550-08-1-0356	157,647
12.800			Fa9550-10-1-0213	140,469
12.800		Columbia University	Fa9550-09-1-0705	484,523
12.800		Ladish Forging	Fa8650-10-2-5219	35,964
12.800		Massachusetts Institute Of Technology	Fa9550-06-1-0470	104,204
12.800		Stanford University	Fa9550-09-1-0704	161,505
12.800		University Of Illinois	Fa8650-10-C-7022	132,847
12.800		University Of Maryland College Park	Fa9550-09-1-0121	58,198
12.800		University Of Pittsburgh	Fa9550-10-1-0524	110,385
12.800		University Of Virginia	Fa8750-11-C-0080	33,307
12.800			Fa9550-09-1-0611	124,305
12.910	Research and Technology Development	Bae Systems	Hr001-09-C-0099	93,497
12.910		Columbia University	Darpa Hr0011-10-10080	318,103
12.910		Georgia Institute Of Technology	W31P4Q-09-1-0012	240,332
12.910		Ibm, San Jose	Hr0011-09-C-0002	340,809
12.910		Johns Hopkins University	Fa9453-09-1-0357	(13,247)

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

Cornell University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

CFDA No.	Description	Pass-Through Entity	Pass - Through Entity ID	Federal Expenditures
U.S. Department Of Defense Pass-Through Awards (continued)				
12.910		Kitware Inc	Hr0011-08-C-0135	50,924
12.910		Stanford University	Fa9550-05-1-0414	25,701
12.910		University Of Michigan	Fa9550-10-1-0327	123,001
12.910		Not Available	Not Available	394,488
	Total U.S. Department Of Defense Pass-Through Awards			<u>6,127,672</u>
	Total U.S. Department Of Defense Awards			<u>27,892,159</u>
Department of the Interior Direct Awards				
15	Department of Interior			362,943
15.426	Coastal Impact Assistance Program (CIAP)			15,147
15.608	Fish and Wildlife Management Assistance			7,450
15.615	Cooperative Endangered Species Conservation Fund			46,018
15.620	African Elephant Conservation			59,797
15.628	Multi-State Conservation Grants			6,362
15.630	Coastal Program			49,384
15.640	Wildlife Without Borders- Latin America and the Caribbean			18,537
15.650	Research Grants (Generic)			4,214
15.805	Assistance to State Water Resources Research Institutes			185,741
15.807	Earthquake Hazards Reduction Program			15,665
15.808	U.S. Geological Survey_ Research and Data Collection			402,428
15.812	Cooperative Research Units Program			144,942
	Department of the Interior Direct Awards			<u>1,318,628</u>
Department of the Interior Pass-Through Awards				
15	Department of Interior	Manomet Center For Conservation Sciences	Not Available	585
15		Normandeau Associates Inc.	M10Pc00101	164,642
	Total Department of the Interior Pass-Through Awards			<u>165,227</u>
	Total Department of the Interior Awards			<u>1,483,855</u>
Department of Justice Direct Awards				
16	Department of Justice			248,931
16.560	National Institute of Justice Research, Evaluation, and Development Project Grants			70,414
	Total Department of Justice Awards			<u>319,345</u>
Department of Justice Pass-Through Awards				
16.753	Congressionally Recommended Awards	Auburn University	2009-Di-Bx-0060	9,007
	Total Department of Justice Pass-Through Awards			<u>9,007</u>
	Total Department of Justice Awards			<u>328,352</u>
Department of Labor Pass-Through Awards				
17.720	Employment Programs for People with Disabilities	Rutgers University-Newark	Od-16563-07-75-34	39,814
	Total Department of Labor Awards			<u>39,814</u>

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

Cornell University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

CFDA No.	Description	Pass-Through Entity	Pass - Through Entity ID	Federal Expenditures
Department of Transportation Direct Awards				
20	Department of Transportation			142,123
20.761	Biobased Transportation Research			1,673,489
	Total Department of Transportation Direct Awards			1,815,612
Department of Transportation Pass-Through Awards				
20.205	Highway Planning and Construction	Nys Dept Of Transportation	Not Available	757,343
20.502	Federal Transit Grants for University Research and Training	City University Of New York	C030506	24,412
20.505	Federal Transit_Metropolitan Planning Grants	City University Of New York	C030561	196,708
20.701	University Transportation Centers Program	City University Of New York	Dtrt07-G-0002	40,188
	Total Department of Transportation Pass-Through Awards			1,018,651
	Total Department of Transportation Awards			2,834,263
Department of the Treasury Pass-Through Awards				
21	Department of the Treasury	Suny Buffalo State	Tpd-Aba-07-C-0001	137
	Total Department of the Treasury Awards			137
Library of Congress Direct Awards				
42	Library of Congress			14,160
	Total Library of Congress Direct Awards			14,160
National Aeronautics and Space Administration Direct Awards				
43	National Aeronautics and Space Administration			3,214,827
43.001	Aerospace Education Services Program			4,073,987
	Total National Aeronautics and Space Administration Direct Awards			7,288,814
National Aeronautics and Space Administration Pass-Through Awards				
43	National Aeronautics and Space Administration	Arizona State University	1228404	31,879
43			Nng07Ek00C	85,877
43		Carnegie Institution Of Washington	Nnx09Ab74G	18,559
43		Jet Propulsion Laboratory	2009-33610-20169	73,378
43			711043	21,739
43			Nas7-03001	484,026
43			Nm0711123	495,542
43			Nm071112312	98,193
43			Nmo710023	276,003
43			Nmo710076	248,856
43			Nmo710947	59,287
43			Nmo711043	122,187
43			Not Available	4,017
43		Makel Engineering Inc.	Nnx10Ce49P	337
43		Malin Space Science Systems	Nmo710846	42,386
43		National Space Grant Foundation	Not Available	7,493
43		Smithsonian Astrophysical Observatory	Nas8-03060	30,386
43		Space Telescope Science Inst.	Nas5-26555	112,600

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

Cornell University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

CFDA No.	Description	Pass-Through Entity	Pass - Through Entity ID	Federal Expenditures
National Aeronautics and Space Administration Pass-Through Awards (continued)				
43		Structured Materials Industries Inc.	Nasa Nnx10Cf62P	33,726
43		University Of Alaska Fairbanks	Nnx09Ac01G	7,341
43		University Of Arizona	1272218	47,100
43		University Of Maryland College Park	Ncc3989	222,454
43			Nnm07Aa99C	222,391
43		Woods Hole Oceanographic Institute	Nnx07Al80G	36,468
43.001	Aerospace Education Services Program	Jet Propulsion Laboratory	Nmo0710777	20,062
43.001			Nmo710076	3,127
43.001			Nmo710782	1,926,893
43.001		Makel Engineering Inc.	Nnx10Ce41P	6,602
43.001		Malin Space Science Systems	Nmo710947	31,509
43.001		Universities Space Research Assoc	Nas2-97001	1,245,600
43.001		University Of Arizona	1228726	(126)
43.001		University Of Pittsburgh	Nnx08Ab36A	50,771
43.001		Wellesley College	Nnx11Ad83G	16,553
Total National Aeronautics and Space Administration Pass-Through Awards				<u>6,083,216</u>
Total National Aeronautics and Space Administration Awards				<u>13,372,030</u>
National Foundation on the Arts and the Humanities Direct Awards				
45.161	Promotion of the Humanities_Research			11,130
Total National Foundation on the Arts and the Humanities Direct Awards				<u>11,130</u>
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	21,372
Total National Foundation on the Arts and the Humanities Pass-Through Awards				<u>21,372</u>
Total National Foundation on the Arts and the Humanities Awards				<u>32,502</u>
National Science Foundation Direct Awards				
47	National Science Foundation			60,493
47.041	Engineering Grants			25,053,810
47.049	Mathematical and Physical Sciences			51,438,567
47.050	Geosciences			7,114,384
47.070	Computer and Information Science and Engineering			9,257,119
47.074	Biological Sciences			15,483,796
47.075	Social, Behavioral, and Economic Sciences			1,766,146
47.076	Education and Human Resources			7,895,133
47.079	International Science and Engineering			786,453
47.080	Office of Cyberinfrastructure			409,427
47.082	Trans-NSF Recovery Act Research Support - ARRA			13,689,977
Total National Science Foundation Direct Awards				<u>132,955,305</u>
National Science Foundation Pass-Through Awards				
47.041	Engineering Grants	Consortium Of Univ For Research In Earthquake Engineering Cmmi -721399		119,949
47.041		Illuminaria Inc.	lip-1045381	33,928
47.041		Massachusetts Institute Of Technology	Efri-0735953	122,480
47.041		Norfolk State University	Dge-0986188	43,296

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

Cornell University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

CFDA No.	Description	Pass-Through Entity	Pass - Through Entity ID	Federal Expenditures
National Science Foundation Pass-Through Awards (continued)				
47.041		Northwestern University	Cmmi-0900586	31,202
47.041		Purdue University	Cmmi-0927178	403,726
47.041		Texas A&M University	Cms-0619083	17,464
47.041		University Of California Berkeley	Nsf/Ccf-0424422	411,085
47.041		University Of Michigan	Cmmi-0724022	14,451
47.041		University Of Rochester	Cbet-0827862	52,744
47.041		University Of Texas System	Eccs-0709323	56
47.041		Not Available	Not Available	52,755
47.049	Mathematical and Physical Sciences	Fermi National Accelerator Laboratory	De-Ac02-07Ch11359	138,212
47.049		Iowa State University	Dmr-07-010564	85,919
47.049		Norfolk State University	Dmr-0611430	96,938
47.049		Pennsylvania State Univ	Dmr-0820404	5,003
47.049		Tuskegee University	Dmr-0611612	89,627
47.049		University Of California Berkeley	Ef-0425878	29,464
47.049		University Of California, Los Angeles	Phy 0612805	441,540
47.049		University Of Oregon	Phy-0529471	14,197
47.049			Phy-0929284	22,346
47.049		University Of Washington	Dmr-0120967	30,434
47.050	Geosciences	Boston University	Atm-0934739	18,392
47.050		Rutgers State Univ Of Nj	0733275	60,862
47.050		Scientific Solutions	Atm-0437343	(13,391)
47.070	Computer and Information Science and Engineering	Computing Research Association	0937060	14,752
47.070			1019343	230,749
47.070		University Of California, Davis	Cns-0904239	94,873
47.070		University Of Texas At Austin	Ccf-0833162	29,740
47.074	Biological Sciences	American Museum Of Nat'L History	Dbi-0956388	4,661
47.074		Auburn University	Deb-1023403	17,557
47.074		Boyce Thompson Institute	Dbi-0419435	8,887
47.074			Ios-0820405	53,033
47.074		Cold Spring Harbor Laboratory	Dbi-0703908	768,775
47.074		Colorado State University	Dbi-0605200	98,568
47.074		Iowa State University	Ios-1022452	45
47.074		Michigan State University	Ios0922493	64,319
47.074		Natureserve	Dbi-0547630	6,879
47.074		New York University	Dbi-0701382	7,511
47.074		Oregon State University	Dbi-0822201	41,530
47.074		Purdue University	Dbi-0822258	96,034
47.074		University Of California Riverside	Ef-0623632	123,274
47.074		University Of Illinois Urbana-Champaign	Dbi-0501700	92,620
47.074		University Of Oregon	0421799	31,787
47.074			Dbi-0922560	343,439
47.074		Yale University	Dbi-0701736	819,305
47.075	Social, Behavioral, and Economic Sciences	University Of Delaware	0826832	78,424
47.075		University Of Texas At El Paso	Oci-0753415	187,209
47.076	Education and Human Resources	American Museum Of Nat'L History	Not Available	18,586

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

Cornell University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

CFDA No.	Description	Pass-Through Entity	Pass - Through Entity ID	Federal Expenditures
National Science Foundation Pass-Through Awards (continued)				
47.076		Association Of Science-Technology Centers	Dri-0813135	83,641
47.076		Clark Atlanta University	Hrd-0630456	37,744
47.076		George Mason University	Due-1043235	6,837
47.076		Hobart & William Smith Colleges	0833675	169,073
47.076		Ohio State University	Dri-0733024	7,403
47.076		Paleontological Research Institution	Dri-0917581	11,556
47.076		Structured Materials Industries Inc.	Iip-0930419	42,820
47.076		The Ecological Society Of America	Due-1044359	390
47.076		University Of Virginia	Dri-1030865	25,825
47.078	Polar Programs - ARRA	Nano-C	Iip-0930526	(1)
47.078	Polar Programs	Ohio State University	Arc-1023566	18,509
47.078	Polar Programs	San Diego State University Research Foundation	Arc-0808604	45,259
47.079	International Science and Engineering	West Virginia University	Oise-0968296	37,468
47.080	Office of Cyberinfrastructure	Johns Hopkins University	0830976	600,538
47.080		University Of New Mexico	Oci-0830944	15,020
47.080		University Of Texas At Austin	Oci-0622780	266,484
47.082	Trans-NSF Recovery Act Research Support - ARRA	Columbia University	Eccs-0903406	132,007
47.082		Suny Stony Brook	Ccf-0926190	79,189
Total National Science Foundation Pass-Through Awards				<u>7,134,998</u>
Total National Science Foundation Awards				<u>140,090,303</u>
Environmental Protection Agency Direct Awards				
66.469	Great Lakes Program			144,630
66.509	Science To Achieve Results (STAR) Program			160,148
66.511	Office of Research and Development Consolidated Research			38,916
66.516	P3 Award: National Student Design Competition for Sustainability			51,172
66.714	Pesticide Environmental Stewardship _Regional Grants			9,306
66.716	Surveys, Studies, Investigations, Training Demonstrations and Educational Outreach			10,623
66.951	Environmental Education Grants			2,438
Total Environmental Protection Agency Direct Awards				<u>417,233</u>
Environmental Protection Agency Pass-Through Awards				
66	Environmental Protection Agency	Delaware County	Not Available	(11,807)
66		Minnesota Department Of Health	Not Available	139,171
66		Systems Research And Applications Corporation	Ep-C-06-003	82,000
66.039	National Clean Diesel Emissions Reduction Program	State Of Maine Department Of Environmental Protection	De-96123701	20,731
66.466	Chesapeake Bay Program	Pennsylvania State Univ	2009-0055-024	2,320
66.466		Tioga Soil & Water Conservation District	2009-0055-001	32,733
Total Environmental Protection Agency Pass-Through Awards				<u>265,148</u>
Total Environmental Protection Agency Awards				<u>682,381</u>

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

Cornell University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

CFDA No.	Description	Pass-Through Entity	Pass - Through Entity ID	Federal Expenditures
U.S. Department of Energy Direct Awards				
81	Department of Energy			329,887
81.049	Office of Science Financial Assistance Program			8,230,704
	Office of Science Financial Assistance Program - ARRA			3,641,692
81.086	Conservation Research and Development - ARRA			394,957
81.087	Renewable Energy Research and Development			83,067
81.112	Stewardship Science Grant Program			1,594,412
81.121	Nuclear Energy Research, Development and Demonstration			16,889
	Total U.S. Department of Energy Direct Awards			14,291,608
U.S. Department of Energy Pass-Through Awards				
81	Department of Energy	Advanced Resources International Inc	De-Fe0004633	25,161
81		Arizona State University	De-Fc-09Nt43321	472,427
81		Brookhaven National Lab	De-Ac02-98Ch10886	1,801,709
81		Fermi National Accelerator Laboratory	Not Available	170,870
81		Lawrence Livermore National Laboratory	De-Ac02-05Ch11231	22,954
81			De-Ac52_07Na27344	20,190
81			De-Ac52-07Na27344	25,062
81		Muons, Inc.	90047S09-I	11,353
81		Natl Renewable Energy Lab	De-Ac36-08Go28308	62,958
81		Novozymes Inc (Davis Ca)	De-Fc36-08G018080	23,862
81		Sandia Laboratories	De-Ac04-94Al85000	379,731
81			Not Available	99,603
81		Ut-Battelle Llc	De-Ac05-00Or22725	45,895
81.049	Office of Science Financial Assistance Program	Carnegie Institution Of Washington	De-Sc0001057	139,822
81.049		Johns Hopkins University	De-Sc0002509	88,676
81.049		Lehigh University	De-Fg02-07Er46463	79,539
81.049		Memorial Sloan Kettering Cancer Center	De-Sc0002184	45,112
81.049		Natl Renewable Energy Lab	De-Ac36-99Go10337	303,024
81.049		Pennsylvania State Univ	De-Fc02-06Er64157	10,004
81.049		Princeton University	De-Sc0001198	210,334
81.049		Sandia Laboratories	De-Ac04-94Al85000	75,609
81.049		University Of Florida	De-Fg02-07Er6458	36,987
81.049		University Of Georgia	4000063512	41,043
81.049		University Of Houston	De-Sc0005032	45,147
81.049		University Of Wisconsin Madison	De-Fc02-07Er64494	74,624
81.049		Washington State University	De-Sc0001728	56,919
81.079	Regional Biomass Energy Programs	Mississippi State Univ	3Tg162	54,761
81.079		Natl Renewable Energy Lab	De-Ac36-08Go28308	45,521
81.079		South Dakota State University	De-Fc36-05G085041	14,029
81.079			De-Fc36-05Go85041	159,516
81.086	Conservation Research and Development - ARRA	California Institute Of Technology	De-Ee0002890	137,085
81.086		Columbia University	De-Ee0002892	285,057
81.086	Conservation Research and Development	Structured Materials Industries Inc.	De-Ee0003493	42,256
81.087	Renewable Energy Research and Development	Natl Renewable Energy Lab	De-Ac36-08G028308	121,495
81.087		University Of Nevada Reno	De-Ee0003063	8,429

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

Cornell University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

CFDA No.	Description	Pass-Through Entity	Pass - Through Entity ID	Federal Expenditures
U.S. Department of Energy Pass-Through Awards (continued)				
81.087	Renewable Energy Research and Development - ARRA	Cellana Corporation	De-Ee0003371	16,236
81.087		Potter Drilling	De-Ee0002746	50,634
81.087		Southern Methodist University	De-Ee0002852	198,736
81.087		West Virginia University Research Corporation	De-Ee0002745	66,745
81.129	Energy Efficiency and Renewable Energy Technology Deployment, Demonstration and Commercialization	Syracuse University	De-Ee0002121	6,545
Total U.S. Department of Energy Pass-Through Awards				<u>5,575,660</u>
Total U.S. Department of Energy Awards				<u>19,867,268</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			33,781
84.022	Overseas_Doctoral Dissertation			51,018
84.133	National Institute on Disability and Rehabilitation Research			1,532,069
Total U.S. Department Of Education Direct Awards				<u>1,616,868</u>
U.S. Department Of Education Pass-Through Awards				
84.051	Vocational Education_National Programs	University Of Louisville	V051A070003	107,071
84.116	Fund for the Improvement of Postsecondary Education	University Of Wisconsin System	P116Y090038	41,032
84.133	National Institute on Disability and Rehabilitation Research	City University Of New York	H133B080012	44,386
84.133		Hunter College	Not Available	15,200
84.133		University Of Illinois-Chicago	H133A100011	3,511
84.133		University Of Massachusetts Boston	H133A090002	6,047
84.133		University Of New Hampshire	H133B100030	30,604
84.366	Mathematics and Science Partnerships	Syracuse City School District	0294 10 0111	3,580
Total U.S. Department Of Education Pass-Through Awards				<u>251,431</u>
Total U.S. Department Of Education Awards				<u>1,868,299</u>
U.S. Department of Health and Human Services Direct Awards				
93	Department of Health and Human Services			4,997,312
93	Department of Health and Human Services - ARRA			4,500,496
93.061	Innovations in Applied Public Health Research			5,056
93.069	Public Health Emergency Preparedness (B)			3
93.113	Biological Response to Environmental Health Hazards			1,521,220
93.121	Oral Diseases and Disorders Research			530,066
93.172	Human Genome Research			788,244
93.173	Research Related to Deafness and Communication Disorders			1,882,027
93.213	Research and Training in Complementary and Alternative Medicine			54,960
93.225	National Research Service Awards_Health Services Research Training			429,194
93.226	Research on Healthcare Costs, Quality and Outcomes			945,508
93.233	National Center on Sleep Disorders Research			115,454
93.242	Mental Health Research Grants			13,528,752
93.250	Geriatric Academic Career Awards			111,094
93.273	Alcohol Research Programs			409,523
93.279	Drug Abuse Research Programs			6,586,202

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

Cornell University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

CFDA No.	Description	Pass-Through Entity	Pass - Through Entity ID	Federal Expenditures
U.S. Department of Health and Human Services Direct Awards (continued)				
93.279	Drug Abuse Research Programs - ARRA			1,774,533
93.281	Mental Health Research Career/Scientist Development Awards			404,551
93.282	Mental Health National Research Service Awards for Research Training			55,368
93.283	Centers for Disease Control and Prevention_ Investigations and Technical Assistance			155,143
93.286	Discovery and Applied Research			2,939,682
93.310	Trans-NIH Research Support (B,M)			4,941,866
93.361	Nursing Research			406,068
93.371	Biomedical Research Technology			2,416,160
93.389	National Center for Research Resources			17,089,151
93.389	National Center for Research Resources - ARRA			453,384
93.393	Cancer Cause and Prevention Research			3,032,979
93.394	Cancer Detection and Diagnosis Research			1,252,272
93.395	Cancer Treatment Research			2,763,528
93.396	Cancer Biology Research			4,712,757
93.397	Cancer Centers Support Grants			2,568,235
93.398	Cancer Research Manpower			743,190
93.399	Cancer Control			226,436
93.583	Refugee and Entrant Assistance_Wilson/Fish Program			37,088
93.670	Child Abuse and Neglect Discretionary Activities			665,628
93.701	Trans -NIH Recovery Act Research Support - ARRA			19,591,957
93.837	Heart and Vascular Diseases Research			15,856,463
93.838	Lung Diseases Research			3,986,492
93.839	Blood Diseases and Resources Research			2,904,656
93.846	Arthritis, Musculoskeletal and Skin Diseases Research			1,933,235
93.847	Diabetes, Endocrinology and Metabolism Research			5,537,190
93.847	Diabetes, Endocrinology and Metabolism Research - ARRA			68,562
93.848	Digestive Diseases and Nutrition Research			110,029
93.849	Kidney Diseases, Urology and Hematology Research			511,176
93.849	Kidney Diseases, Urology and Hematology Research - ARRA			5,655
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders			12,998,165
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders - ARRA			917,096
93.855	Allergy, Immunology and Transplantation Research			24,682,589
93.855	Allergy, Immunology and Transplantation Research - ARRA			263
93.856	Microbiology and Infectious Diseases Research			2,141,020
93.856	Microbiology and Infectious Diseases Research - ARRA			1,051,922
93.859	Biomedical Research and Research Training			26,132,632
93.864	Population Research			961,310
93.865	Child Health and Human Development Extramural Research			4,936,996
93.866	Aging Research			3,920,994
93.867	Vision Research			3,568,771
93.989	International Research and Research Training			901,035
Total U.S. Department of Health and Human Services Direct Awards				215,761,338

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

Cornell University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

CFDA No.	Description	Pass-Through Entity	Pass - Through Entity ID	Federal Expenditures
U.S. Department of Health and Human Services Pass-Through Awards				
93	Department of Health and Human Services	Columbia University	Not Available	33,541
93			2R01 DA17293-06	18,594
93			5R01 DA17293-07	168,259
93		Duke University	NHLBI-4379-001 (IPF-	3,865
93		Johns Hopkins University	Not Available	85,278
93			9R01 DA26652 (2)	9,615
93			5U2R TW6885-05	16,500
93			HHSN26620050000	9,594
93			5R01CA125635-01	(32,862)
93			5R01 CA125635-03	25,431
93			3U01 AI75115	50,198
93		Lutheran Family Health Centers	1 Yepmp090034-01-00	34,526
93		Stanford University	18111540-359	339,200
93		University of Connecticut	2P01 HL70694-06	(9,606)
93			5P01 HL70694-07	509,993
93		University of Minnesota	Not Available	4,388
93			1U54 NS065768-0	14,742
93		University of Pennsylvania	5U01 AI063589-0	98,516
93		University of Rochester	Hhsn266200700008C	316,267
93			Hhsn266200700008C(N01-Ai-7)	152,133
93			C02464-02	61,258
93			C02464-03	31,080
93		Vanderbilt University	Not Available	(2,153)
93			5R01 AI778505-02	5
93			5R01 AI77505-03	48,528
93		Vybion Inc.	1 R41 Gm090585	57,060
93		3 Angels Memorial Fund for ACD Research	5U50 DD0047	15,511
93		Albert Einstein College	3UL1 RR25750-02S	9,580
93		Beth Israel Deaconess Medical Center	3U01 CA1	15,364
93		Bombyx Technologies	NSF 101	28,384
93		Burke Rehabilitation Hospital	Not Available	147
93			5P01 AG14930-10	429,916
93			5P01 AG14930-11	32,822
93		Calgb Foundation	Not Available	95,980
93		Case Western Reserve	Not Available	1,694
93			5N01 DK66203-1	187,009
93		Children's Hospital Los Angeles	5R25 DK78385	(762)
93		Emory University	Not Available	1,838
93			5P01 CA116676-05	214,470
93		Feinstein Institute For Medical Research	HHSN27120090001	83,482
93		Harvard Medical School	5U01 HL72737-05	37,937
93			7U01 HL72737-06	62,418
93			1U01 HL98166-0	7,515
93		Harvard Pilgrim Health Care	HHSF223200910006	19,927
93		Henry M. Jackson Foundation	HMJF 689300	37,619
93		Institute for Clinical Research, Inc.	M38-CO-065-0910	152

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

Cornell University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

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	Department of Health and Human Services	Les Centres Gheskio	2U2R TW6896	184,946
93			5U2R TW0068	15,024
93			5U01 AI69421-05	183,166
93			5U01	29,937
93			U01 A	56,260
93			SEE 5298480001	(50,264)
93			SEE 5298480007	234,634
93		Massachusetts General Hospital	4R37 AI42006-14	38,954
93		Medstar Research Institute	5U01 HL64244-10	11,213
93		Montefiore Medical Center	Not Available	8,608
93		New England Research Institutes	1U01 HL072268-	304
93			U01 HL072268	59
93		North Shore LIJ Health System	5U01 DC7946-03	141
93			5U01 DC7946-04	12,126
93		NY Presbyterian Hospital	W81XWH-10-1-086	244,863
93		President And Fellows Of Harvard College	HHSF2230201000098C	85,486
93		Progenics Pharmaceuticals, Inc.	1P01 AI82362	204,151
93			5P01 AI82362	667,168
93		Research Foundation of CUNY	C023689	155,112
93			C023689-3	52,098
93		Research Triangle Institute	Not Available	240,017
93		Rockefeller University	Not Available	54
93			NYS C24180	189,874
93			NYS C024180	576,148
93			5R01 NS07080-43	30,104
93		Rutgers State University	1R01 NS070173-01A1	14,254
93		Sarentis, Inc.	W81XWH-11-2-0064	119,008
93		Sloan-Kettering Institute	Not Available	5,630
93		The Emmes Corporation	2U01 CA12	19,368
93		University of California	5N01 AI15446	29,792
93			1N01-CN-35160	45
93			1N01 A	90,700
93		University Of Chicago	U10 CA37447	7,741
93		University of Medicine & Dentistry of NJ	SEE 5293071000	(267)
93			R01 NS38384	267
93		University of Texas	Not Available	3,662
93			25951/980256	18,981
93			5N01-CN-351	210,021
93	Department of Health and Human Services - ARRA	University of Pittsburgh	1RC1	(7,724)
93		Vybion Inc.	1R43Gm093807-01	135,500
93		Massachusetts General Hospital	1R01 HS19371-01	157,975
93		Social & Scientific Systems	CRB-DCR01-S-09-0	66,824
93.110	Maternal and Child Health Federal Consolidated Programs	Health Research, Inc.	5U22 MC0395607	9,243
93.110		Mount Sinai School of Medicine	5 H30 MC 00019	52,952
93.113	Biological Response to Environmental Health Hazards	University of California	1R01Es018990-01	26,301
93.121	Oral Diseases and Disorders Research	NJ Medical School	Not Available	(3,729)

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

Cornell University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

CFDA No.	Description	Pass-Through Entity	Pass - Through Entity ID	Federal Expenditures
U.S. Department of Health and Human Services Pass-Through Awards (continued)				
93.145	AIDS Education and Training Centers	Columbia University	Not Available	(841)
93.145			H4A HA00071-07	12,303
93.145			H4A H	189,876
93.172	Human Genome Research	Baylor College Of Medicine	5U01Hg005211-02	96,799
93.172		Stanford University	1U01Hg005715-01	141,962
93.172		University of Medicine & Dentistry of NJ	3R01 HG4364-03	25,024
93.173	Research Related to Deafness and Communication Disorders	Vanderbilt University	1R01 DC7694-01	59,745
93.173			5R01 DC007694-02	362,797
93.173		Research Foundation of SUNY	5R01 DC6914-05	7,178
93.173			5R01 DC06914-06	23,880
93.173		Sloan-Kettering Institute	1R03 DC10267-01	59,172
93.213	Research and Training in Complementary and Alternative Medicine	New York University	5R21 AT4576-02	46,832
93.226	Research on Healthcare Costs, Quality and Outcomes	Arizona State University	R01Hs018481	41,235
93.226		University of Arizona	1R01Hs018424-01A1	12,966
93.226		The Brigham & Women's Hospital	5U18 HS16970-03	18,429
93.226			5U18 HS116970-04	143,697
93.242	Mental Health Research Grants	Duke University	1U10 HL080413-0	4,293
93.242			STEP IPF	57,839
93.242		New York University	Not Available	16,930
93.242		Princeton University	5P50 MH62196-10	127,569
93.242		University of Colorado	5 R01 Mh070761-05-Ext	2,583
93.242		University of Pennsylvania	2R01 MH65539-05A	63,691
93.242		Yale University	5R01 MH65869-08	13,927
93.242			5R01 MH65	68,375
93.242		Dartmouth College	5T32 MH073553-0	76,253
93.242			2T32 MH073553-0	2,693
93.242		President And Fellows Of Harvard College	1R01 MH87328-01	36,304
93.242		Research Foundation for Mental Hygiene	2R01 MH54137-13	8,976
93.242			5R01 MH54137-14	31,426
93.242			2R01 MH54137-15	41,271
93.242			1R01 MH85921-01	110,337
93.242			5R01 MH079397-0	34,535
93.242		The Brigham & Women's Hospital	Not Available	(323)
93.242			5R01 MH074808-04	415,489
93.242		University of Texas	5R34 MH8	10,315
93.242			5R34 MH0	2,092
93.266	Rapid Expansion of Antiretroviral Therapy Programs for HIV-Infected Persons in Selected Countries	University of Washington	Not Available	(1,185)
93.266			5U91	322,534
93.279	Drug Abuse Research Programs	The Research Foundation At Suny Binghamton	1R21Da029430	7,124
93.279		University of Pittsburgh	5U01Da023821-04	12,489
93.279		Research Foundation for Mental Hygiene	5P50 DA009236-1	7,311
93.279		Research Foundation of SUNY	1R01 DA29512-01	62,556
93.279		Rockefeller University	Not Available	17,298
93.279			5P60 DA	284,663
93.279			5P60 DA05130-23	1,902
93.279			5P60 DA05130-24	88,527

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

Cornell University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

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		University of California	Not Available	(19,522)
93.279			6441sc 5R21 DA	11,200
93.279			5P01 DA10154-	18,157
93.279			5P01	230,326
93.283	Centers for Disease Control and Prevention_Investigations and Technical Assistance	Columbia University	5R01 CI005	18,343
93.283		Mount Sinai School of Medicine	CDC U01 DD0001	57,340
93.286	Discovery and Applied Research	Mayo Clinic College of Medicine	2R01Eb001640-11A1	141,051
93.286			3R01 Eb002167-20	31,040
93.286		Stanford University	5R01Eb004321	38,229
93.286		Riverside Research Institute	5R01	790
93.286			5ROL EB08606-02	7,781
93.286			1R01 EB6372-01A2	(790)
93.310	Trans-NIH Research Support (B,M)	Boyce Thompson Institute	7P41Gm079571	8,601
93.310			Not Available	87,387
93.361	Nursing Research	Columbia University	5R01	53,499
93.361		New York University	7R01 NR10730 - 0	9,216
93.361			5R01 NR10730-03	12,923
93.389	National Center for Research Resources	Columbia University	3UL1 RR24	47,667
93.392	Cancer Construction	Boston Medical Center	SEE 5293401005	(3,674)
93.392			SEE 5293401006	(46,573)
93.392			2R01 CA93772-05A	6,578
93.392			5R01CA93772-06	81,371
93.393	Cancer Cause and Prevention Research	University of Pittsburgh	5R24HI76852-05	(616)
93.393		University of Washington	5 U01 Ca114642-05	(25,883)
93.393			5U01Ca114642-05	42,677
93.393		Boston Medical Center	SEE 5299930007	47,810
93.393		University of California	5R01 CA96878-07	17,846
93.394	Cancer Detection and Diagnosis Research	Laser Biopsy Inc	1R43Ca159858	30,862
93.394		University of Michigan	2U01 CA111275-	211,240
93.394		Beth Israel Deaconess Medical Center	2U01 CA113913-06	68,869
93.395	Cancer Treatment Research	Juvaris Bio Therapeutics, Inc.	1 R43 Ca133993-01	1,018
93.395		National Childhood Cancer Foundation	5U01 CA98543-08	15,004
93.395		The Emmes Corporation	Not Available	3,106
93.395			AMC052	70,829
93.395		University Of Chicago	Not Available	7,406
93.396	Cancer Biology Research	University of Rochester	1R01 CA138249	12,348
93.396		Sloan-Kettering Institute	Not Available	(1,081)
93.396			5U01 CA105492-07	146,288
93.396			2R01 CA107429-06A2	61,176
93.396			1R01 CA102774-06	31,770
93.396			5R01 CA102774-07	45,694
93.397	Cancer Centers Support Grants	University of Michigan	5P50 CA69568-12	12,781
93.397		Emory University	5P50 CA128613-	30,151
93.397		Sloan-Kettering Institute	SEE 5299940001	47,448
93.398	Cancer Research Manpower	Columbia University	5K07 CA132	30,588
93.399	Cancer Control	University of Michigan	1U01 CA111275-0	3,555

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

Cornell University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

CFDA No.	Description	Pass-Through Entity	Pass - Through Entity ID	Federal Expenditures
U.S. Department of Health and Human Services Pass-Through Awards (continued)				
93.399		University of Washington	1 P50 Ca148110-01	64,167
93.399		University Of Chicago	SEE 5294021000	(7,143)
93.399		University of Texas	Not Available	3,090
93.648	Child Welfare Services Training Grants	James Bell Associates Inc.	Hhsp233200600448G	1,790
93.701	Trans -NIH Recovery Act Research Support	Columbia University	Not Available	140,465
93.701		Beth Israel Deaconess Medical Center	5R21 NS	195,401
93.701		Northern California Institute for Research & Education, Inc.	5P41 RR023953-03	77,460
93.701		University of California	5RC2 DA029475-0	84,766
93.701	Trans -NIH Recovery Act Research Support - ARRA	Cold Spring Harbor Laboratory	IRC2 HL101846-0	149,317
93.701			5RC2 HL101846-0	318,562
93.701		Colorado State University	2R01Ca095056-06A2	19,996
93.701		Columbia University	Not Available	(3,747)
93.701		Fred Hutchinson Cancer Research Center	Rc1HI100270	133,612
93.701		Hospital For Special Surgery	Rc1Ar058255	99,257
93.701		Jackson Laboratory	3P01Hd042137-06A1S1	313
93.701		Mayo Clinic College of Medicine	1R21Ca133536-02	66,780
93.701		University of Florida	1U24 RR29822-01	312,286
93.701			5U24 RR29822-02	467,952
93.701		University of Missouri	3R01Ns048826-05S1	14,908
93.701		University of Pittsburgh	1Rc2Ar058929-01	23,837
93.701			5Rc2Ar058929-02	82,912
93.701		University of Washington	1RC1 AG35844-01	17,281
93.701			5RC1 AG35844-02	53,431
93.701		Vanderbilt University	1Rc2Da028981-01	29,212
93.701		Wake Forest University Baptist Medical Center	1Rc1Ag035835-01	72,398
93.701		Beth Israel Deaconess Medical Center	1R21 NS65260-01	(2,445)
93.701		Dana-Farber Cancer Institute, Inc.	1RC2 CA148317-0	38,640
93.701			5RC2 CA148317-0	116,345
93.701		Emory University	1RC1 HL100915-01	33,312
93.701			1RC1 HL100915-02	123,842
93.701		National Childhood Cancer Foundation	U10 CA98543-07S	222,773
93.701		Northern California Institute for Research & Education, Inc.	5P41 RR023953-02	664
93.701			3P41 RR23953-02S	114,848
93.701		Research Foundation of CUNY	3G1 2RR3037-	62,260
93.701		Research Foundation of SUNY	3R01 DC6914-04S	27,053
93.701		University of California	1RC2 DA29475-0	38,737
93.701		University of Maimi	1RC2 DA28973-01	43,214
93.701			5RC2 DA28973-02	141,152
93.701		University of Texas	1 Rc2 HI102419-01	201,348
93.701		University of Maryland	U01 Hg004866	107,403
93.837	Heart and Vascular Diseases Research	Columbia University	Not Available	36,952
93.837			5R01 HL57560-13	141,014
93.837		Transonic Systems, Inc	2 R44 HI061994-04A2	1,871
93.837		University of Iowa	1P01HI084207-01A1	90,471
93.837		University of Michigan	R01 HI073394	44,167
93.837		University of North Carolina	SEE 5297970001	(16,685)

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

Cornell University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

CFDA No.	Description	Pass-Through Entity	Pass - Through Entity ID	Federal Expenditures
U.S. Department of Health and Human Services Pass-Through Awards (continued)				
93.837			5R01 HL81627-02	18,584
93.837		University of Rochester	Not Available	64
93.837		University of Vermont	1P01HI095488-01A1	115,699
93.837		University of Washington	1R01 HL101186-01	119,708
93.837			1R01 HL93086-01A1	7,065
93.837			1R01 HL93086-02	78,118
93.837		Beth Israel Deaconess Medical Center	1R01 HL94555-01A	19
93.837			5R01 HL094555-02	153,938
93.837		University of Alabama	Not Available	32,920
93.837			5R01 HL55673-14	2
93.837			5R01 HL55673-15	15,384
93.837		University of California	1 R01 HI087228	141,208
93.837			P01 HI090553	275,530
93.839	Blood Diseases and Resources Research	University of Rochester	2P01 HI018208-34	323,599
93.839			P01 HI18208	148
93.839		New England Research Institutes	1U01 HL72268-0	1,218
93.839		New York Blood Center, Inc.	NIH00017	71,205
93.846	Arthritis, Musculoskeletal and Skin Diseases Research	Hospital For Special Surgery	5 R01 Ar041325-17	3,988
93.846			P30 Ar0046121-10	12,828
93.846			R01Ar014225	15,834
93.846			R01Ar056802	8,899
93.846		Signum Biosciences, Inc.	1R43 AR58020-01	52,003
93.847	Diabetes, Endocrinology and Metabolism Research	Columbia University	5P30	89,376
93.847		Georgia Health Sciences University	U24Dk076169	30,830
93.847		University of Michigan	5R01 DK081841-03	21,695
93.847		University of South Florida	Hhsn267200700014C	5,825
93.848	Digestive Diseases and Nutrition Research	Columbia University	Not Available	(1,039)
93.848			5U01 DK	1,122
93.848			2U01 DK066667-07	106,036
93.848			5U01 DK066667-08	196,688
93.848			5R01 DK72526-04	7,772
93.848		University of North Carolina	R01 Dk053347	201,574
93.848		St. Luke's Roosevelt Hospital	Not Available	(8,268)
93.848			5R01 DK72507-04	12,019
93.849	Kidney Diseases, Urology and Hematology Research	NY Medical College	Not Available	(4,319)
93.849			5R01 DK45462-13	27,871
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders	Artann Laboratories	1R43Ns065524-01	113,224
93.853		Johns Hopkins University	1R01Ns060910	61,591
93.853		Northwestern University	1R21 NS	40,328
93.853		Transonic Systems, Inc	2 R44 Ns049680-02	8,996
93.853			5 R44 Nso49680-03	8,594
93.853		University of Missouri	R01- Ns048826-01	17
93.853		University of Pittsburgh	R01 Ns032385	38,802
93.853		Children's Hospital Boston	5P01 NS38475 -	105,804
93.853		Pennsylvania State University	NS065096-01	14,964
93.853		University of California	R01 Ns067420	12,498

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

Cornell University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

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	5K23	21,439
93.855	Allergy, Immunology and Transplantation Research	Colorado State University	Not Available	3,518
93.855		Columbia University	5 U54 Ai057158-06	55,973
93.855			5U54Ai057158-08	26,813
93.855			Not Available	171,049
93.855			12(ACCT 5-37662	455,198
93.855			2U54	(1,078)
93.855			13(ACCT 5-37663	48,385
93.855		Fox Chase Cancer Center	1 U19 Ai083008-01	15,328
93.855		Institut Pasteur	5R01Ai042361-11	45,413
93.855		Rheonix, Inc.	1 Uo1 Ai082448-01	133,888
93.855		University of Pennsylvania	555666	64,045
93.855			5U01 Ai063589	375,579
93.855			5U01 Ai63589-05	26,910
93.855			5U01 Ai63589-06	187,774
93.855		Vanderbilt University	5U01 Ai69923-03	892
93.855			5U01 Ai69923-04	18,676
93.855			5U01 Ai69923-05	43,783
93.855		Yale University	A08070(M11A109	22,705
93.855		Health Research, Inc.	Not Available	(2,401)
93.855		Institute for Clinical Research, Inc.	SEE 5298280001	7,191
93.855		Massachusetts General Hospital	Not Available	645
93.855		Montefiore Medical Center	5U01 Ai35004-16	14,942
93.855			5U01 Ai35004 - 1	90,352
93.855			5U01 Ai35004-18	22,348
93.855		Sloan-Kettering Institute	Not Available	(17)
93.855		Social & Scientific Systems	5U01 Ai68636-05	41,255
93.855			BRS-ACURE-Q-06-	23,479
93.855			1U01 Ai068636-05	22,728
93.855		The Brigham & Women's Hospital	SEE 5298030007	(35,248)
93.855			SEE 5298030008	51,644
93.855			5R37 Ai55357-07	53,335
93.855			5R37 Ai55357-08	2,272
93.855		University of Bahia	5P50 Ai30639-17	8,916
93.855			5P50 Ai3063	53,579
93.856	Microbiology and Infectious Diseases Research	Columbia University	Not Available	135
93.856		Virginia Polytechnic Institute & State University	Hhsn272200900040C	151,131
93.856		Chembio Diagnostic Systems, Inc.	5R44 Ai 72856-0	22,182
93.856		Les Centres Gheskio	SEE 5297990003	17,456
93.856			SEE 5297990004	229,347
93.856			5U01	17,706
93.859	Biomedical Research and Research Training	Boyce Thompson Institute	1R01Gm088290-01A1	12,124
93.859		Hauptman-Woodward Medical Research Institute Inc.	U54 Gm074899	(8,248)
93.859		Novasterilis	1R43Gm096573-01	20,000
93.859		University of Michigan	4R00Gm087810-03	16,903
93.859			5P50Gm065509-09	124,692

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

Cornell University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

CFDA No.	Description	Pass-Through Entity	Pass - Through Entity ID	Federal Expenditures
U.S. Department of Health and Human Services Pass-Through Awards (continued)				
93.859		University of Michigan	Gm065509-06	4,570
93.859		University of Minnesota	5R01Gm059604-11	86,553
93.859		University of Utah	2 R01 Gm064664	131,270
93.859		Virginia Polytechnic Institute & State University	3R01Gm076121-04S1	60,272
93.859		Albert Einstein College	5R01-Gm-079618-03	15,212
93.859		Pennsylvania State University	5R01Gm080533-05	279,965
93.859		Sloan-Kettering Institute	BD513687 (1/3)	1,216
93.859			BD513687 (2/3)	1,665
93.859			BD513687 (3/3)	191,666
93.859		University Of Chicago	1U54 GM87519-01A1	226,188
93.859		Gladstone Institutes	R01 Gm082901	68,650
93.864	Population Research	Jackson Laboratory	P01Hd042137	213,443
93.864		Ohio State University	R01 Hd054866-01A1	101,479
93.865	Child Health and Human Development Extramural Research	Columbia University	1R01 HD056103-01A	9,091
93.865			1R01 HD069178-01	94,354
93.865		University of Georgia	2R01Hd03058815A1	16,085
93.865		Children's Research Institute	SEE 5299920000	5
93.865		University of California	SEE 5293681000	84,043
93.865			SEE 5293681001	78,857
93.865		University of Medicine & Dentistry of NJ	1P01 HD23315-0	7,620
93.865			5P01 HD23315-0	269,250
93.865			2P01 HD23315-	2
93.865			5P01 HD23315-2	11,902
93.866	Aging Research	Aces Inc.	1R41G029756-01	669
93.866		Columbia University	5R01 AG017761-14	45,439
93.866		New York University	1R21 AG32554-01	30,240
93.866			5R21 AG32554-02	11,389
93.866			2R01 AG13616-18	(9,022)
93.866			5R01 AG13616-19	124,047
93.866			1R01 AG035137-01	60,749
93.866		Purdue University	R01Ag018869	111,852
93.866		University of Colorado	5R01 AG012423-0	14,185
93.866		University of Washington	2P01 AG1751-28A1	22,339
93.866		Burke Rehabilitation Hospital	Not Available	21,915
93.866			5P01 AG14939-1	183,589
93.866			5P01 AG14930-1	134,574
93.866		Rockefeller University	Not Available	4,981
93.866			1R21 AG39850-01	7,301
93.866			5P01 AG9464-19	22,920
93.866			5P01 AG9464-20	13,056
93.866		University of California	5U01 AG10483-19	41,165
93.866			5U01 AG10483-20	28,262
93.866		University Of Chicago	1R01Ag033903-01	18,577
93.867	Vision Research	Johns Hopkins University	5U10 EY08057-21	6,742
93.867			5U10 EY08057-22	8,289
93.867			5U10 EY08057-23	209,459

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

Cornell University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

CFDA No.	Description	Pass-Through Entity	Pass - Through Entity ID	Federal Expenditures
U.S. Department of Health and Human Services Pass-Through Awards (continued)				
93.867		University of Illinois	2006-00139-1	137,837
93.989	International Research and Research Training	Johns Hopkins University	2U2R TW06885-06	43,368
93.989		Vanderbilt University	5R24	(14,263)
93.989			5R24 TW7988-03	90,036
93.989			5R24 TW7988-04	112,736
	Total U.S. Department of Health and Human Services Pass-Through Awards			<u>24,958,081</u>
	Total U.S. Department of Health and Human Services Awards			<u>240,719,419</u>
Corporation for National and Community Service Direct Awards				
94.013	Volunteers in Service to America			37,340
	Total Corporation for National and Community Service Direct Awards			<u>37,340</u>
Corporation for National and Community Service Pass-Through Awards				
94.007	Planning and Program Development Grants	North Carolina Campus Compact	09Mkhnc001	250
	Total Corporation for National and Community Service Pass-Through Awards			<u>250</u>
	Total Corporation for National and Community Service Awards			<u>37,590</u>
Social Security Administration Pass-Through Awards				
96.007	Social Security_Research and Demonstration	Rand Corporation	19-F-10002-9-01	145,806
	Total Social Security Administration Awards			<u>145,806</u>
Department of Homeland Security Direct Awards				
97	Department of Homeland Security			124,760
97.065	Homeland Security Advanced Research Projects Agency			400,651
97.108	Homeland Security, Research, Testing, Evaluation, and Demonstration of Technologies			599,622
	Total Department of Homeland Security Direct Awards			<u>1,125,033</u>
Department of Homeland Security Pass-Through Awards				
97.061	Centers for Homeland Security	University Of North Carolina	2008-St-061-Nd-00-03	15,751
97.061		University Of Texas At Austin	Z934002	938
	Total Department of Homeland Security Pass-Through Awards			<u>16,689</u>
	Total Department of Homeland Security Awards			<u>1,141,722</u>
United States Agency for International Development Direct Awards				
98	United States Agency for International Development			16,166
98.001	USAID Foreign Assistance for Programs Overseas			2,695,380
	Total United States Agency for International Development Direct Awards			<u>2,711,546</u>

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

Cornell University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

CFDA No.	Description	Pass-Through Entity	Pass - Through Entity ID	Federal Expenditures
United States Agency for International Development Pass-Through Awards				
98	United States Agency for International Development	Michigan State University	Edh-A-00-07-00005	97,360
98		University Of California, Davis	016258	600
98			Not Available	3,507
98.001	USAID Foreign Assistance for Programs Overseas	Higher Education For Development	Aeg-A-00-05-00007-00	150,496
98.001		University Of California, Davis	Aeg-A-00-08-00008	55,935
98.001		University Of Illinois Urbana-Champaign	Aid-0Aa-L-10-00003	5,252
98.001		University Of Wisconsin Madison	Aeg-A-00-08-00008	191,718
98.001			Edh-A-00-06-00003-00	180,246
98.001		Virginia Polytechnic Institute & State University	Epp-A-00-04-00013-00	24,561
98.012	USAID Development Partnerships for University Cooperation and Development (B)	University Of Georgia	Ecga00070000100	72,615
	Total United States Agency for International Development Pass-Through Awards			<u>782,290</u>
	Total United States Agency for International Development Awards			<u>3,493,836</u>
Total Research and Development Program Cluster				<u><u>488,480,611</u></u>

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

Cornell University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

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			526
10.001	Agricultural Research_Basic and Applied Research			(32)
10.025	Plant and Animal Disease, Pest Control, and Animal Care			107,353
10.163	Market Protection and Promotion			65,282
10.200	Grants for Agricultural Research, Special Research Grants			85,603
10.203	Payments to Agricultural Experiment Stations Under the Hatch Act			605,994
10.206	Grants for Agricultural Research_Competitive Research Grants			39,210
10.303	Integrated Programs			37,568
10.304	Homeland Security_Agricultural			277,932
10.500	Cooperative Extension Service			13,808,378
10.606	Food for Progress			779,770
10.664	Cooperative Forestry Assistance			9,868
10.907	Snow Survey and Water Supply Forecasting			42,531
10.912	Environmental Quality Incentives Program			56,419
10.950	Agricultural Statistics Reports			192,247
10.961	Scientific Cooperation and Research			4,013
10.962	International Training_Foreign Participant			8,775
	Total U.S. Department of Agriculture Direct Awards			16,121,437
U.S. Department of Agriculture Pass-Through Awards				
10.025	Plant and Animal Disease, Pest Control, and Animal Care	Nys Dept Of Ag & Markets	09-9636-0939-Ca	251,633
10.025			10-8236-0325-Ca	13,000
10.025			10-96360029Ca	43,400
10.170	Specialty Crop Block Grant Program - Farm Bill (B)	Nys Dept Of Ag & Markets	12-25-B-0940	13,929
10.170			12-25-B-1085	3,049
10.200	Grants for Agricultural Research, Special Research Grants	Colorado State University	2010-39557-20194	2,679
10.200		Pennsylvania State Univ	2008-51150-04609	3,664
10.200			2010-51150-21177	28,972
10.200		University Of Connecticut	Not Available	2,750
10.215	Sustainable Agriculture Research and Education	Maine Organic Farmer'S And Gardner'S Association	Not Available	19,627
10.215		University Of Vermont	2007-38640-17935	42,001
10.215			2009-38640-10631	9,022
10.215			2009-38640-19631	35,630
10.215			2010-38640-20820	30,212
10.215			2010-38640-20920	14,282
10.303	Integrated Programs	Oregon State University	2007-51110-03815	10,533
10.303		Pennsylvania State Univ	2007-51120-18446	429,451
10.303		University Of Florida	2009-51110-20174	46,578
10.304	Homeland Security_Agricultural	Michigan State University	2007-37620-18216	39,489
10.310	Agriculture and Food Research Initiative (AFRI)	University Of Florida	2010-85605-20537	21,614
10.310		University Of Georgia	20098511805718	10,863
10.500	Cooperative Extension Service	Pennsylvania State Univ	018000-342843	19,809
10.500		University Of Arizona	2008-41520-04810	12,902

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

Cornell University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

CFDA No.	Description	Pass-Through Entity	Pass - Through Entity ID	Federal Expenditures
U.S. Department of Agriculture Pass-Through Awards (continued)				
10.500		University Of Delaware	2007-49200-03888	29,576
10.500			2010-49200-06201	83,156
10.500		University Of Kentucky	2009-41520-05374	13,352
10.500		University Of Nebraska	2007-41595-03903	3,055
10.500		University Of Vermont	2006-47001-03367	33,941
10.500			2009-47001-05350	30,125
10.551	Food Stamps	Nys Office Of Temporary And Disability Assistance	Not Available	93,928
10.551		Off Of Domestic Violence & Emergency Intervention Svcs Nyc	Not Available	4,645,139
Total U.S. Department of Agriculture Pass-Through Awards				<u>6,037,361</u>
Total U.S. Department of Agriculture Awards				<u>22,158,798</u>
U.S. Department of Commerce Direct Awards				
11.302	Economic Development_Support for Planning Organizations			162,794
Total U.S. Department of Commerce Direct Awards				<u>162,794</u>
U.S. Department of Commerce Pass-Through Awards				
11.417	Sea Grant Support	New York Sea Grant Institute, Stony Brook	Na07Oar4170010	7,606
11.417			Na10Oar4170064	885,209
11.417		University Of Michigan	Na060Ar4170017	44,966
11.473	Coastal Services Center	Great Lakes Observing System	Na08Nos4730293	16,806
11.473		Ohio State University	Na08Nos4730407	8,397
Total U.S. Department of Commerce Pass Through Awards				<u>962,984</u>
Total U.S. Department of Commerce Awards				<u>1,125,778</u>
Department of Housing and Urban Development Pass-Through Awards				
14.900	Lead-Based Paint Hazard Control in Privately-Owned Housing	Monroe County	Nylhb0436-09	108,528
Total Department of Housing and Urban Development Awards				<u>108,528</u>
U.S. Department of the Interior Pass-Through Awards				
15	Department of Interior	National Fish And Wildlife Foundation	Not Available	34,864
15.608	Fish and Wildlife Management Assistance	Sea Grant U Of Minnesota	30181Ag095	16,753
Total U.S. Department of Interior Awards				<u>51,617</u>
Department Of Justice Pass-Through Awards				
16.726	Juvenile Mentoring Program	National 4-H Council	Not Available	8,202
Total Department Of Justice Awards				<u>8,202</u>
U.S. Department Of Labor Direct Awards				
17.720	Employment Programs for People with Disabilities			1,649,547
Total U.S. Department Of Labor Awards				<u>1,649,547</u>

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

Cornell University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

CFDA No.	Description	Pass-Through Entity	Pass - Through Entity ID	Federal Expenditures
Department of State Pass-Through Awards				
19	Department of State	Universidad Galileo	S-Gt500-09-Gr-058	6,444
19.400	Educational Exchange_Graduate Students	Institute Of International Education	Not Available	199,018
19.400			S-Ecaas-09-Ca-012	10,935
	Total U.S. Department of State Awards			<u>216,397</u>
Appalachian Regional Commission				
23	Appalachian Regional Commission	Southern Tier Central Regional Planning & Development Board	Ny-16268	29,245
	Total Appalachian Regional Commission Awards			<u>29,245</u>
National Foundation on the Arts and the Humanities Direct Awards				
45	National Foundation on the Arts and the Humanities			(1,571)
45.024	Promotion of the Arts_Grants to Organizations and Individuals			46,867
45.301	Museum for America Grants			38,003
45.312	National Leadership Grants			3,638
	Total National Foundation on the Arts and the Humanities Direct Awards			<u>86,937</u>
National Foundation on the Arts and the Humanities Pass-Through Awards				
45.312	National Leadership Grants	University Of Florida	Lg-07-08-0097	24,536
	Total National Foundation on the Arts and the Humanities Pass-Through Awards			<u>24,536</u>
	Total National Foundation on the Arts and the Humanities Awards			<u>111,473</u>
National Science Foundation Direct Awards				
47.041	Engineering Grants			99,024
47.049	Mathematical and Physical Sciences			231,616
47.075	Social, Behavioral, and Economic Sciences			491,946
47.076	Education and Human Resources			2,686,332
47.082	Trans-NSF Recovery Act Research Support - ARRA			1,160,060
	Total National Science Foundation Direct Awards			<u>4,668,978</u>
National Science Foundation Pass-Through Awards				
47.076	Education and Human Resources	Syracuse University	Hrd-0703452	111,530
47.080	Office of Cyberinfrastructure	Ohio State University	Oci 0944039	24,836
	Total National Science Foundation Pass-Through Awards			<u>136,366</u>
	Total National Science Foundation Awards			<u>4,805,344</u>
Environmental Protection Agency Direct Awards				
66	Environmental Protection Agency			6,400
66.437	Long Island Sound Program			158,312
66.463	Water Quality Cooperative Agreements			22
66.514	Science To Achieve Results (STAR) Fellowship Program			35,737
66.714	Pesticide Environmental Stewardship_Regional Grants			8,569
66.716	Surveys, Studies, Investigations, Training Demonstrations and Educational Outreach			24,149
66.950	Environmental Education and Training Program			44,520
	Total Environmental Protection Agency Direct Awards			<u>277,709</u>

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

Cornell University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

CFDA No.	Description	Pass-Through Entity	Pass - Through Entity ID	Federal Expenditures
Environmental Protection Agency Pass-Through Awards				
66.458	Capitalization Grants for Clean Water State Revolving Funds - ARRA	Interstate Environmental Commission	Not Available	117,213
66.460	Nonpoint Source Implementation Grants	Sea Grant U Of Connecticut	Depa00002080103	2,013
66.469	Great Lakes Program	Pennsylvania State Univ	00E00550	20,227
66.469		Suny Buffalo State	GI-00E00498-0	6,772
	Total Environmental Protection Agency Pass-Through Awards			<u>146,225</u>
	Total Environmental Protection Agency Awards			<u>423,934</u>
Nuclear Regulatory Commission Direct Awards				
77	Nuclear Regulatory Commission			122,344
	Total Nuclear Regulatory Commission Awards			<u>122,344</u>
U.S. Department Of Education Direct Awards				
84.015	National Resource Centers and Fellowships Program for Language and Area or Language and			2,144,489
84.017	International Research and Studies			17,068
84.022	Overseas_Doctoral Dissertation			135,698
84.047	TRIO_Upward Bound			251,715
84.133	National Institute on Disability and Rehabilitation Research			462,792
84.170	Javits Fellowships			87,510
84.184	Safe and Drug-Free Schools and Communities_National Programs			149,165
	Total U.S. Department of Education Direct Awards			<u>3,248,437</u>
U.S. Department Of Education Pass-Through Awards				
84	Department of Education	Northern Illinois University	Not Available	6,193
84		Nys Dept Of Education	Not Available	236,272
84		Nys Office Of Children And Family Services	Not Available	(368)
84.116	Fund for the Improvement of Postsecondary Education	Iowa State University	P116J100069	6,946
	Total U.S. Department Of Education Pass-Through Awards			<u>249,043</u>
	Total U.S. Department Of Education Awards			<u>3,497,480</u>
United States Institute of Peace Direct Awards				
91.001	Unsolicited Grant Program			12,632
	Total United States Institute of Peace Awards			<u>12,632</u>
U.S. Department of Health and Human Services Direct Awards				
93.307	Minority Health and Health Disparities Research			150,895
93.333	General Clinical Research Centers			243,871
93.389	National Center for Research Resources			61,320
	Total U.S. Department of Health and Human Services Direct Awards			<u>456,086</u>
U.S. Department of Health and Human Services Pass-Through Awards				
93	Department of Health and Human Services	Nys Developmental Disabilities Planning Council	Not Available	184,568
93		Nys Office Of Children And Family Services	Not Available	(2,124)
93		Research Foundation For Mental Hygiene Inc.	1Qacms030318/01	491,559
93		Suny Buffalo State	No Award No. Assigned	153,223

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

Cornell University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

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		Virginia Commonwealth University	Ss00-10-60005	109,448
93.558	Temporary Assistance for Needy Families	Nys Office Of Children And Family Services	Not Available	890,673
93.648	Child Welfare Services Training Grants	Suny Buffalo State	No Award No. Assigned	163,015
93.701	Trans -NIH Recovery Act Research Support - ARRA	Iowa State University	1Rc2Da028879-01	44,991
93.701		University of Florida	U01 Ag022376	1,475,680
93.701		University Of Florida	U24 RR029822	314,731
93.768	Medicaid Infrastructure Grants To Support the Competitive Employment of People with Disabilities	Research Foundation For Mental Hygiene Inc.	1Qacms030318/01	1,593,488
93.768		State Of Wisconsin Dept. Of Health And Family Services	Not Available	49,531
93.859	Biomedical Research and Research Training	University Of California, San Diego	5P01 Gm078586	74,280
93.865	Child Health and Human Development Extramural Research	University Of Texas Medical Branch	1R24Hd065702-01	88,854
93.994	Maternal and Child Health Services Block Grant to the States	Nys Dept Of Health	Mch Block Grant (42.3%)	117,595
Total U.S. Department of Health and Human Services Pass-Through Awards				<u>5,749,512</u>
Total U.S. Department of Health and Human Services Awards				<u>6,205,598</u>
Corporation for National and Community Service Direct Awards				
94.013	Volunteers in Service to America			4,761
Total Corporation for National and Community Service Direct Awards				<u>4,761</u>
Corporation for National and Community Service Pass-Through Awards				
94.006	AmeriCorps	Western Washington University/Washington Campus Compa	10Edhwa001	192
94.007	Planning and Program Development Grants	North Carolina Campus Compact	09Mkhnc001	1,528
Total Corporation for National and Community Service Pass-Through Awards				<u>1,720</u>
Total Corporation for National and Community Service Awards				<u>6,481</u>
Social Security Administration Pass-Through Awards				
96.008	Social Security_Benefits Planning, Assistance, and Outreach Program	Nys Office Of Temporary And Disability Assistance	Not Available	348,116
Total Social Security Administration Awards				<u>348,116</u>
United States Agency for International Development Direct Awards				
98.001	USAID Foreign Assistance for Programs Overseas			360,544
Total United States Agency for International Development Direct Awards				<u>360,544</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	35,139
98.001		University Of California, Davis	Epp-A-00-09-00004	10,712
Total United States Agency for International Development Pass-Through Awards				<u>45,851</u>
Total United States Agency for International Development Awards				<u>406,395</u>
Total Other Awards				<u>41,287,909</u>
Total Federal Award Expenditures				<u>670,321,171</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, 2011

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. Negative amounts represent current year adjustments of amounts reported in prior years, CFDA and pass-through entity numbers are included when available. 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 Direct, and Health Professions Student guaranteed loan programs of the Department of Education or Department of Health and Human Services, The University receives awards to make loans to eligible students under certain federal student loan programs and federally guaranteed loans are issued to students of the University either by various financial institutions or directly by the University.

Cooperative Extension Service

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

2. Facilities and Administrative Costs

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

Federal F&A cost recoveries for the fiscal year ended June 30, 2011 totaled \$131,117,234 including \$80,066,131 for the Ithaca campus and \$51,051,103 for Weill Cornell Medical College (WCMC).

Ithaca Campus

F&A cost rates for the Ithaca Campus have been finalized through fiscal year 2016 as predetermined rates pursuant to the Department of Health and Human Services (DHHS) rate agreement dated December 14, 2011. Provisional rates have been established for fiscal year 2017 and beyond.

Cornell University
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

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 June 21, 2011. Provisional rates have been established for fiscal year 2013 and beyond.

3. Student Loan Programs

The University had the following loan balances outstanding at June 30, 2011. 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	\$ 37,285,505
Health Professions Student Loan Program, including Primary Care Loans and Loans for Disadvantage Students	93.342	6,186,541
		<u>\$ 43,472,046</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. Loan cancellations, under CFDA Number 84.037, for the year ended June 30, 2011 were \$109,451. 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, 2011.

The University issued the following amounts of new loans under the Federal Direct Loan Program to students of the University during the year ended June 30, 2011.

	<u>CFDA Number</u>	<u>Amount Issued</u>
Federal Direct Loan Program (FDLP):		
Federal Subsidized		\$ 29,643,816
Federal Unsubsidized		37721789
Federal Direct Loan Program – PLUS & GradPLUS		50671550
Total FDLP	84.268	<u>\$118,037,155</u>

The University is responsible only for the performance of certain administrative duties with respect to the Federal Direct Loan programs and, accordingly, these loans are not included in the University's basic consolidated financial statements. It is not practical to determine the balance of loans outstanding under these programs at June 30, 2011.

In fiscal year 2011, the University identified it had incorrectly reported, in prior years, the total amount of Federal Direct Loans, which includes Federal Subsidized, Federal Unsubsidized, and Grad PLUS loans. The University determined based upon available information that the total Federal Direct Loans were under-reported in the amount of \$43,285,730 (\$11,487,782 in FY 2010, \$11,017,848 in FY 2009, \$7,719,831 in FY 2008, \$7,037,777 in FY 2007, and \$6,022,492 in FY 2006).

Cornell University
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

4. Subrecipients

The University has 751 research subcontracts of its federal funds, which have been issued to sub recipients that total approximately \$65.8 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 41 non-research subcontracts of its federal funds, which have been issued to sub recipients that total approximately \$2.0M. Refer to the table below for the amount provided to subrecipients under each CFDA number.

CFDA No.	Description	Amount provided to Subrecipients
10.170	Specialty Crop Block Grant Program - Farm Bill (B)	\$ 287
10.200	Grants for Agricultural Research, Special Research Grants	85,603
10.206	Grants for Agricultural Research_Competitive Research Grants	7,250
10.215	Sustainable Agriculture Research and Education	4,156
10.303	Integrated Programs	11,865
10.500	Cooperative Extension Service	67,180
10.606	Food for Progress	435,165
11.302	Economic Development_Support for Planning Organizations	26,250
17.720	Employment Programs for People with Disabilities	81,054
84.015	National Resource Centers and Fellowships Program for Language and Area or Language and International Studies	442,648
84.133	National Institute on Disability and Rehabilitation Research	170,635
93	Department of Health and Human Services	417,237
93.333	General Clinical Research Centers	25,200
93.768	Medicaid Infrastructure Grants To Support the Competitive Employment of People with Disabilities	45,750
93.994	Maternal and Child Health Services Block Grant to the States	18,079
98.001	USAID Foreign Assistance for Programs Overseas	171,765
	Total Non Research Subrecipients	\$ 2,010,124



**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, 2011 and have issued our report thereon dated September 27, 2011 which included an emphasis of a matter paragraph related to the adoption of ASC 958, Not-for-Profit Entities (formerly FASB Staff Position No. 117-1). 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.

Compliance and Other Matters

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



We noted certain matters that we reported to management of the University in a separate letter dated September 27, 2011.

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

PricewaterhouseCoopers LLP

September 27, 2011



**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, 2011, 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, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2011-1 through 2011-4.



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 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. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item 2011-4. A significant deficiency in internal control over compliance is a deficiency or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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.

A handwritten signature in cursive script that reads "PricewaterhouseCoopers LLP".

February 15, 2012

Cornell University
Schedule of Findings and Questioned Costs
Year Ended June 30, 2011

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? X Yes _____ 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
17.720	Employment Programs for People with Disabilities
93.701	Trans -NIH Recovery Act Research Support - ARRA

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, 2011

Section II – Financial Statement Findings

No findings noted in the current year.

Cornell University
Schedule of Findings and Questioned Costs
Year Ended June 30, 2011

Section III – Federal Award Findings and Questioned Costs

2011 - 1 Non-Compliance with Student Eligibility - Weill Cornell Medical College

Federal Direct Student Loans - FY 2011 - CFDA #84.268

Criteria:

In accordance with 34 CFR section 668.32(a)(2) a student is eligible to receive Title IV, HEA program assistance if the student - (a)(2) for purposes of Direct Loan programs is at least a half-time student.

Condition:

We tested a sample size of 60 students (50 Ithaca campus, 10 WMC campus) and noted two instances of non-compliance on the Weill Medical College campus, in which the students received a Subsidized loan (Student 1 - \$3,100 and Student 2 - \$8,500) and were not enrolled at least half time in a course of study at the Medical College. In both cases the students were charged an administrative fee by the Medical College to hold their spot at the Medical College while they were attending classes at another unrelated institution.

Cause:

A misunderstanding between the Registrar's Office and the Financial Aid Office as to the specifics of the academic leave classification for these two students resulted in the drawdown of funds by the Financial Aid Office which were used to cover the administrative fee that was charged.

Effect:

The students received Title IV loan funds and were not eligible.

Recommendation:

We recommend improved communication between the Registrar's office and the Financial Aid office to ensure only eligible students are receiving Title IV aid. In addition, we recommend the University contact the Department of Education to determine how the funds should be returned to the Department.

Management Response:

See Management Views and Corrective Action Plan

Cornell University
Schedule of Findings and Questioned Costs
Year Ended June 30, 2011

2011 - 2 Reporting - Weill Cornell Medical College

Research and Development Cluster

Criteria:

Circular A-110 Section 52 requires that Final Reports for each project or program be submitted not later than 90 days after the end of each specified reporting period.

Condition:

In examining 45 Final Reports due not later than 90 days after the end of each specified reporting period (37 Ithaca campus, 8 Weill campus) we noted that 6 of the 8 Final Reports tested at Weill were not submitted by the due dates, ranging from 19 days late to 208 days late as follows:

NIH No. 52500105 - Molecular Basis of Protein Transport in Photoreceptor

CFDA # 93.701

Award budget year through February 1, 2011, report due May 1, 2011, filed on May 20, 2011.

NIH No. 52549319 - Cell Interactions in Vascular Injury and Atherogenesis

CFDA # 93.837

Award budget year through January 31, 2011, report due April 30, 2011, filed on November 28, 2011.

NIH No. 52555000 - APC Mutation and Breast Cancer: Prevention by Curcumin

CFDA # 93.399

Award budget year through April 30, 2011, report due July 31, 2011, filed on November 28, 2011.

NIH No. 52604000 - Complimentary and Integrative Medicine

CFDA # 93.213

Award budget year through June 30, 2011, report due September 30, 2011, filed on February 1, 2012.

NIH No. 52667300 - Symptom Onset Antidepressant Treatment for PMDD

CFDA # 93.242

Award budget year through February 28, 2011, report due May 31, 2011, filed on November 16, 2011.

NIH No. 52817600 - Cloning of the Hol Mutation

CFDA # 93.121

Award budget year through March 31, 2011, report due June 30, 2011, filed on August 6, 2011.

Cornell University
Schedule of Findings and Questioned Costs
Year Ended June 30, 2011

Questioned Costs:

None

Cause:

We noted the late submissions resulted from a lack of administrative personnel to file the reports on a timely basis.

Effect:

Late submissions of reports delay federal agencies in carrying out their award monitoring function. Further, later submission of reports may hinder awarding agencies' sponsoring decisions and may potentially affect future funding decisions.

Recommendation:

We recommend the Medical College review the circumstances for each of the late reports such as staffing issues, data availability, or other issues that would contribute to the delayed filing of reports, and ascertain if alternative procedures should be implemented to ensure compliance with filing requirements, or initiate dialog with the agencies to receive modifications to the due dates, if possible.

Management Response:

See Management Views and Corrective Action Plan

Cornell University
Schedule of Findings and Questioned Costs
Year Ended June 30, 2011

2011 - 3 Effort Reporting - Weill Cornell Medical College

Research and Development Cluster

Criteria:

OMB Circular A-21, Section J.10 (c)(1)(2) requires certification of salary distribution, but does not specify the timelines within which the certification must be collected. In accordance with OMB Circular A-21-J.10, Compensation for personal services, the apportionment of employee salaries and wages which are chargeable to more than one sponsored agreement or other cost objective will be accomplished by methods which will (1) be in accordance with Sections A.2 and C, (2) produce an equitable distribution of charges for employee's activities, and (3) distinguish the employee direct activities from their Facilities and Administrative (F&A) activities. In addition, at least annually a statement will be signed by the employee, principal investigator, or responsible official(s) using suitable means of verification that the work was performed, stating that salaries and wages charged to sponsored agreements as direct charges, and to residual, F&A cost or other categories are reasonable in relation to work performed. While OMB Circular A-21 does not specify timelines within which the certifications must be collected, a reasonableness standard is implied.

Condition:

The University, including the Medical College, follows the Plan-Confirmation system of payroll distribution reporting. The internal policy, states that plan confirmation forms will be completed on an annual basis at the end of the fiscal year and will document the percentage of distribution of effort expended and to be expended in the upcoming year. We noted the Medical College did not distribute to applicable employees their Plan Confirmation for the fiscal year ended June 30, 2011 until December 2011.

Questioned Cost:

None

Cause:

We noted the late submissions resulted from a lack of administrative personnel availability to distribute the reports on a timely basis.

Effect:

The allocation of payroll and payroll related charges to specific awards may require adjustments based upon the results of the Plan Confirmation. Such adjustments would not be made on a timely basis and therefore may result in inaccurate billing and reporting of Federal award expenditures.

Recommendation:

We recommend the University, including the Medical College, ensure timely distribution and follow up of Plan Confirmation forms in order to ensure full compliance with OMB Circular A-21 and ensure appropriate charges to grants.

Management's Response:

See Management Views and Corrective Action Plan

Cornell University
Schedule of Findings and Questioned Costs
Year Ended June 30, 2011

2011 - 4 Compilation of Schedule of Expenditures of Federal Awards

Federal Direct Student Loans - FY 2006 - FY 2010 - CFDA #84.268

Criteria:

In accordance with OMB Circular A-133 section 310 (b) (6) The auditee shall prepare a schedule of expenditures of federal awards for the period covered by the auditee's financial statements and include in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule.

Condition:

Our testing noted that the University excluded all Federal Direct Loans received by Weill Medical College from the consolidated Schedule of Expenditures of Federal Awards for the fiscal year 2006 through 2010.

Cause:

An oversight in the preparation of the consolidated Schedule of Expenditures of Federal Awards.

Effect:

The University determined based upon available information that the SFA Cluster and total Federal Direct Loans were under-reported in the amount of \$43,285,730 (\$11,487,782 in FY 2010, \$11,017,848 in FY 2009, \$7,719,831 in FY 2008, \$7,037,777 in FY 2007, and \$6,022,492 in FY 2006).

Recommendation:

We recommend the University review and enhance as needed the controls in place over the gathering of data for combined reporting of campus financial information to ensure all required data is captured and reported on a timely basis.

Management's Response:

See Management Views and Corrective Action Plan

Summary Schedule of Prior Audit Findings

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

Condition:

In examining the design and operating effectiveness of the internal control environment and internal controls over financial reporting during the 2010 financial statement audit a significant deficiency was identified around ensuring there was a formalized close process.

Status:

During fiscal year 2011, WCMC's finance department underwent a rigorous and comprehensive process to enhance its internal control structure to address the significant deficiency noted in the 2010 audit, which included the following initiatives:

- Formalizing narratives for key financial reporting cycles (treasury, accounts payable, grants, Property, Plant, and Equipment, etc). These narratives included management's key controls within each cycle, as well as those employees responsible for carrying out the control activities;
- Establishing a formalized financial reporting close process, including a checklist to monitor the preparation and review of each general ledger account. In addition, management underwent a significant process of performing a detailed reviews of account reconciliations and analysis on all of the general ledger account balances; and
- Enhancing the review of financial statement fluctuation analysis. This included incorporating the budget, finance, and other operating departments to analyze and investigate significant fluctuations within financial statement line items on both the balance sheet and statement of activities.

WCMC management's commitment to addressing the observations in the prior year audit was evident throughout the course of our current year procedures and helped to significantly improve the efficiency of the audit process and remediate the significant deficiency in the financial reporting process reported in the prior year.

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

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.

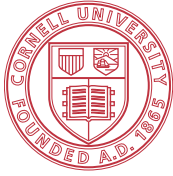
Status:

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 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.

Based on testing performed in the current year no instances of non - compliance were identified.



Management Views and Corrective Action Plan Year Ended June 30, 2011

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

Finding Number 2011-1: Non-Compliance with Student Eligibility

Summary of Finding:

In accordance with 34 CFR section 668.32(a)(2) a student is eligible to receive Title IV, HEA program assistance if the student - (a)(2) for purposes of Direct Loan programs is at least a half-time student.

We tested a sample size of 60 students (50 Ithaca campus, 10 Weill Cornell Medical College [WCMC] campus) and noted two instances of non-compliance on the WCMC campus, in which the students received a subsidized loan (Student 1 - \$3,100 and Student 2 - \$8,500) and were not enrolled at least half time in a course of study at WCMC. In both cases the students were charged an administrative fee by the WCMC to hold their spot at the WCMC while they were attending classes at another unrelated institution.

A misunderstanding between the WCMC Registrar's Office and the WCMC Financial Aid Office as to the specifics of the academic leave classification for these two students resulted in the drawdown of funds by the Financial Aid Office which were used to cover the administrative fee that was charged.

Corrective Action Plan:

- The Registrar and Financial Aid Offices have established a process for communicating and jointly monitoring the status of each student to help ensure that this type of incident does not reoccur.
- The funds involved have been returned to the U.S. Department of Education.

Responsible Individual: LaVerne Walker, Director of Financial Aid, WCMC

Finding Number 2011-2: Reporting

Summary of Finding:

Circular A-110 Section 52 requires that Final Reports for each project or program be submitted not later than 90 days after the end of each specified reporting period. In examining 45 Final Reports due not later than 90 days after the end of each specified reporting period (37 Ithaca campus, 8 WCMC campus) we noted that 6 of the 8 Final Reports tested at WCMC were not submitted by the due dates, ranging

from 19 days late to 208 days late. We noted the late submissions resulted from a lack of administrative personnel to file the reports on a timely basis.

Corrective Action Plan:

- A staff member has been added and specifically assigned the task of distributing reports to the departments, confirming the report accuracy and submitting the documents on a timely basis.

Responsible Individual: Joseph Schwartz, Controller, WCMC

Finding Number 2011–3: Effort Reporting

Summary of Finding:

OMB Circular A-21, Section J.10 (c)(1)(2) requires certification of salary distribution, but does not specify the timelines within which the certification must be collected. In accordance with OMB Circular A-21-J.10, Compensation for personal services, the apportionment of employee salaries and wages which are chargeable to more than one sponsored agreement or other cost objective will be accomplished by methods which will (1) be in accordance with Sections A.2 and C, (2) produce an equitable distribution of charges for employee activities, and (3) distinguish the employee direct activities from their Facilities and Administrative (F&A) activities. In addition, at least annually a statement will be signed by the employee, principal investigator, or responsible official(s) using suitable means of verification that the work was performed, stating that salaries and wages charged to sponsored agreements as direct charges, and to residual, F&A cost or other categories are reasonable in relation to work performed. While OMB Circular A-21 does not specify timelines within which the certifications must be collected, a reasonableness standard is implied inherently.

The University, including WCMC, follows the Plan-Confirmation system of payroll distribution reporting. The internal policy, states that planned confirmation forms will be completed on an annual basis at the end of the fiscal year and will document the percentage of distribution of effort expended and to be expended in the upcoming year. We noted the WCMC did not distribute to applicable employees their Planned Confirmations for the fiscal year ended June 30, 2011 until December 2011.

We noted the late submissions resulted from a lack of administrative personnel to distribute the reports on a timely basis.

Corrective Action Plan:

- In 2011, the reports were distributed in the first week of December because the staff was involved in activities related to the development of the upcoming Facility and Administrative Cost Recovery Rate submission.
- In the future, additional temporary staff will be utilized as needed to avoid this situation.

Responsible Individual: Joseph Schwartz, Controller, WCMC

Finding Number 2011-4: Compilation of Schedule of Expenditures of Federal Awards

Summary of Finding:

In accordance with OMB Circular A-133 section 310(b)(6), the auditee shall prepare a schedule of expenditures of federal awards for the period covered by the auditee's financial statements and include in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule.

Our testing noted that the University excluded all Federal Direct Loans received by WCMC from the consolidated Schedule of Expenditures of Federal Awards for the fiscal year 2006 through 2010. This was caused by an oversight in the preparation of the consolidated Schedule of Expenditures of Federal Awards.

Corrective Action Plan:

- The University has enhanced controls over the gathering of data for combined reporting of campus financial information. Management has implemented the following corrective plan:
 - Established a committee with representatives from the finance offices and financial aid offices of WCMC campus and the Ithaca campus.
 - Ensured on-going meetings and communication for this committee at appropriate times for financial reporting.
 - Established a mechanism for staff from the finance offices and the financial aid offices to assemble, review, reconcile and sign off on the financial information to ensure all required data is captured, consolidated and reported on a timely basis.

Responsible Individual: Anne Shapiro, University Controller

Signed,



Anne Shapiro
University Controller