



THE VANDERBILT UNIVERSITY

OMB Circular A-133 Reports

Year ended June 30, 2007

EIN: 62-0476822

THE VANDERBILT UNIVERSITY

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KPMG LLP
1900 Nashville City Center
511 Union Street
Nashville, TN 37219-1735

Independent Auditors' Report

Board of Trust
The Vanderbilt University:

We have audited the accompanying consolidated statements of financial position of The Vanderbilt University and subsidiaries (Vanderbilt) as of June 30, 2007 and 2006, and the related consolidated statements of activities and cash flows for the years then ended. These consolidated financial statements are the responsibility of Vanderbilt's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Vanderbilt's internal control over financial reporting. Accordingly, we express no such opinion. An audit also 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, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Vanderbilt University and subsidiaries as of June 30, 2007 and 2006, and the changes in their net assets and their cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

In accordance with the *Government Auditing Standards*, we have also issued a report dated September 28, 2007 on our consideration of The Vanderbilt University's internal control over financial reporting and on our tests on its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. 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 do not 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 consolidated financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards for the year ended June 30, 2007 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 consolidated financial statements. Such information has been subjected to the auditing procedures applied on the audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects, in relation to the consolidated financial statements taken as a whole.

KPMG LLP

September 28, 2007

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION



As of June 30, 2007 and 2006 (in thousands)

	▶▶ 07	06
ASSETS		
Cash and cash equivalents	\$ 692,350	\$ 511,573
Collateral under security lending agreements	279,139	271,353
Accounts receivable	311,136	257,567
Prepaid expenses and other assets	163,942	105,990
Contributions receivable	65,142	80,608
Student loans and other notes receivable	39,914	38,417
Investments	3,848,744	3,277,053
Property, plant, and equipment	1,594,507	1,457,159
Interest in trusts held by others	49,065	42,936
Total assets	\$ 7,043,939	\$ 6,042,656
LIABILITIES		
Accounts payable and accrued liabilities	\$ 215,372	\$ 174,083
Accrued compensation and withholdings	207,127	179,642
Payable under security lending agreements	279,139	271,353
Deferred revenue	84,702	52,067
Commercial paper	362,920	144,830
Actuarial liability for self-insurance	76,383	77,396
Actuarial liability for annuities payable	41,350	39,746
Government advances for student loans	16,315	16,007
Long-term debt and capital leases	742,966	761,787
Total liabilities	2,026,274	1,716,911
NET ASSETS		
Unrestricted	4,073,213	3,445,162
Temporarily restricted	133,494	155,755
Permanently restricted	810,958	724,828
Total net assets	5,017,665	4,325,745
Total liabilities and net assets	\$ 7,043,939	\$ 6,042,656

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

CONSOLIDATED STATEMENTS OF ACTIVITIES



Years Ended June 30, 2007 and 2006 (in thousands)

CHANGES IN UNRESTRICTED NET ASSETS

OPERATING REVENUES

Tuition and educational fees, net	\$ 199,035	\$ 188,166
Government grants and contracts	283,908	275,530
Facilities and administrative costs recovery	106,319	100,081
Private gifts, grants, and contracts	80,917	66,504
Endowment distributions	121,118	109,270
Investment income	59,458	28,256
Health care services	1,748,713	1,577,841
Room, board, and other auxiliary services, net	78,252	75,565
Other sources	34,413	43,009
Net assets released from restrictions	20,719	17,841
Total operating revenues	2,732,852	2,482,063

OPERATING EXPENSES

Instruction	354,014	334,308
Research	343,991	321,035
Health care services	1,616,501	1,475,234
Academic support	121,489	100,503
Institutional support	61,689	54,128
Student services	27,620	24,596
Public service	24,404	23,869
Room, board, and other auxiliary services	101,666	94,372
Total operating expenses	2,651,374	2,428,045

Change in unrestricted net assets from operating activity

81,478 **54,018**

NON-OPERATING ACTIVITY

Gifts and contributions for plant	5,993	5,212
Net assets released from restrictions for plant	13,173	29,312
Donor designation changes	(4,144)	(1,600)
Change in endowment appreciation, net of distributions	510,795	262,583
Cumulative effect of a change in accounting principle	—	(17,540)
Other, including change in value of interest rate swap agreements	20,756	68,791

Change in unrestricted net assets from non-operating activity

546,573 **346,758**

Increase in unrestricted net assets

628,051 **400,776**

CHANGES IN TEMPORARILY RESTRICTED NET ASSETS

Contributions and other	4,433	5,441
Donor designation changes	(13,168)	(5,506)
Net gain on contributions receivable	2,393	6,935
Endowment distributions	3,511	2,816
Investment gains	14,462	18,179
Net assets released from restrictions	(33,892)	(47,153)
Decrease in temporarily restricted net assets	(22,261)	(19,288)

CHANGES IN PERMANENTLY RESTRICTED NET ASSETS

Contributions and other	45,011	45,908
Donor designation changes	17,312	7,106
Endowment distributions	1,482	794
Investment gains	22,325	3,018
Increase in permanently restricted net assets	86,130	56,826

Increase in total net assets

\$ 691,920 **\$ 438,314**

Net assets at beginning of year

4,325,745 **3,887,431**

Net assets at end of year

\$ 5,017,665 **\$ 4,325,745**

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

CONSOLIDATED STATEMENTS OF CASH FLOWS



Years Ended June 30, 2007 and 2006 (in thousands)

	▶▶ 07	06
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in total net assets	\$ 691,920	\$ 438,314
Adjustments to reconcile increase in total net assets to net cash provided by operating activities:		
Non-operating changes in net assets		
Gifts for plant and endowment	(66,767)	(58,819)
Net realized investment gains	(199,281)	(247,455)
Non-cash changes in net assets		
Net increase in unrealized appreciation	(453,618)	(108,005)
Gifts of securities other than for plant and endowment	(36,845)	(19,398)
Depreciation and amortization	130,375	120,980
Present value adjustment on annuities payable	1,604	1,204
Present value adjustment on self-insurance	(1,013)	6,932
Net increase in interest in trusts held by others	(6,129)	(154)
Amortization of bond discounts and premiums	(4,712)	(4,740)
Net increase in fair value of interest rate swap agreements	(37,334)	(68,875)
Cumulative effect of a change in accounting principle	—	17,540
Change in operating assets and liabilities		
Decrease (increase) in:		
Accounts receivable, net	(44,770)	(27,616)
Prepaid expenses and other assets	(20,618)	(6,236)
Contributions receivable	15,466	3,773
Increase (decrease) in:		
Non-construction accounts payable and accrued liabilities	42,115	(15,411)
Accrued compensation and withholdings	27,485	(1,063)
Deferred revenue	32,635	3,976
Net cash provided by operating activities	70,513	34,947
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(2,371,084)	(1,593,061)
Proceeds from the sale of investments	2,489,137	1,879,504
(Increase) decrease in accrued investment income	(8,799)	311
Acquisition of property, plant, and equipment	(271,672)	(219,247)
Disposal of property, plant, and equipment	3,949	6,285
Student loans and other notes receivable disbursed	(6,991)	(5,633)
Principal collected on student loans and other notes receivable	5,494	6,289
Net cash (used in) provided by investing activities	(159,966)	74,448
CASH FLOWS FROM FINANCING ACTIVITIES		
Gifts for plant and endowment	66,767	58,819
Decrease in construction-related payables	(826)	(22)
Increase in government advances for student loans	308	226
Proceeds from the issuance of debt	220,324	140,776
Payments to retire or defease debt	(16,343)	(15,318)
Net cash provided by financing activities	270,230	184,481
Net increase in cash and cash equivalents	\$ 180,777	\$ 293,876
Cash and cash equivalents at beginning of year	511,573	217,697
Cash and cash equivalents at end of year	\$ 692,350	\$ 511,573

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



1. ORGANIZATION

The Vanderbilt University (Vanderbilt) is a privately endowed, coeducational, not-for-profit, nonsectarian institution located in Nashville, Tennessee. Founded in 1873, Vanderbilt owns and operates educational and research facilities as well as a health care system. Vanderbilt provides educational services to approximately 6,400 undergraduate and 5,200 graduate and professional students enrolled in its 10 schools and colleges. The Chancellor and the Board of Trust, the governing board of Vanderbilt, have oversight responsibility for all of Vanderbilt's financial affairs.

These consolidated financial statements include the accounts of all entities in which Vanderbilt has a significant financial interest and over which Vanderbilt has control, including its hospitals and clinics. All significant intercompany accounts and transactions have been eliminated in consolidation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The consolidated financial statements of Vanderbilt have been prepared on the accrual basis in accordance with U.S. generally accepted accounting principles.

Based on the existence or absence of donor-imposed restrictions, Vanderbilt classifies resources into three categories: unrestricted, temporarily restricted, and permanently restricted net assets.

Unrestricted net assets are free of donor-imposed restrictions. All revenues, gains, and losses that are not temporarily or permanently restricted by donors are included in this classification. All expenditures are reported in the unrestricted class of net assets, since the use of restricted contributions in accordance with donors' stipulations results in the release of the restriction.

Temporarily restricted net assets are limited as to use by donor-imposed stipulations that expire with the passage of time or that can be satisfied by action of Vanderbilt. These net assets may include unconditional pledges, split-interest agreements, and interest in trusts held by others.

Permanently restricted net assets are amounts required by donors to be held in perpetuity. These net assets may include unconditional pledges, true endowment, split-interest agreements, and interest in trusts held by others. Generally, the donors of these assets permit Vanderbilt to use all or part of the income earned on related investments for general or specific purposes.

Expirations of temporary restrictions on net assets, i.e., the passage of time and/or fulfilling donor-imposed stipulations, are reported as net assets released from restrictions between the applicable classes of net assets in the consolidated statements of activities.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include highly liquid investments with nominal interest rate risk and original maturities of three months or less when purchased. Such investments primarily consist of money market funds, certificates of deposit, and commercial paper. The carrying amounts of these items are a reasonable estimate of their fair value.

PREPAID EXPENSES AND OTHER ASSETS

Prepaid expenses and other assets primarily represent inventories, prepaid expenses, and other segregated investment-related assets managed by third parties that are earmarked to ultimately settle certain liabilities. This latter group of assets, reported at fair value, is excluded from the investments category since Vanderbilt will not directly benefit from the investment return. The carrying amounts for inventories and prepaid expenses are a reasonable estimate of their fair value.

INVESTMENTS

Investments are reported at fair value, based primarily on market quotes. Fair values for certain alternative investments (mainly investments in limited partnerships) primarily are based on estimates reported by fund managers where a ready market for the investments does not exist. The estimated values are reviewed and evaluated by Vanderbilt.

Vanderbilt has significant exposure to a number of risks including interest rate, market, and credit risks for both marketable and non-marketable securities. Due to the level of risk exposure, it is possible that near-term valuation changes for invest-

ment securities may occur to an extent that could materially affect the amounts reported in Vanderbilt's financial statements.

Vanderbilt management approves strategic use of derivatives by external investment managers to manage market risks. The most common strategies engaged by such managers are futures contracts, short sales, and hedges against currency translation risk for investments denominated in other than U.S. dollars. These derivative instruments are recorded at their respective fair values.

Through an agreement with its primary investment custodian, Vanderbilt participates in security lending to brokers. For pledged cash and cash equivalents collateral under the control of Vanderbilt, an asset and corresponding liability are recorded representing the market value of such collateral.

Purchases and sales of securities are recorded on the trade dates, and realized gains and losses are determined on the basis of the average historical cost of the securities sold. Net receivables and payables arising from unsettled trades by investment managers are reported as a component of investments.

All true endowment investments and long-term net assets functioning as endowment are managed in a pool, unless special considerations or donor stipulations require that they be held separately.

Gains and losses on investments generally are reported as increases or decreases in unrestricted net assets unless explicit donor stipulations or law restrict their use.

SPLIT-INTEREST AGREEMENTS AND INTEREST IN TRUSTS HELD BY OTHERS

Vanderbilt's split-interest agreements with donors consist primarily of irrevocable charitable remainder trusts, charitable gift annuities, and life income funds for which Vanderbilt serves as trustee. Assets held in these trusts are included in investments. Contribution revenue is recognized at the dates the trusts are established, net of the liabilities for the present value of the estimated future payments to be made to the donors and/or other beneficiaries. Annually, Vanderbilt records the change in value of split-interest agreements by marking to market the assets that are associated with each trust and recalculating the liability for the present value of the estimated future payments to be made to the donors and/or other beneficiaries.

Vanderbilt is also the beneficiary of certain trusts held and administered by others. Vanderbilt's share of these trust assets is recorded at fair value as interest in trusts held by others with carrying values adjusted annually for changes in fair value.

PROPERTY, PLANT, AND EQUIPMENT

Purchased property, plant, and equipment are recorded at cost, including, where appropriate, capitalized interest. Donated assets are recorded at fair value at the date of donation. Additions to the library collection are expensed at the time of purchase. Repairs and maintenance costs are expensed as incurred.

Depreciation is calculated by the straight-line method at rates estimated to allocate the cost of various classes of assets over their estimated useful lives. Equipment is removed from the accounting records at the time of disposal.

Conditional asset retirement obligations related to legal requirements to perform certain future activities related to the retirement, disposal, or abandonment of assets are accrued utilizing site-specific surveys to estimate the net present value for applicable future costs, e.g., asbestos abatement or removal.

Vanderbilt reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment charge is recognized when the fair value of the asset or group of assets is less than the carrying value.

DEBT PORTFOLIO FINANCIAL INSTRUMENTS

Using market quotations for similar issues or borrowings, Vanderbilt evaluates the estimated fair value of its fixed-rate long-term indebtedness relative to carrying value. Principal balances for fixed-rate debt are reported at carrying value, which is substantially equivalent to estimated fair value.

Vanderbilt employs derivatives, primarily interest rate swap agreements, to manage market risks associated with variable-rate debt. Derivative financial instruments are reported at fair value with any resulting gain or loss recognized as a non-operating item in the consolidated statements of activities. Periodic net cash settlement amounts with counterparties are accounted for as adjustments to interest expense on the related debt.

Parties to interest rate swap agreements are subject to market risk for changes in interest rates as well as risk of credit loss in the event of non-performance by the counterparty. Vanderbilt deals only with high-quality counterparties that meet rating criteria for financial stability and credit worthiness. Additionally, Vanderbilt requires the posting of collateral when amounts subject to credit risk under swap arrangements exceed specified levels.

REVENUE RECOGNITION

Vanderbilt's revenue recognition policies are as follows:

Tuition and educational fees, net—Student tuition and educational fees are recorded as revenues during the year the related academic services are rendered. Student tuition and educational fees received in advance of services to be rendered are recorded as deferred revenue. Financial aid provided by Vanderbilt for tuition and educational fees is reflected as a reduction of tuition and educational fees. Financial aid does not include payments made to students for services rendered to Vanderbilt.

Government grants and contracts—Revenues from government grants and contracts are recognized when allowable expenditures are incurred under such agreements.

Facilities and administrative (F&A) costs recovery—F&A costs recovery, historically referred to as indirect cost recovery, is recognized as revenue and represents reimbursement, primarily from the federal government, of F&A costs on sponsored activities. The federal F&A costs recovery rate for on-campus research was 53.0% and 52.0% in fiscal 2007 and fiscal 2006, respectively. This rate increases to 53.5% in fiscal 2008.

Health care services—Health care services revenue is reported at established rates, net of contractual adjustments and charity services. Third party contractual revenue adjustments under governmental reimbursement programs are accrued on an estimated basis in the period the related services are rendered. The estimated amounts are adjusted as final settlements are determined by the fiscal intermediary for each program. Health care services revenue includes that of Vanderbilt University Hospitals and Clinics, Vanderbilt Medical Group, Vanderbilt Health Services, Inc., and other activities directed toward the purpose of providing health care services to the community.

CONTRIBUTIONS

Unconditional promises to give (pledges) are recognized as contribution revenue when the donor's commitment is received. Conditional promises (primarily bequest intentions) are not recorded until donor stipulations are substantially met.

Unconditional promises to give, with payments due to Vanderbilt in future periods, are recorded as increases in temporarily restricted or permanently restricted net assets at the estimated present value of future cash flows, net of an allowance for estimated uncollectible promises. Amortization of

the discount is recorded as additional contributions in the appropriate net asset class. Allowance is made for uncollectible contributions receivable based upon management's analysis of past collection experience and other judgmental factors.

Contributions with donor-imposed restrictions are recorded as unrestricted revenue if those restrictions are met in the same reporting period. Otherwise, contributions with donor-imposed restrictions are recorded as increases in temporarily restricted or permanently restricted net assets, depending on the nature of the restriction.

Contributions recorded as temporarily restricted net assets are released from restrictions and recognized as unrestricted net assets upon receipt of the gift or expiration of the time restriction, and after any donor stipulations are met. Gifts for plant facilities are released from restrictions and recognized as a non-operating item only after resources are expended for the applicable plant facilities.

Contributions receivable of pledged securities are stated at the fair value of the underlying securities. Net changes on shares pledged in prior years due to fair value changes for the underlying securities are reported separately as a non-operating gain or loss on contributions receivable in the consolidated statements of activities.

ENDOWMENT DISTRIBUTION POLICY

Vanderbilt employs a total return policy that establishes the amount of endowment income distributed to support current operational needs. This policy is designed to reduce the impact of capital market fluctuations on operational programs.

Under this policy, endowment income distributions are based on 4.5% of the average of the previous three calendar year-end market values. Actual endowment return earned in excess of distributions under this policy is reinvested as part of Vanderbilt's managed endowment and is reported as a non-operating item in the consolidated statements of activities. For years where actual endowment return is less than distributions under the policy, the shortfall is covered by realized returns from prior years.

Additionally, the Board of Trust has authorized the use of previously reinvested income, realized capital gains, and principal related to unrestricted funds functioning as endowment for special transinstitutional academic development initiatives. Endowment distributions reported in the consolidated statements of activities include both (a) distributions to support current operational needs under the policy as previously described and (b) the aforementioned supplemental

endowment distributions for special academic initiatives to the extent operating expenditures have been incurred.

The supplemental use of unrestricted funds functioning as endowment to invest in capital needs of special academic initiatives is not reported as endowment distributions in the consolidated statements of activities.

OPERATING RESULTS

Operating results (change in unrestricted net assets from operating activity) in the consolidated statements of activities reflect all transactions that change unrestricted net assets, except gifts for plant facilities, activity associated with endowment investments, changes in the fair value of interest rate swap agreements, and certain other non-recurring items. In accordance with Vanderbilt's endowment distribution policy, as previously described, only the portion of total investment return distributed under this policy to meet operating needs is included in operating revenue. Operating investment income consists of dividends, interest, and gains and losses on unrestricted, non-endowed investments.

Fundraising costs are not material to Vanderbilt's contributions or total program costs. In fiscal 2007 and fiscal 2006, approximately 54% and 58%, respectively, of private gifts, grants, and contracts revenue represent transactions where Vanderbilt services are provided to other parties.

Overall management and administrative support costs attributable to divisions that primarily provide health care or auxiliary services are allocated based upon institutional budgets. Thus, institutional support expense reported in the consolidated statements of activities relates to Vanderbilt's other primary programs such as instruction, research, and public service.

Furthermore, costs related to the operation and maintenance of physical plant, including depreciation of plant assets, are allocated to operating programs and supporting activities based upon facility usage. Additionally, interest expense on external debt is allocated to the activities that have benefited most directly from the debt proceeds.

INCOME TAXES

Vanderbilt is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code (the Code), and is generally exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. Vanderbilt is, however, subject to federal and state income tax on unrelated business income, and provision for such taxes is included in the accompanying financial statements.

USE OF ESTIMATES

The preparation of financial statements requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, and expenses during the reporting period as well as the disclosure of contingent assets and liabilities. Actual results ultimately could differ from management's estimates.

REDESIGNATIONS

When donors amend or clarify intent for applicable gifts and contributions reported in a previous fiscal year, revisions are separately reflected as donor designation changes within the consolidated statements of activities.

RECLASSIFICATIONS

Certain reclassifications have been made to prior year amounts to conform to the current year presentation.

3. ACCOUNTS RECEIVABLE

Accounts receivable as of June 30 were as follows (in thousands):

	▶▶ 07	06
Patient care	\$ 349,348	\$ 313,601
Students, grants, and other	94,900	79,136
Accrued investment income	15,447	6,648
Accounts receivable	459,695	399,385
Less: Allowance for bad debts	148,559	141,818
Accounts receivable, net	<u>\$ 311,136</u>	<u>\$ 257,567</u>

4. CONTRIBUTIONS RECEIVABLE

Contributions receivable as of June 30 were as follows (in thousands):

	▶▶ 07	06
Unconditional promises expected to be collected:		
In one year or less	\$ 21,887	\$ 22,275
Between one year and five years	58,706	69,739
In more than five years	3,192	4,869
Contributions receivable	83,785	96,883
Less: Unamortized discount	9,835	8,817
Allowance for uncollectible promises	8,808	7,458
Contributions receivable, net	<u>\$ 65,142</u>	<u>\$ 80,608</u>

Vanderbilt's net contributions receivable include amounts due from the Ingram Charitable Fund (ICF) totaling \$3.1 million and \$21.1 million as of June 30, 2007 and 2006,

respectively. The assets of the ICF primarily consist of privately held Ingram Industries Inc. common stock as of June 30, 2007.

Contributions receivable scheduled to be collected after one year are discounted at a rate commensurate with the anticipated timing of receipt. Such amounts outstanding as of June 30, 2007 and 2006, generally are discounted at 5.0%.

The methodology for calculating an allowance for uncollectible promises is based upon management's analysis of the aging of payment schedules for all outstanding pledges. This review resulted in allowances for uncollectible promises totaling 11% and 10% of contributions receivable (excluding the ICF) as of June 30, 2007 and 2006, respectively.

In addition to pledges reported as contributions receivable, Vanderbilt had received bequest intentions of approximately \$183.5 million as of June 30, 2007. These intentions to give are not recognized as assets due to their conditional nature. If these bequests are received, generally they will be restricted for specific purposes stipulated by the donors, primarily endowments for faculty support, scholarships, or general operating support of a particular department or division of Vanderbilt.

5. INVESTMENTS

Investments by security type as of June 30 were as follows (in thousands):

	▶▶ 07	06
Short-term securities	\$ 52,891	\$ 81,358
Bonds	407,026	351,083
Stocks	1,042,006	975,572
Partnership investments	2,081,772	1,636,125
Mortgages	2,929	6,834
Real estate	220,680	190,013
Other	40,963	35,351
Net receivables for unsettled trades by investment managers	477	717
Total fair value	<u>\$3,848,744</u>	<u>\$3,277,053</u>
Total cost	<u>\$2,850,643</u>	<u>\$2,732,570</u>

Through an agreement with its primary investment custodian, Vanderbilt participates in lending securities to brokers. Among other provisions that limit Vanderbilt's risk, this agreement specifies that the custodian is responsible for managing strict borrower collateral requirements. Collateral, which is pooled by the custodian, generally is limited to cash, government securities, and irrevocable letters of credit. Depending on the type of securities being lent, minimum collateral ranges from 101% to 105% with required daily marking-to-market.

Both the investment custodian and security borrowers have the right to terminate a specific loan of securities at any time. Other than for an event of default, the investment custodian is prohibited from re-pledging or otherwise encumbering the pledged collateral. Vanderbilt receives lending fees and continues to earn interest and dividends on the loaned securities.

At June 30, 2007, investment securities with a fair value of \$337.8 million were loaned to various approved brokers under this program with collateral having a total market value of \$353.5 million, including cash and cash equivalents of \$279.1 million. The cash and cash equivalents collateral and the obligation to return such collateral are reported as an asset and liability on the consolidated statements of financial position.

6. INVESTMENT RETURN

As previously noted, Vanderbilt employs a total return policy that establishes endowment appreciation distributions. Additionally, the Board of Trust authorized the use of funds functioning as endowment to support operating and capital needs of certain transinstitutional initiatives. Endowment distributions in fiscal 2007 and 2006 were based on 4.5% of the average of the previous three calendar year-end market values plus the use of \$9.6 million and \$10.5 million of funds functioning as endowment for operating expenses of transinstitutional initiatives in fiscal 2007 and 2006, respectively.

Further, \$1.1 million and \$2.3 million of unrestricted funds functioning as endowment were utilized for capital needs of transinstitutional initiatives in fiscal 2007 and 2006, respectively. Liquidations for these special capital investments are excluded from the following summary of endowment distributions and other investment income for the fiscal years ended June 30 (in thousands):

	▶▶ 07	06
Operating		
Endowment distributions	\$ 121,118	\$ 109,270
Investment income	59,458	28,256
Total operating return	180,576	137,526
Non-operating		
Unrestricted:		
Endowment appreciation utilized	(126,111)	(112,324)
Investment income	636,906	374,907
Temporarily restricted:		
Endowment distributions	3,511	2,816
Investment income	14,462	18,179
Permanently restricted:		
Endowment distributions	1,482	794
Investment income	22,325	3,018
Total non-operating return	<u>552,575</u>	<u>287,390</u>
Total investment return	<u>\$ 733,151</u>	<u>\$ 424,916</u>

The components of total investment return for the fiscal years ended June 30 were as follows (in thousands):

	▶▶ 07	06
Net interest, dividend, and partnership income	\$ 76,411	\$ 68,051
Net realized gains from original cost	199,281	247,469
Net unrealized gains	457,459	109,396
Total investment return	\$ 733,151	\$ 424,916

In addition to a core group of investment professionals dedicated to the management of the university's endowment, Vanderbilt also employs external investment managers to a large degree. Particularly for alternative investments such as hedge funds, investment manager fee structures frequently have a base component along with a performance component relative to the entire life of the investments. Under these sorts of arrangements, management fees frequently are subject to substantial adjustments based on cumulative future returns for a number of years hence.

Fees paid directly to external investment managers (i.e., segregated investment account fees) totaled \$2.7 million and \$4.6 million in fiscal years 2007 and 2006, respectively.

7. NET ASSET COMPONENTS OF ENDOWMENT

The endowment represents only those endowment-related net assets that are under the management control of Vanderbilt. Gift annuities, interest in trusts held by others, and certain contributions pending transfer are not considered components of the endowment. A summary of Vanderbilt's endowment as of June 30 follows (in thousands):

	▶▶ 07	06
Unrestricted net assets:		
Funds functioning as endowment, at cost	\$ 1,834,203	\$ 1,754,792
Net unrealized appreciation on investments	969,265	537,895
Exclude net unrealized (gains)/losses allocable to other investments	(3,941)	643
Funds functioning as endowment	<u>2,799,527</u>	<u>2,293,330</u>
Temporarily restricted net assets:		
Funds functioning as endowment, at cost	10,922	9,433
Permanently restricted net assets:		
True endowment	677,809	612,857
Fair value of endowment	<u>\$ 3,488,258</u>	<u>\$ 2,915,620</u>

8. PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment as of June 30 were as follows (in thousands):

	▶▶ 07	06
Land	\$ 50,363	\$ 49,651
Buildings and improvements	1,918,400	1,810,770
Moveable equipment	608,362	585,484
Construction in progress	212,808	117,178
Property, plant, and equipment	<u>2,789,933</u>	<u>2,563,083</u>
Less: Accumulated depreciation	1,195,426	1,105,924
Property, plant, and equipment, net	\$ 1,594,507	\$ 1,457,159

Purchases for the library collection are not included in the foregoing since they are expensed at the time of purchase. As of June 30, 2007, the estimated replacement cost for library collections, including processing costs to properly identify, catalog, and shelf materials, exceeds \$221.1 million. Capitalized interest of \$0.4 million and \$0.7 million was added to construction in progress and/or buildings and improvements in fiscal 2007 and 2006, respectively. Internally developed software costs of \$2.9 million and \$3.0 million were capitalized in fiscal 2007 and fiscal 2006, respectively.

In March 2005, the Financial Accounting Standards Board (FASB) issued Interpretation No. 47 (FIN 47), *Accounting for Conditional Asset Retirement Obligations*, as an interpretation of FASB Statement No. 143, *Accounting for Asset Retirement Obligations*. Vanderbilt implemented FIN 47 with an effective date of June 30, 2006. Vanderbilt identified conditional asset retirement obligations, primarily for the costs of asbestos removal and disposal, resulting in liabilities of \$18.5 million and \$17.5 million as of June 30, 2007 and 2006, respectively. These liabilities, which are estimated using an inflation rate of 4.0% and a discount rate of 5.0%, are reported as accounts payable and accrued liabilities on the consolidated statements of financial position. Implementation of FIN 47 resulted in \$17.5 million reported as the cumulative effect of a change in accounting principle in fiscal 2006 and an additional \$1.0 million reported as an operating expense in fiscal 2007.

9. LONG-TERM DEBT, CAPITAL LEASES, AND COMMERCIAL PAPER

Long-term debt consists of bonds and notes payable with scheduled final maturity dates at least one year after the original issuance date. The following table reflects fixed/variable allocations before the effects of interest rate swap agreements

used by Vanderbilt to manage its debt portfolio. Such agreements are covered in more detail in a successive footnote. Outstanding long-term debt, capital leases, and commercial paper obligations as of June 30 were as follows (*in thousands*):

	Years to Maturity	Fiscal 2007 Effective Interest Rate	Outstanding Principal 2007	Outstanding Principal 2006
Fixed-rate long-term debt				
1996 Series A	2	5.9%	\$ 2,230	\$ 3,265
1997 Series A	12	5.3%	22,335	23,635
1998 Series A	9	5.6%	18,185	19,700
1998 Series B	22	5.0%	33,450	34,280
1998 Series C ¹	8	4.9%	16,165	17,805
2001 Series A	9	4.9%	12,560	13,655
2001 Series B ¹	16	5.0%	51,930	54,015
2005 Series B ^{1,2}	37	3.1%	277,750	277,750
HUD	2	3.0%	260	385
Note payable	2	7.3%	7,984	8,408
Other	12	3.0%	154	227
Total fixed-rate long-term debt			443,003	453,125
Variable-rate long-term debt				
2000 Series A	24	3.7%	60,700	62,000
2000 Series B	24	3.7%	60,700	62,000
2002 Series A	26	3.7%	20,990	21,370
2003 Series A ¹	12	3.7%	33,410	35,790
2005 Series A	37	3.7%	113,300	113,300
Total variable-rate long-term debt			289,100	294,460
Par amount of long-term debt			732,103	747,585
Net unamortized premium			7,723	12,435
Total long-term debt			739,826	760,020
Capital leases	3	3.5%	3,140	1,767
Total long-term debt and capital leases			742,966	761,787
Tax-exempt commercial paper, series A and B	<1	3.7%	362,920	144,830
Total long-term debt, capital leases, and commercial paper			\$ 1,105,886	\$ 906,617

¹Issued under Master Trust Indenture structure.

²The 2005B bonds are fixed only through put dates in fiscal years 2008 through 2010 when re-marketing could result in differing modes.

Tax-exempt commercial paper and all of the aforementioned bonds (with the exception of the HUD bonds), have been issued by the Health and Educational Facilities Board of the Metropolitan Government of Nashville and Davidson County, Tennessee (HEFB). As a conduit issuer, the HEFB loans the debt proceeds to Vanderbilt. Pursuant to loan agreements, Vanderbilt's debt service requirements under these loan agreements coincide with required debt service of the actual HEFB bonds.

Included in the foregoing are hospital and clinic (patient care) bonds, with a principal balance outstanding of \$379.3 million as of June 30, 2007, that were issued under a Master Trust Indenture (MTI) structure. The MTI provides the flexibility for multiple parties to participate in debt issuances as part of an obligated group; presently, Vanderbilt's hospitals and clinics have no other members participating in its obligated group. Bonds issued under the MTI are payable solely from hospital revenues (as defined in the MTI). All

MTI bonds presently outstanding are also supplemented by a Vanderbilt guarantee of debt service.

Selected information for long-term debt, commercial paper, and interest rate swap agreements follows (in thousands):

	▶▶ 07	06
Interest cost paid, net	\$ 37,194	\$ 34,757
Interest cost expensed	\$ 32,028	\$ 26,474
Assets held by trustees for subsequent debt service as of June 30	\$ 2,944	\$ 5,352

Principal payments and scheduled sinking fund requirements on the par amount of long-term debt due in subsequent fiscal years ending June 30 are as follows (in thousands):

2008	\$ 16,522
2009	24,481
2010	16,450
2011	17,320
2012	18,085
Thereafter	639,245
Total	\$ 732,103

Under certain circumstances, variable-rate bond obligations may be converted to a fixed-rate structure. While these bonds are in a variable-rate mode, they are subject to optional and mandatory tender. Vanderbilt has agreements with

remarketing agents to re-market any bonds so tendered. Liquidity for the variable debt portfolio (both commercial paper and variable-rate demand bonds) is covered primarily by portfolio self-liquidity. Additionally, a bank revolving credit facility, with an available commitment amount of \$100 million as of June 30, is in place and dedicated solely to debt portfolio liquidity. At Vanderbilt's option, the available commitment may be increased to an amount up to \$250 million. There were no borrowings outstanding on the revolving credit agreement as of June 30, 2007 or 2006.

Trust indentures for certain bond issues contain covenants and restrictions involving the issuance of additional debt, maintenance of a specified debt service coverage ratio, and the maintenance of liquidity facilities. As of and for the fiscal year ended June 30, 2007 and 2006, respectively, management believes that Vanderbilt has complied with applicable covenants.

In fiscal 2007, Vanderbilt issued \$218.1 million of commercial paper under its \$600 million tax-exempt commercial paper program to finance the construction, expansion, and renovation of various Vanderbilt facilities and related equipment, most notably The Commons, the construction of hospital garages and the new hospital critical care tower, and future renovation of space at 100 Oaks.

Vanderbilt's taxable commercial paper program is authorized for draws up to \$75 million. No draws were made under this commercial paper program during the year.

10. INTEREST RATE SWAP AGREEMENTS

To manage the fixed/variable mix for its debt portfolio, including hedging exposure to increasing interest expense from variable rate debt, Vanderbilt utilizes interest rate swap agreements.

The fair value of interest rate swap agreements is the estimated amount that Vanderbilt would pay or receive to terminate these contracts as of the report date. The estimated cumulative gain for the fair value of these swap agreements was \$60.9 million and \$23.6 million as of June

30, 2007 and 2006, respectively, and is included in prepaid expenses. Changes in the fair value for these contracts, which for fiscal 2007 and 2006 amounted to an unrealized gain of \$37.3 million and \$68.9 million, respectively, were recorded as other non-operating items in the consolidated statements of activities.

As of June 30, 2007, Vanderbilt's adjusted debt portfolio, after taking into account the aforementioned derivatives and except for forward starting swaps, was approximately 45% fixed and 55% variable. Outstanding interest rate swap agreements as of June 30 were as follows (*in thousands*):

Origination/ Description	Settlement Provisions	Maturity	Outstanding Notional Amounts	
			2007	2006
January 2002 fixed payer swaps	Vanderbilt receives variable payments based on 70% of London Interbank Offered Rate (LIBOR) and pays fixed amounts at a weighted average rate of 3.990%	Gradual amortization ¹ , corresponding to principal retirements for Vanderbilt's Series 2000A and 2000B bonds, with final expiration in October 2030	\$121,400	\$124,000
January 2005 fixed payer swaps	Vanderbilt receives variable payments based on 68% of LIBOR and pays fixed amounts at a weighted average rate of 3.433%	Amortization commences in October 2033, corresponding to principal retirements for Vanderbilt's Series 2005A bonds, with final expiration in October 2044	\$ 80,000	\$ 80,000
Other fiscal 2005 fixed payer swaps	Vanderbilt receives variable payments based on 68% of LIBOR and pays fixed amounts at a weighted average rate of 3.460%	Bullet maturities in October 2039	\$315,000	\$315,000
January 2005 fixed receiver swaps	Vanderbilt receives fixed payments averaging 2.997% and pays variable amounts based on the Securities Industry and Financial Markets Association (SIFMA) swap index	Amortization commences in April 2008, corresponding to scheduled re-marketings for Vanderbilt's Series 2005B bonds, with final maturity in April 2010	\$277,750	\$277,750
March 2005 and August 2005 fixed receiver swaps	Vanderbilt receives fixed payments averaging 3.428% and pays variable amounts based on the SIFMA index	Bullet maturities ² in April 2008 and September 2009	\$200,000	\$200,000
Fiscal 2005 and 2006 basis swaps	Vanderbilt receives payments averaging 82.2% of LIBOR and pays variable amounts based on the SIFMA index	Bullet maturities in July 2034 and 2035	\$500,000	\$500,000
Fiscal 2007 forward starting fixed payer swaps	Vanderbilt will receive variable payments based on the SIFMA index or 68% of LIBOR and will pay fixed amounts at a weighted average rate of 3.60% with payments commencing October 1, 2007, and May 1, 2008, on notional amounts of \$100,000 and \$300,000, respectively	Bullet maturities in October 2037 and May 2040	—	—
Fiscal 2007 reverse basis swaps	Vanderbilt receives variable payments based on the SIFMA index and pays variable amounts based on 60% of LIBOR plus a fixed amount of 0.804%	Bullet maturities in July 2035	\$150,000	—

¹Commencing in October 2012, the counterparty has an option to cancel 50% of the outstanding notional amount without a termination payment, which would result in a remaining fixed payment commitment of 4.175%.

²The counterparty has an option exercisable in April 2008 to extend the transaction for two additional years. If exercised, the fixed payment rate will increase to 3.75%.

Periodic net cash settlement receipts for all agreements aggregated \$1.9 million and \$0.5 million for fiscal 2007 and 2006, respectively, and were reflected as adjustments to operating expense in the consolidated statements of activities.

In September 2007, Vanderbilt entered into a forward-starting, fixed-payer swap with a notional amount of \$200 million and a maturity of October 2043. Vanderbilt will receive payments averaging 68% of LIBOR and will pay fixed amounts at a weighted average rate of 3.55% with payments commencing October 1, 2008.

11. NET ASSETS

Vanderbilt has chosen to provide further classification information about net assets.

Unrestricted net assets are internally designated into the following groups:

Designated for operations represents the cumulative budgeted operating activity of Vanderbilt and routine equipment replacement reserves.

Designated gifts and grants are composed of departmental gift and grant funds.

Designated for student loans represents Vanderbilt funds set aside to serve as revolving loan funds for students.

Designated for plant facilities represents the net investment in property, plant, and equipment, as well as funds designated for future acquisitions of plant facilities and retirement of debt.

Funds functioning as endowment are amounts set aside by the Board of Trust, intended to generate income in perpetuity to support operating needs. Such amounts include substantially all cumulative realized appreciation on the applicable investments.

Net unrealized appreciation on investments represents cumulative unrealized net gains from original cost on marketable investments. Most of the net unrealized appreciation is attributable to funds functioning as endowment.

Net fair value of interest rate swap agreements represents the mark-to-market valuation for derivative contracts. Because these agreements are intended to serve as long-term hedges within the debt portfolio, segregation apart from other designations is maintained.

Based on the foregoing designations, unrestricted net assets as of June 30 were as follows (*in thousands*):

	▶▶ 07	06
Designated for operations	\$ 272,122	\$ 202,847
Designated gifts and grants	133,800	131,021
Designated for student loans	31,446	30,735
Designated for plant facilities	771,451	764,280
Funds functioning as endowment, at cost	1,834,203	1,754,792
Net unrealized appreciation on investments	969,265	537,895
Net fair value of interest rate swap agreements	60,926	23,592
Total unrestricted net assets	\$ 4,073,213	\$ 3,445,162

Temporarily restricted net assets as of June 30 were composed of the following (*in thousands*):

	▶▶ 07	06
Gifts and pledges	\$ 110,264	\$ 131,210
Interest in trusts held by others	10,148	7,604
Life income and gift annuities	13,082	16,941
Total temporarily restricted net assets	\$ 133,494	\$ 155,755

Such temporarily restricted net assets were available for the following purposes as of June 30 (*in thousands*):

	▶▶ 07	06
Student scholarships	\$ 1,275	\$ 1,020
Instruction	3,879	3,401
Capital improvements	9,021	10,065
Subsequent period operations and other	119,319	141,269
Total temporarily restricted net assets	\$ 133,494	\$ 155,755

Permanently restricted net assets as of June 30 were composed of the following (*in thousands*):

	▶▶ 07	06
True endowment	\$ 677,809	\$ 612,857
Interest in trusts held by others	38,917	35,332
Life income and gift annuities	33,643	29,332
Gifts and pledges	60,589	47,307
Total permanently restricted net assets	\$ 810,958	\$ 724,828

12. NATURAL CLASSIFICATION OF EXPENSES AND ALLOCATIONS

Operating expenses incurred in the fiscal years ended June 30, 2007 and 2006, were as follows (in thousands):

	▶▶ 07	06
Salaries, wages, and benefits	\$ 1,524,913	\$ 1,397,173
Services	131,005	117,136
General expenses and supplies	580,818	537,928
Depreciation and amortization	130,375	120,980
Interest	32,028	26,474
Provision for bad debts	146,459	130,927
Utilities, operating leases, and other	105,776	97,427
Total operating expenses	<u>\$ 2,651,374</u>	<u>\$ 2,428,045</u>

Certain allocations of institutional and other support costs were made to Vanderbilt's primary programs. Based on the functional uses of space on its campus, Vanderbilt allocated depreciation and interest on indebtedness to the various functional expense categories shown below (in thousands):

▶▶ 07

	Interest	Depreciation
Instruction	\$ 2,942	\$ 16,175
Research	5,332	20,032
Health care services	13,765	55,061
Academic support	1,008	8,545
Institutional support	952	12,015
Student services	306	1,676
Public service	168	1,090
Room, board, and other auxiliary services	7,555	15,781
Total	<u>\$ 32,028</u>	<u>\$ 130,375</u>

06

	Interest	Depreciation
Instruction	\$ 2,723	\$ 15,664
Research	4,652	18,223
Health care services	13,058	50,973
Academic support	894	8,132
Institutional support	730	10,894
Student services	270	1,583
Public service	158	1,156
Room, board, and other auxiliary services	3,989	14,355
Total	<u>\$ 26,474</u>	<u>\$ 120,980</u>

13. RETIREMENT PLANS

Vanderbilt's full-time faculty and staff members participate in defined contribution retirement plans administered by third-party investment and insurance firms. For eligible employees with one year of continuous service, these plans require employee and matching employer contributions; such contributions immediately fully vest with the employee.

Vanderbilt's obligations under these plans are fully funded by periodic transfers to the respective retirement plan administrators with the corresponding expenses recognized in the year incurred. Retirement plan contributions for fiscal 2007 and 2006 were \$42.6 million and \$39.4 million, respectively.

14. STUDENT FINANCIAL AID

Vanderbilt provides financial aid to students based upon need and merit. This financial assistance is funded by institutional resources, gifts, endowment income, and externally sponsored aid.

In fiscal 2007 and 2006, financial aid for tuition and educational fees of \$136.5 million and \$128.0 million was applied to gross tuition and educational fees of \$335.5 million and \$316.2 million, respectively. In fiscal 2007 and 2006, financial aid for room and board of \$17.1 million and \$15.6 million was applied to gross room and board of \$46.2 million and \$43.6 million, respectively.

Loans to students from Vanderbilt funds are carried at cost, which, based on secondary market information, approximates the fair value of educational loans with similar interest rates and payment terms. Loans receivable from students under governmental loan programs, also carried at cost, can only be assigned to the federal government or its designees. Loan balances are net of allowances for estimated uncollectible accounts of \$3.9 million as of June 30, 2007 and 2006.

Loans to qualified students are funded principally with government advances to Vanderbilt under the Perkins, Nursing, and Health Professions Student Loan Programs.

15. RELATED PARTIES

Vanderbilt contracts with certain related parties for the purchase of goods, performance of construction activities, and provision of other services. Significant purchases of goods and services from related parties typically are subject to competitive pricing analyses. During fiscal 2007 and 2006, Vanderbilt had related party transactions approximating \$35.3 million and \$29.2 million, respectively.

16. CHARITY CARE AND COMMUNITY BENEFITS

Consistent with its mission, Vanderbilt University Hospitals and Clinics (referred to herein as "the Hospital") maintains a policy which sets forth the criteria pursuant to which health care services are provided free of charge or at a reduced rate to patients who are unable to pay for their medical care. These services represent charity care and are not reported as revenue.

The Hospital maintains records to identify and monitor the level of charity care it provides; these records include the amount of charges forgone for services furnished under its charity care policy and the estimated cost of those services. Charity care assistance is offered on a tiered grid which is based on federal poverty guidelines. In addition to charity care assistance, all uninsured patients are provided a discount from billed charges for medically necessary services incurred at Vanderbilt. For those patients with a major catastrophic medical event, assistance is given based on the income level of the household using a sliding scale.

The cost of charity care provided by the Hospital was \$49.7 million and \$38.2 million in 2007 and 2006, respectively. Of the total uncompensated care provided by the Hospital (comprised of charity care not reported as revenue and expense reported as provision for bad debts), 53% and 48% of the total in 2007 and 2006, respectively, was charity care. Charity care patients represented 3% and 2% for 2007 and 2006, respectively, of all total patients treated at the Hospital. Other than Medicare and Medicaid disproportionate share payments, the Hospital does not receive any other external payments to offset the general cost of charity care. Rather, funding for these services comes from Hospital income from operations.

In addition to the charity care services described above, the Hospital provides a number of other services to benefit the poor for which little or no payment is received. TennCare/Medicaid and state indigent programs do not cover the full cost of providing care to beneficiaries of those programs. As a result, in addition to direct charity care costs, the Hospital provides services related to TennCare/Medicaid and state indigent programs substantially below the cost of rendering such services.

The Hospital provides public health education and training for new health professionals and provides, without charge, services to the community at large, together with support groups for many patients with special needs.

17. COMMITMENTS AND CONTINGENCIES

(A) *Construction.* At June 30, 2007, approximately \$226.6 million was committed for projects under construction and equipment purchases, to be financed primarily from anticipated debt proceeds.

(B) *Lease Obligations.* Vanderbilt leases certain equipment and real property. These leases are classified primarily as operating leases and have lease terms ranging up to fifteen years. Total operating lease expense for fiscal 2007 and 2006 was \$50.5 million and \$47.6 million, respectively. Future minimum rentals on non-cancelable operating leases with initial or remaining lease terms in excess of one year as of June 30, 2007, were as follows (*in thousands*):

2008	\$ 25,899
2009	24,435
2010	15,275
2011	8,999
2012	6,848
Thereafter	16,362
Total future minimum rentals	<u>\$ 97,818</u>

In July 2007, Vanderbilt committed, subject to landlord performance contingencies, to lease over 50% of the space in the approximately 850,000-square-foot 100 Oaks shopping center located within five miles of the main campus. Commencement of this operating lease is contingent upon the landlord obtaining consents on space use from existing tenants.

Plans are to redevelop this space primarily for medical, wellness, and office uses. The term of financial commitments under this operating lease is projected to commence during the latter portion of fiscal 2008 with an initial lease term of 12 years. In addition to having the option to renew the lease five times for additional 10-year periods, Vanderbilt will have the right of first offer to lease additional space as it becomes available. Furthermore, Vanderbilt will have additional rights to subsequently purchase the entire property during the next five years.

In conjunction with its normal business practices related to the leasing of equipment, in February 2005 and March 2004, Vanderbilt established financing mechanisms using tax-exempt bonds issued by the HEFB. As of June 30, 2007, the aggregate amount of bonds outstanding under this financing mechanism is \$23.3 million, and related payments made by Vanderbilt are reported as operating lease expense and are included in the future minimum rentals above.

(C) *Litigation and Regulation.* Vanderbilt is a defendant in several legal actions. Management believes that the outcome of these actions will not have a significant effect on Vanderbilt's financial position.

The university's compliance with laws and regulations is subject to future government review and interpretations, as well as regulatory actions unknown or unasserted at this time. Management believes that liability, if any, from such reviews will not have a significant effect on Vanderbilt's financial position.

(D) *Medical Malpractice Liability Insurance.* Vanderbilt is self-insured for the first level of medical malpractice claims. The current self-insured limits are \$5.5 million per occurrence, not to exceed an annual aggregate of \$41.0 million. For this self-insured retention, a trust fund has been established. The funding of the trust is based upon studies performed by an actuarial firm. Excess malpractice and professional liability coverage has been obtained from commercial insurance carriers on a claims-made basis for claims above the retained self-insurance risk levels.

(E) *Employee Health and Workers Compensation Insurance.* In addition to the initial tier of self-insured exposure for medical malpractice liability as previously noted, Vanderbilt also is self-insured for employee health insurance and workers compensation coverage. Actuarial liabilities are recorded based upon studies performed by actuarial firms.

(F) *Federal and State Contracts and Other Requirements.* Expenditures and F&A costs related to federal and state grants and contracts are subject to adjustment based upon review by the granting agencies. The amounts, if any, of expenditures that may be disallowed by the granting agencies cannot be determined at this time, although management expects they will not have a significant effect on Vanderbilt's financial position.

(G) *Health Care Services Revenue.* Revenue from health care services includes amounts paid under reimbursement agreements with certain third-party payers and is subject to examination and retroactive adjustments. Any differences between estimated year-end settlements and actual final settlements are reported in the year final settlements are known. Substantially all settlements have been made through the year ended June 30, 2004.

In August 1996, Congress approved the Health Insurance Portability and Accountability Act of 1996 (HIPAA). Under HIPAA, the federal government was given substantial resources and authority for the completion of fraud and abuse investigations, and HIPAA has established substantial fines and penalties for offenders. Management continues to refine policies, procedures, and organizational structures to enforce and monitor compliance with HIPAA, as well as other government statutes and regulations.

(H) *Partnership Investment Commitments.* There were \$827.7 million of commitments to venture capital, real estate, and distressed security investments as of June 30, 2007. These funds may be drawn down over the next several years upon request by the general partners. As of June 30, 2007, \$84.1 million of unallocated cash and cash equivalents in the managed endowment are held to meet these obligations. Management expects to finance these commitments with available cash and expected proceeds from the sale of securities.

(I) *McKendree Village, Inc. Debt Guaranty.* In July 1998, Vanderbilt and McKendree Village, Inc., a not-for-profit retirement community, entered into a joint venture agreement. In September 1998, Vanderbilt guaranteed payment of \$19.8 million of debt issued by McKendree Village. As of June 30, 2007, the balance of the guaranteed debt was \$18.1 million. No liability has been recorded under this guarantee.

VANDERBILT UNIVERSITY
Schedule of Expenditures of Federal Awards
Year ended June 30, 2007

Program	Federal Sponsor/Project Title	CFDA	Flow-through Award Number	Flow-through Entity	Direct	Flow-through	Total
Type A:							
*Research							
	U.S. Department of Agriculture: Grants for Agricultural Research	10.206			\$ 78,291	—	78,291
		10.206	GEISINGER	Pennsylvania State University	—	58,005	58,005
		10.206	4224004773	University of Akron	—	(354)	(354)
	Total CFDA	10.206			78,291	57,651	135,942
	Biotechnology Risk Assessment Research	10.219			—	—	—
		10.219	4204504753	Indiana University	—	8,132	8,132
	Total CFDA	10.206			—	8,132	8,132
	Total U.S. Department of Agriculture				78,291	65,783	144,074
	U.S. Department of Commerce: Ctr for Sponsored Coastal Ocean Research	11.478			133,692	—	133,692
	Total CFDA	11.478			133,692	—	133,692
	Total U.S. Department of Commerce				133,692	—	133,692
	U.S. Department of Defense: Basic, Applied, and Advanced Research in Science and Engineering	12.630			—	—	—
		12.630	W1033970	IBM	—	1,910	1,910
		12.630	172919	Boeing Company	—	156,604	156,604
	Total CFDA	12.630			—	158,514	158,514
	Air Force Defense Research Sciences Program	12.800			—	—	—
		12.800	NBCHC030119	BBNT Solutions, LLC	—	103,115	103,115
	Total CFDA	12.800			—	103,115	103,115
	Research and Technology Development	12.910			38,808	—	38,808
		12.910	HR0011-05-1-0044	University of Washington	—	78,535	78,535
		12.910	NBCH106001	Interior	—	(8,786)	(8,786)
		12.910	DAAD190110509	University of California at Berkeley	—	—	—
		12.910	TT0660127	Lockheed/Martin Marietta Corp	—	259,786	259,786
	Total CFDA	12.910			38,808	329,535	368,343
	Total ARPA				38,808	591,164	629,972
	Defense Secretary	12.000			—	—	—
		12.000	4047754013	Meharry Medical School	—	31,387	31,387
	Total CFDA	12.000			—	31,387	31,387
	Total Defense Secretary				—	31,387	31,387
	Defense Threat Reduction Agency: Basic and Applied Scientific Research	12.300			—	—	—
		12.300	4224233773	Honeywell Systems	—	17,711	17,711
		12.300	DTRA01-02-D-0008	ATK Mission Research	—	870,237	870,237
		12.300	DTRA01-03-D-0007	Bae Systems, Inc.	—	67,704	67,704
	Total CFDA	12.300			—	955,652	955,652
	Basic, Applied, and Advanced Research in Science and Engineering	12.630			—	—	—
		12.630	HDTRA1-07-C-0047		—	18,382	18,382
	Total CFDA	12.630			—	18,382	18,382
	Research and Technology Development	12.910			—	—	—
		12.910	HDTRA105D001		—	3,809	3,809
	Total CFDA	12.910			—	3,809	3,809
	Total Defense Threat Reduction Agency				—	977,843	977,843
	Air Force Basic and Applied Scientific Research	12.300			132,846	—	132,846
		12.300	FA8750-06-C-213	Escher Research Institute	—	3,494	3,494
	Total CFDA	12.300			132,846	3,494	136,340

VANDERBILT UNIVERSITY
Schedule of Expenditures of Federal Awards
Year ended June 30, 2007

Program	Federal Sponsor/Project Title	CFDA	Flow-through Award Number	Flow-through Entity	Direct	Flow-through	Total
	Basic, Applied & Advanced Research	12.630			\$ 2,713,755		2,713,755
		12.630	FA945305D0002/610822	Advatech Pacific, Inc.	—	49,714	49,714
		12.630	F33601-03-F-0060	Anteon Corporation	—	1,981	1,981
	Total CFDA	12.630			2,713,755	51,695	2,765,450
	Air Force Defense Research Sciences Program	12.800			1,958,052	—	1,958,052
		12.800	4206324103	NCI Information Systems, Inc.	—	(4,273)	(4,273)
		12.800	F33615C021285	BBNT Solutions, LLC	—	(172)	(172)
		12.800	FA8750-05	University of Southern California	—	359,371	359,371
		12.800	FA87500660	Lockheed Martin Corporation	—	49,140	49,140
		12.800	FA8650-07-M-3725	Industrial Measurement Systems	—	3,002	3,002
		12.800	FA9550-06-0071	Industrial Measurement Systems	—	35,187	35,187
	Total CFDA	12.800			1,958,052	442,255	2,400,307
	Research & Technology Development	12.910			406,374	—	406,374
	Total CFDA	12.910			406,374	—	406,374
	Total Air Force				5,211,027	497,444	5,708,471
	Army	12.000			2,415,806	—	2,415,806
		12.000	DAMD17-02-1-0693	Wayne State University	—	37,315	37,315
		12.000	4204304093	Lynntech, Inc.	—	(3,273)	(3,273)
		12.000	W911NF06C0187	Lynntech, Inc.	—	112,507	112,507
		12.000	POG6004901	EOIR Technologies, Inc.	—	8,201	8,201
	Total CFDA	12.000			2,415,806	154,750	2,570,556
	Basic and Applied Scientific Research	12.300			—	—	—
		12.300	#531-0829-01	Purdue University	—	16,375	16,375
	Total CFDA	12.300			—	16,375	16,375
	Military Medical Research & Development	12.420			1,578,378	—	1,578,378
		12.420	W81XWH-06-1-0654	Rutgers, The State Univ of NJ	—	56,203	56,203
		12.420	W81XWH-04-2-0031	Rutgers, The State Univ of NJ	—	48,278	48,278
	Total CFDA	12.420			1,578,378	104,481	1,682,859
	Basic Scientific Research	12.431			3,493,304	—	3,493,304
		12.431	05-655K-0000	University of Nevada Las Vegas	—	5,669	5,669
		12.431	4224234093	University of Memphis	—	202,646	202,646
		12.431	W81XWH06C0384	Aerodyne Research, Inc.	—	31,963	31,963
		12.431	W911NF-06-1-0076	Univ of California, Berkley	—	98,256	98,256
		12.431	HMAOEMB060004	Boeing Company	—	884,905	884,905
	Total CFDA	12.431			3,493,304	1,223,439	4,716,743
	Basic, Applied & Advanced Research	12.630			—	—	—
		12.630	W15QKN06C0089		—	14,671	14,671
		12.630	W15QKN07C0037		—	6,087	6,087
		12.630	4224244753		—	6,533	6,533
		12.630	FA865006C2659		—	31,677	31,677
	Total CFDA	12.630			—	58,968	58,968
	Total Army				7,487,488	1,558,013	9,045,501
	Navy	12.000			9,259	—	9,259
		12.000	N6553806M0029	Tech-X Corporation	—	1,416	1,416
		12.000	05-PHYS-421288	Auburn University	—	30,000	30,000
	Total CFDA	12.000			9,259	31,416	40,675
	Basic and Applied Scientific Research	12.300			576,789	—	576,789
		12.300	N00014-06-M-0205	Puritan Research Corporation	—	21,001	21,001
		12.300	N00173-06-1-G027	State University of New York	—	7,945	7,945
		12.300	MRC/VAN-07	ATK Mission Research	—	43,506	43,506
		12.300	N00173-05-1-G023	State University of New York	—	384,875	384,875
		12.300	MRC/VAN-08	ATK Mission Research	—	59,510	59,510
		12.300	N001403C0022	Univ of Southern California	—	206,217	206,217
		12.300	N00024-03-D-6606	Johns Hopkins University	—	196,129	196,129
		12.300	N00014-05-1-0437	Purdue University	—	153,687	153,687
		12.300	MRCN164-02-D-6599	ATK Mission Research	—	418,294	418,294

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	Total CFDA	12.300	N66001-06-C-8005	Johns Hopkins University	\$ ---	705,716	705,716
	Air Force Defense Research Sciences Program	12.300			576,789	2,196,880	2,773,669
	Total CFDA	12.800			820,541	---	820,541
	Research & Technology Development	12.800			820,541	---	820,541
	Total CFDA	12.910	N00030-05-C-0035	AeroJet Tech Systems	---	---	---
	Total Navy	12.910			---	2,278,205	2,278,205
	National Security Agency	12.910			---	2,278,205	2,278,205
	Mathematical Sciences Grants Program	12.901			1,406,589	4,506,501	5,913,090
	Total CFDA	12.901			25,558	---	25,558
	Total National Security Agency	12.901			25,558	---	25,558
	Total U.S. Department of Defense	12.901			25,558	---	25,558
	U.S. Department of State:				14,169,470	8,162,352	22,331,822
	Educational Exchange American Studies	19.300			---	---	---
		19.300	821-04	Nat'l Council for Eurasian & Eur	---	7,489	7,489
	Total CFDA	19.300			---	7,489	7,489
	Educational Exchange American Studies	19.418			---	---	---
		19.418	CIES87500476	Institute of International Education	---	35,167	35,167
	Total CFDA	19.418			---	35,167	35,167
	Total U.S. Department of State	19.418			---	42,656	42,656
	U.S. Department of Education				---	---	---
		84.000			---	---	---
		84.000	4201002003	Howard University	---	10,017	10,017
		84.000	4261302093	State of Idaho	---	114,108	114,108
		84.000	4262602993	University of Pennsylvania	---	55,826	55,826
	Total CFDA	84.000			---	179,951	179,951
	National Institute on Disabilities and Rehab Research	84.133			195,526	---	195,526
	Total CFDA	84.133			195,526	---	195,526
	National Institute of Student Achievement	84.305			6,147,401	---	6,147,401
		84.305	4261002163	University of Michigan	---	165,260	165,260
		84.305	4262102323	Wayne County TN Schools	---	231,026	231,026
		84.305	ER-06-CO-0019 S2006-03	Learning Point Associates	---	37,675	37,675
		84.305	4262102473	State University of New York	---	171,217	171,217
		84.305	4264302003	Harvard University	---	74	74
		84.305	R305U040001	MDRC	---	66,354	66,354
	Total CFDA	84.305			6,147,401	671,606	6,819,007
	Special Education Research & Innovation	84.324			4,073,501	---	4,073,501
		84.324	4262332925	University of South Florida	---	9,460	9,460
		84.324	5830-0479	University of South Florida	---	50,681	50,681
		84.324	132H731	University of Wisconsin	---	142,620	142,620
	Total CFDA	84.324			4,073,501	202,761	4,276,262
	Special Education Tech & Media Services for Disabled	84.327			105,625	---	105,625
	Total CFDA	84.327			105,625	---	105,625
	National Assessment of Educational Program	84.902			23,334	---	23,334
	Total CFDA	84.902			23,334	---	23,334
	Total U.S. Department of Education	84.902			10,545,387	1,054,318	11,599,705
	U.S. Department of Energy:				---	---	---
	Energy	81.000			100,644	---	100,644
		81.000	DE-AC05-00OR22725	Batelle Memorial Institute	---	246	246
		81.000	DEAC5206NA25396	Los Alamos Laboratories	---	1,766	1,766

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		81.000	4206344273	Oak Ridge Assoc Universities	\$ —	4,178	4,178
		81.000	W-7405-ENG-36	Univ of California, Systemwide	—	143,203	143,203
		81.000	UT BATT-4000056576	Battelle Memorial Institute	—	9,742	9,742
		81.000	POEP8663	Honeywell International, Inc	—	8,169	8,169
	Total CFDA	81.000			100,644	167,304	267,948
University Laboratory Cooperative Program		81.004			—	—	—
		81.004	PO#4000036178	Battelle Memorial Institute	—	166,090	166,090
		81.004	4206304313; 4303	Tech-X Corporation	—	(6,786)	(6,786)
		81.004	4000045992	Lockheed Martin	—	33,934	33,934
		81.004	4206354315	Joint Inst for Heavy Ion Research	—	(6,600)	(6,600)
		81.004	4000034961	Battelle Memorial Institute	—	19,604	19,604
	Total CFDA	81.004			—	206,242	206,242
Office of Energy Research Financial Assistance		81.049			4,558,417	—	4,558,417
		81.049	4000021031/00OR22725	Battelle Memorial Institute	—	40,831	40,831
		81.049	99479	Brookhaven	—	16,116	16,116
		81.049	4000056541	Battelle Memorial Institute	—	36,752	36,752
	Total CFDA	81.049			4,558,417	93,699	4,652,116
Fossil Energy Research and Development		81.089			—	—	—
		81.089	DEFC26074NT4309	Honeywell International, Inc	—	2,627	2,627
	Total CFDA	81.089			—	2,627	2,627
Technology Development Environmental Mgmt		81.104			—	—	—
		81.104	229045	Sandia National Laboratories	—	102,191	102,191
		81.104	EW15336	Univ of Medicine & Dentistry NJ	—	175,448	175,448
	Total CFDA	81.104			—	277,639	277,639
Total U.S. Department of Energy					4,659,061	747,511	5,406,572
Environmental Protection Agency Science to Achieve Results (STAR) Research		66.509			61,098	—	61,098
	Total CFDA	66.509			61,098	—	61,098
Greater Opportunities: Research Program		66.515			—	—	—
		66.515	05-CE-421146-VU	Auburn University	—	7,960	7,960
	Total CFDA	66.515			—	7,960	7,960
Pollution Prevention Grants Program		66.708			—	—	—
		66.708	RN04-0004	Upjohn Corporation	—	36,642	36,642
		66.708	RN04-0003	Upjohn Corporation	—	79,008	79,008
		66.708	RN06-0031	Upjohn Corporation	—	3,834	3,834
		66.708	D02-0014	Upjohn Corporation	—	7,050	7,050
	Total CFDA	66.708			—	126,534	126,534
Total Environmental Protection Agency					61,098	134,494	195,592
U.S. Department of Health & Human Services: Center for Medicare and Medicaid Services		93.000			185,273	—	185,273
	Total CFDA	93.000			185,273	—	185,273
Total Center for Medicare and Medicaid Services					185,273	—	185,273
Agency for Healthcare Research and Quality		93.000			13,612	—	13,612
	Total CFDA	93.000			13,612	—	13,612
Research on Healthcare Costs, Quality and Outcomes		93.226			1,832,688	—	1,832,688
		93.226	IR01HS11620	University of Pittsburgh	—	54,215	54,215
		93.226	R01HS15508	Mayo Fdn for Med Educ & Rsch	—	16,522	16,522
	Total CFDA	93.226			1,832,688	70,737	1,903,425
Total Agency for Healthcare Research and Quality					1,846,300	70,737	1,917,037
Substance Abuse and Mental Health Services Administration		93.000			—	—	—
		93.000	27020030006	Chestnut Health Systems	—	—	—
		93.000	4264600083	Westat, Inc.	—	6,133	6,133
		93.000	UDSMS6111	Nat'l Ctr for Family Homelessness	—	24,820	24,820
	Total CFDA	93.000			—	30,953	30,953

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Consolidated Knowledge Development and Application Program		93.230					
		93.23	SM53045	Policy Research Associates, Inc.	\$ ---	136,694	136,694
Total CFDA		93.230			---	136,694	136,694
Projects of Regional & National Significance		93.243			---	---	---
		93.243	Z-07-33420-00	TN Dept of MH/DD	---	3,607	3,607
		93.243	GR-06-17529-00	TN Dept of Finance & Admin	---	80,453	80,453
Total CFDA		93.243			---	84,060	84,060
Total Substance Abuse and Mental Health Services Admin					---	251,707	251,707
Centers for Disease Control		93.000			---	---	---
		93.000	4044750011	Johns Hopkins University	1,085,391	---	1,085,391
Total CFDA		93.000			1,085,391	5,503	1,090,894
Project Grants & Cooperative Agreements for Tuberculosis Control		93.116			---	---	---
		93.116	GR-04-16108-00	TN Dept of Health	---	53,960	53,960
Total CFDA		93.118			---	53,960	53,960
Acquired Immunodeficiency Syndrome (AIDS) Activity		93.118			---	---	---
		93.118	A132908	St. Jude Hospital	---	31,880	31,880
Total CFDA		93.118			---	31,880	31,880
Injury Prevention and Control Research		93.136			---	---	---
		93.136	U49CE001091	Meharry Medical College	---	45,307	45,307
Total CFDA		93.136			---	45,307	45,307
Immunization Research Demonstration		93.185			919,556	---	919,556
Total CFDA		93.185			919,556	---	919,556
Immunization Grants		93.268			---	---	---
		93.268	GR-03-15515-00	TN Dept of Health	---	3	3
		93.268	U50CCU416123	TN Dept of Health	---	1,390,686	1,390,686
Total CFDA		93.268			---	1,390,689	1,390,689
Centers for Disease Control and Prevention Investigations		93.283			---	---	---
		93.283	U27CCU413185-10	University of North Carolina	---	4,454	4,454
Total CFDA		93.283			---	4,454	4,454
Total Centers for Disease Control					2,004,947	1,531,793	3,536,740
Food and Drug Administration		93.103			---	---	---
Food and Drug Administration Research		93.103	FDA223-02-6003	CODA, Inc.	221,348	---	221,348
		93.103	FD-R25555-01	Massachusetts General Hospital	---	(60)	(60)
		93.103	4046060015	Dalhousie University	---	923	923
Total CFDA		93.103			221,348	(5,559)	215,789
Total Food and Drug Administration					221,348	(5,559)	215,789
Health Resource Services Administration		93.000			---	---	---
		93.000	H30MC05053-02	University of North Carolina	---	19,071	19,071
Total CFDA		93.000			---	19,071	19,071
Coordinated HIV Services & Access to Research for Children		93.153			72,256	---	72,256
Total CFDA		93.153			72,256	---	72,256
Healthy Communities Access Program Demonstration Authority		93.890			---	---	---
		93.890	D72CS4178	Meharry Medical College	---	11,087	11,087
Total CFDA		93.890			---	11,087	11,087
Total Health Resource Services Administration					72,256	30,158	102,414

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National Institutes of Health		93.000			\$ 3,893,305	—	3,893,305
		93.000	4042740023	Duke University	—	(19,768)	(19,768)
		93.000	434800203	Tufts University	—	165,217	165,217
		93.000	020911IAG153	Meharry Medical College	—	55,081	55,081
		93.000	4042310024	Duke University	—	3,171	3,171
		93.000	4042501153	Angiopath, Inc.	—	(33)	(33)
		93.000	BAA-RM-04-23	LDS Hospital	—	75,546	75,546
		93.000	CA29605	John Wayne Cancer Institute	—	34,721	34,721
		93.000	CA92827	CFD Research Corporation	—	1,726	1,726
		93.000	G12RR03032	Meharry Medical College	—	81,862	81,862
		93.000	GR-07-18439	TN Department of Health	—	141,819	141,819
		93.000	HHSN261200533006C	Detroit R&D, Inc.	—	14,159	14,159
		93.000	HHSN271200677593C	Ionwerks, Inc.	—	12,061	12,061
		93.000	N01AA21004	Z-Tech Corporation	—	102,877	102,877
		93.000	N01A115444	Johns Hopkins University	—	427,963	427,963
		93.000	N01A145250	St Louis University	—	139,389	139,389
		93.000	N01C051106	University of Kentucky	—	114,209	114,209
		93.000	N01MH90001	University of North Carolina	—	27,459	27,459
		93.000	N01MH90003	Univ of Texas Southwestern Med Ctr	—	61,247	61,247
		93.000	N43DA-6-7756	Ionwerks, Inc.	—	8,941	8,941
		93.000	NORC290-040016	University of Chicago	—	140,693	140,693
		93.000	NR02795	Univ of California at Los Angeles	—	61	61
		93.000	P01A159443	University of North Carolina	—	421,674	421,674
		93.000	P01CA10445	Washington Univ in St. Louis	—	342,622	342,622
		93.000	P01DA12408	Cornell University	—	181,139	181,139
		93.000	P01HL68705	Boston University	—	42,673	42,673
		93.000	P01HL76406	University of Texas	—	14,478	14,478
		93.000	P20MD005116	Meharry Medical College	—	248,670	248,670
		93.000	P20RR11792	Meharry Medical College	—	24,316	24,316
		93.000	P30AG28748	Univ of California at Los Angeles	—	96,744	96,744
		93.000	P30ES07033	University of Washington	—	813	813
		93.000	P50CA70907	Univ of Texas Southwestern Med Ctr	—	38,062	38,062
		93.000	P50NS44283	University of Cincinnati	—	14,248	14,248
		93.000	R01AG15978	University of Toledo	—	14,302	14,302
		93.000	R01AG21094	University of Massachusetts	—	13,119	13,119
		93.000	R01A153034	University of Iowa	—	724	724
		93.000	R01CA104818	Baylor College	—	19,919	19,919
		93.000	R01CA120097	Univ of Pittsburgh Medical Ctr	—	48,312	48,312
		93.000	R01CA22677	University of Chicago	—	98,754	98,754
		93.000	R01CA98217	Ohio State University	—	105,807	105,807
		93.000	R01DA11997	University of Michigan	—	31,505	31,505
		93.000	R01DC07660	University of Kansas	—	344,618	344,618
		93.000	R01DK68261	University of Alabama	—	29,501	29,501
		93.000	R01DK69322	Emory University	—	45,007	45,007
		93.000	R01DK70219	Cincinnati Children's Hosp Rsch Fdr	—	8,099	8,099
		93.000	R01ES10041	University of Rochester	—	5,762	5,762
		93.000	R01EY016752	New York University	—	57,461	57,461
		93.000	R01GM68786	University of Massachusetts	—	12,343	12,343
		93.000	R01HD41663	Magee Christian Education Fdn	—	73,808	73,808
		93.000	R01HD47447	Dartmouth University	—	196,821	196,821
		93.000	R01HL058856	Duke University	—	135,969	135,969
		93.000	R01LM00800	H Lee Moffitt Cancer Ctr	—	16,189	16,189
		93.000	R01LM09018	Carnegie Mellon University	—	26,328	26,328
		93.000	R01MH61989	N Kline Inst of Psych Research	—	52,106	52,106
		93.000	R01MH71260	Rosalind Franklin Univ of Med	—	107,681	107,681
		93.000	R01MH77647	Oregon Health & Science Univ	—	9,781	9,781
		93.000	R01NS037912	Duke University	—	(75)	(75)
		93.000	R01NS39987	Mayo Fdn for Medical Educ	—	690	690
		93.000	R01NS42372	Univ of California at San Fran	—	23,197	23,197
		93.000	R01NS44876	Yale University	—	279	279
		93.000	R01NS48503	University of Pennsylvania	—	16,969	16,969
		93.000	R01NS49477	Univ of Cal at San Francisco	—	454,687	454,687
		93.000	R03DK69322	Emory University	—	4,396	4,396
		93.000	R21AR52710	Jackson Laboratory	—	18,889	18,889
		93.000	R21HD47463	Pennsylvania State University	—	4,916	4,916
		93.000	R25CA10220	Meharry Medical College	—	257	257
		93.000	R41DK75161	Cognosci, Inc.	—	18,305	18,305
		93.000	R42EB004789	Intuitive Surgical, Inc.	—	202,529	202,529
		93.000	R43CA107908	Spectros Corporation	—	95,308	95,308

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		93.000	R44CA086604	Creare, Inc	\$ --	8,454	8,454
		93.000	R44NS051926	Acculight Corporation	--	31,670	31,670
		93.000	S11ES14156	Mehary Medical College	--	42,490	42,490
		93.000	U01AA13513	University of Tennessee	--	227	227
		93.000	U01AA16662	Virginia Commonwealth Univ	--	21,188	21,188
		93.000	U01AI47972	University of Alabama at B'ham	--	38,384	38,384
		93.000	U01AI69918	Johns Hopkins University	--	24,280	24,280
		93.000	U01CA094986	Johns Hopkins University	--	1,384	1,384
		93.000	U01CA69856	Memorial Sloan-Kettering Canc Ctr	--	15,499	15,499
		93.000	U01DK66579	Renal Research Institute, Inc	--	94,244	94,244
		93.000	U01DK72146	Children's Hosp of Philadelphia	--	12,906	12,906
		93.000	U01DK72513	Mount Sinai School of Medicine	--	192,376	192,376
		93.000	U01EY13272	Emory University	--	6,893	6,893
		93.000	U01HG04263	University of Washington	--	29,705	29,705
		93.000	U01HL63747	Duke University	--	12,710	12,710
		93.000	U01NS38529	University of Texas	--	24,094	24,094
		93.000	U01NS45719	Mount Sinai School of Medicine	--	54,946	54,946
		93.000	U10CA76001	Duke University	--	59,749	59,749
		93.000	U10EY14231	Jaeb Center for Health Rsch Fdn	--	2,906	2,906
		93.000	U10EY14351	University of Wisconsin	--	4,877	4,877
		93.000	U24DK76169	University of Georgia	--	19,227	19,227
		93.000	U38HK00014	Mayo Fdn for Medical Educ	--	13,864	13,864
		93.000	U54CA091408	Mehary Medical College	--	(2,904)	(2,904)
		93.000	U54CA105296	Stanford University	--	119,691	119,691
		93.000	U54GM62114	University of Texas	--	(5,021)	(5,021)
		93.000	U54GM69338	Univ of California San Diego	--	614,128	614,128
		93.000	U54HD52668	Yale University	--	41,995	41,995
		93.000	U54RR19192	Mehary Medical College	--	(489)	(489)
		93.000	CA12582	John Wayne Cancer Institute	--	5,931	5,931
		93.000	R21CA125227	New York University	--	11,984	11,984
		93.000	R01HL85610	Cincinnati Children's Hosp Rsch Fdr	--	20,053	20,053
		93.000	U54RR19453	Children's National Med Ctr	--	197,553	197,553
	Total CFDA	93.000			3,893,305	7,023,097	10,916,402
	Biological Response to Environmental Health Hazards	93.113			4,505,474	--	4,505,474
	Total CFDA	93.113			4,505,474	--	4,505,474
	Applied Toxicological Research and Testing	93.114			2,005,211	--	2,005,211
	Total CFDA	93.114			2,005,211	--	2,005,211
	Oral Diseases and Disorders Research	93.121			433,360	--	433,360
	Total CFDA	93.121			433,360	--	433,360
	Human Genome Research	93.172			41,021	--	41,021
		93.172	R01HG02087	University of North Carolina	--	19,950	19,950
		93.172	HG002647	University of North Carolina	--	74,409	74,409
	Total CFDA	93.172			41,021	94,359	135,380
	Research Related to Deafness and Communication Disorders	93.173			2,518,578	--	2,518,578
	Total CFDA	93.173			2,518,578	--	2,518,578
	Telehealth Network Grants	93.211			435,597	--	435,597
	Total CFDA	93.211			435,597	--	435,597
	Research & Training in Complementary and Alternative Medicine	93.213			155,953	--	155,953
		93.213	R01AT002477		--	58,447	58,447
	Total CFDA	93.213			155,953	58,447	214,400
	Mental Health Research Grants	93.242			13,543,772	--	13,543,772
		93.242	5P50MH54156	University of Pittsburgh	--	161,502	161,502
		93.242	R01MH075041	Purdue University	--	83,490	83,490
		93.242	MH075016	University of Washington	--	15,958	15,958
		93.242	R01MH062988	University of North Carolina	--	42,482	42,482
		93.242	R01MH63852	Columbia University	--	16,295	16,295
	Total CFDA	93.242			13,543,772	319,727	13,863,499
	Alcohol Research Programs	93.273			1,140,302	--	1,140,302
	Total CFDA	93.273			1,140,302	--	1,140,302

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<u>Program</u>	<u>Federal Sponsor/Project Title</u>	<u>CFDA</u>	<u>Flow-through Award Number</u>	<u>Flow-through Entity</u>	<u>Direct</u>	<u>Flow-through</u>	<u>Total</u>
Drug Abuse Research Programs		93.279			\$ 3,416,772	—	3,416,772
			P01DA15027	University of Wisconsin	—	38,325	38,325
			R21DA019045	University of Wisconsin	—	31,438	31,438
		93.279	R01DA016903	Duke University	—	5,289	5,289
Total CFDA		93.279			3,416,772	75,052	3,491,824
Mental Health Research Career/Scientist Development Award		93.281			374,002	—	374,002
Total CFDA		93.281			374,002	—	374,002
Biomedical Imaging Research		93.286			3,877,577	—	3,877,577
		93.286	4R33EB00672	Oakland University	—	20,167	20,167
Total CFDA		93.286			3,877,577	20,167	3,897,744
Trans-NIH Research Support		93.310			76,256	—	76,256
Total CFDA		93.310			76,256	—	76,256
Nursing Research		93.361			(17)	—	(17)
Total CFDA		93.361			(17)	—	(17)
Biomedical Technology		93.371			530,687	—	530,687
		93.371	R41RR20835	Alerion Biomedical, Inc.	—	26,543	26,543
Total CFDA		93.371			530,687	26,543	557,230
Minority Biomedical Research Support		93.375			—	—	—
		93.375	R25GM64319	Meharry Medical College	—	5,488	5,488
Total CFDA		93.375			—	5,488	5,488
Research Infrastructure		93.389			6,416,483	—	6,416,483
Total CFDA		93.389			6,416,483	—	6,416,483
Cancer Cause and Prevention Research		93.393			13,736,057	—	13,736,057
		93.393	R01CA77290	A. Einstein Coll of Med Yeshiva Univ	—	(585)	(585)
		93.393	R01CA76049	Univ of Nebraska Medical Center	—	—	—
Total CFDA		93.393			13,736,057	(585)	13,735,472
Cancer Detection and Diagnosis Research		93.394			4,617,092	—	4,617,092
		93.394	R44CA115263	Pathfinder Therapeutics	—	126,583	126,583
Total CFDA		93.394			4,617,092	126,583	4,743,675
Cancer Treatment Research		93.395			3,984,557	—	3,984,557
		93.395	4046500014	Amer Coll of Radiology Imag	—	171,752	171,752
		93.395	4046750144	American Coll of Radiology	—	17,109	17,109
		93.395	U10CA31946	University of Chicago	—	54,971	54,971
		93.395	4047750033	Southwest Oncology Group	—	9,568	9,568
		93.395	U10CA98543	Childrens Oncology Group	—	49,600	49,600
		93.395	U10CA98543	Nat'l Childhood Cancer Fdn	—	51,141	51,141
		93.395	R21CA91352	Washington Univ in St Louis	—	50,422	50,422
Total CFDA		93.395			3,984,557	404,563	4,389,120
Cancer Biology Research		93.396			14,132,888	—	14,132,888
		93.396	U10CA21115	Eastern Coop Oncology Group	—	4,108	4,108
		93.396	VANOPSTS00	Eastern Coop Oncology Group	—	267,066	267,066
		93.396	5U10CA32102	Southwest Oncology Group	—	4,658	4,658
Total CFDA		93.396			14,132,888	275,832	14,408,720
Cancer Centers Support		93.397			12,057,231	—	12,057,231
Total CFDA		93.397			12,057,231	—	12,057,231
Cancer Research Manpower		93.398			911,880	—	911,880
Total CFDA		93.398			911,880	—	911,880
Cancer Research Manpower		93.399			2,746,035	—	2,746,035
		93.399	R01CA102353		—	99,943	99,943
		93.399	U01CA114641	Meharry Medical College	—	4,994	4,994
Total CFDA		93.399			2,746,035	104,937	2,850,972
Family Violence Prevention & Srvces/Grants for Battered Women's Shelter		93.671			466,482	—	466,482
Total CFDA		93.671			466,482	—	466,482

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Program	Federal Sponsor/Project Title	CFDA	Flow-through Award Number	Flow-through Entity	Direct	Flow-through	Total
Cell Biology and Biophysics Research		93.821			\$ 113	—	113
		93.821	P01GM64676	Florida State University	—	55,754	55,754
Total CFDA		93.821			113	55,754	55,867
Heart and Vascular Research		93.837			17,895,195	—	17,895,195
		93.837	U01HL72431	Meharry Medical College	—	11,575	11,575
		93.837	R01HL70938	Maine Medical Center	—	3,545	3,545
		93.837	P50HL56401	Children's Hospital of Philadelphia	—	(18,412)	(18,412)
		93.837	P01HL74940	Georgetown University	—	43,642	43,642
Total CFDA		93.837			17,895,195	40,350	17,935,545
Lung Diseases Research		93.838			8,378,618	—	8,378,618
		93.838	5U01HL64857	University of Colorado	—	54,335	54,335
		93.838	R01HL75770	Cincinnati Children's Hosp Rsrct	—	21,430	21,430
		93.838	P50HL56387	Cincinnati Children's Hosp Rsrct	—	3,022	3,022
		93.838	R42HL64530	Genex, Inc.	—	61,847	61,847
		93.838	P01HL61646	Cincinnati Children's Hosp Rsrct	—	10,022	10,022
		93.838	5R01HL61991	Cincinnati Children's Hosp Rsrct	—	14,265	14,265
		Total CFDA		93.838			8,378,618
Blood Diseases and Resources Research		93.839			7,955,858	—	7,955,858
		93.839	5K01HL67715	Meharry Medical College	—	831	831
Total CFDA		93.839			7,955,858	831	7,956,689
Arthritis, Muscularskeletal & Skin Diseases Research		93.846			3,666,857	—	3,666,857
		93.846	R01AR42659	Johns Hopkins University	—	379	379
		93.846	R21AR051945	Virginia Polytechnic Inst & State Univ	—	55,857	55,857
		93.846	1R01AR48529	University of Minnesota	—	4,344	4,344
Total CFDA		93.846			3,666,857	60,580	3,727,437
Diabetes, Endocrinology and Metabolism Research		93.847			22,110,892	—	22,110,892
		93.847	1R01DK58356-01A1	University of Minnesota	—	48,141	48,141
		93.847	N01-DK-6-2203	Case Western University	—	67,336	67,336
		93.847	4043510024	Case Western University	—	139,038	139,038
		Total CFDA		93.847			22,110,892
Digestive Diseases & Nutrition Research		93.848			8,795,396	—	8,795,396
		93.848	R01DK64592	Washington Univ in St Louis	—	81,836	81,836
Total CFDA		93.848			8,795,396	81,836	8,877,232
Kidney Diseases, Urology and Hematology		93.849			11,159,161	—	11,159,161
		93.849	P01DK65123	University of Kansas	—	635,871	635,871
		93.849	U01DK58966	Maine Medical Center	—	66,175	66,175
Total CFDA		93.849			11,159,161	702,046	11,861,207
Clinical Research Related Neurological		93.853			—	—	—
		93.853	5R01NS39587	Ntl Jewish Medical & Rrsch Ctr	12,577,456	—	12,577,456
		93.853	NS052386	St Jude Hospital	—	166,319	166,319
		93.853	P01NS26630	Duke University	—	285,725	285,725
		93.853	K08NS44298	Darmouth University	—	29,220	29,220
Total CFDA		93.853			12,577,456	481,264	13,058,720
Biological Basics Research in Neuroscience		93.854			140	—	140
		93.854	NS37912		—	(50,385)	(50,385)
		93.854	1U54NS41071	Meharry Medical College	—	83,763	83,763
Total CFDA		93.854			140	33,378	33,518
Allergy, Immunology and Transplantation		93.855			15,161,608	—	15,161,608
		93.855	U54AI57157	Duke University	—	769,094	769,094
		93.855	U19AI57229	Stanford University	—	83,490	83,490
		93.855	N01AI30053	Vaxgen, Inc.	—	10,331	10,331
Total CFDA		93.855			15,161,608	862,915	16,024,523

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Program	Federal Sponsor/Project Title	CFDA	Flow-through Award Number	Flow-through Entity	Direct	Flow-through	Total	
Microbiology and Infectious Diseases Research		93.856			\$ 1,461,069	—	1,461,069	
		93.856	U01A141530	Univ of Alabama at Birmingham	—	26,557	26,557	
		93.856	2U01A138858	Social & Scientific Systems, Inc	—	7,982	7,982	
		93.856	5U01A146747	Fred Hutchinson Cancer Rsch Ctr	—	62,763	62,763	
		93.856	U01A101018	Cornell University	—	19,819	19,819	
		93.856	U19A148231	Columbus Children's Research Inst	—	217,552	217,552	
		93.856	R01A143279	Univ of California San Francisc	—	62,767	62,767	
		93.856	N01A125462	Stanford University	—	1,148,033	1,148,033	
		93.856	4043620074	Social & Scientific Systems, Inc	—	74,035	74,035	
		93.856	5R01A140350	Miriam Hospital	—	100,108	100,108	
		93.856	R01A158828	Emory University	—	129,964	129,964	
		93.856	R01A149989	University of Virginia	—	146,644	146,644	
		93.856	4043621464	Social & Scientific Systems, Inc	—	54,030	54,030	
	Total CFDA		93.856			1,461,069	2,050,254	3,511,323
	Pharmacology, Physiology & Biological Chemistry Research		93.859			15,680,708	—	15,680,708
		93.859	R01GM66119	Scripps Research Institute	—	104,967	104,967	
		93.859	R01GM063270	New York University	—	20,884	20,884	
		93.859	R01GM068430	University of Pittsburg	—	39,390	39,390	
Total CFDA		93.859			15,680,708	165,241	15,845,949	
Genetics & Developmental Biology Research		93.862			795,318	—	795,318	
	Total CFDA		93.862		795,318	—	795,318	
Population Research		93.864			582,672	—	582,672	
		93.864	R01HD42280	University of Illinois	—	(687)	(687)	
Total CFDA		93.864			582,672	(687)	581,985	
Research For Mothers and Children		93.865			7,062,349	—	7,062,349	
		93.865	2R01HD28160	University of Virginii	—	3,173	3,173	
		93.865	5R01HD36069	Washington University	—	11,711	11,711	
		93.865	P01HD046261	University of Houston	—	557,255	557,255	
		93.865	R01HD43063	Kaiser Foundation	—	7,954	7,954	
		93.865	1P01HD46261	University of Texas	—	(9,536)	(9,536)	
		93.865	R01HD041653	Northwestern University	—	31,600	31,600	
		93.865	5U54HD33994	University of Kansas	—	155,420	155,420	
	Total CFDA		93.865			7,062,349	757,577	7,819,926
Aging Research		93.866			3,709,288	—	3,709,288	
		93.866	1R01AG19757	Duke University	—	347,487	347,487	
		93.866	R01AG24011	University of Washington	—	—	—	
		93.866	1R01AG20135	Duke University	—	80,819	80,819	
		93.866	AG21547	Duke University	—	149,694	149,694	
		93.866	R01AG24010	University of Washington	—	117,190	117,190	
		93.866	P01AG010770	Univ of California at San Franc	—	73,031	73,031	
Total CFDA		93.866			3,709,288	768,221	4,477,509	
Vision Research		93.867			6,671,525	—	6,671,525	
		93.867	EY12118	Duke University	—	299,033	299,033	
		93.867	R01EY015872	University of Massachusetts	—	(23,998)	(23,998)	
		93.867	EY10886	Tufts University	—	(7,718)	(7,718)	
		93.867	4204301753	University of Illinois	—	31,127	31,127	
		93.867	U10EY11751	Jacb Ctr for Health Rsrch Fdn, Inc.	—	37,445	37,445	
		93.867	R01EY15872	Harvard University	—	126,421	126,421	
		93.867	U10EY12118	University of Miami	—	264,458	264,458	
		93.867	1R24EY12894	Western Michigan University	—	111,059	111,059	
	Total CFDA		93.867			6,671,525	837,827	7,509,352
Medical Library Assistance		93.879			831,606	—	831,606	
	Total CFDA		93.879		831,606	—	831,606	
Resource and Manpower Dev in Environmental Health Sciences		93.894			1,438,263	—	1,438,263	
	Total CFDA		93.894		1,438,263	—	1,438,263	

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<u>Program</u>	<u>Federal Sponsor/Project Title</u>	<u>CFDA</u>	<u>Flow-through Award Number</u>	<u>Flow-through Entity</u>	<u>Direct</u>	<u>Flow-through</u>	<u>Total</u>
Senior International Fellowships		93.989			\$ 136,365	—	136,365
		93.989	U2RTW006901	Cornell University	—	48,736	48,736
	Total CFDA	93.989			136,365	48,736	185,101
	Total National Institutes of Health				242,087,012	15,899,769	257,986,781
	Total Department of Health and Human Services				246,417,136	17,778,605	264,195,741
US Agency for International Development		98.001			—	—	—
USAID Foreign Assistance for Prog Oversea		98.001	4205304753	Carana Corporation	579,081	—	579,081
		98.001	HNEA00970005900	Assoc Liaison Office for Univ Coop	—	—	—
	Total CFDA	98.001			579,081	—	579,081
Global Development Alliance		98.011			1,407,732	—	1,407,732
		98.011	DFDI00030014400	Management Systems Int'l	—	44,466	44,466
		98.011	DFDI00050022100	Management Systems Int'l	—	10,545	10,545
	Total CFDA	98.011			1,407,732	55,011	1,462,743
	Total US Agency for International Development				1,986,813	55,011	2,041,824
Department of the Interior:							
Interior		15.000			—	—	—
		15.000	4224204943	East Tennessee Childrens Hosp	—	38,050	38,050
		15.000	4224204923	Sarnoff Corporation	—	(285)	(285)
	Total CFDA	15.000			—	37,765	37,765
	Total Department of the Interior				—	37,765	37,765
U.S. Department of Justice							
Juvenile Justice and Delinquency Prevention Allocation to States		16.540			—	—	—
		16.54	4348004913	State of North Carolina	—	60,881	60,881
	Total CFDA	16.540			—	60,881	60,881
National Institute Juvenile Justice & Delinquency Prevention		16.542			172,993	—	172,993
	Total CFDA	16.542			172,993	—	172,993
Justice Research, Development & Evaluation Project		16.56			—	—	—
		16.56	4251005003	Institute of Law and Justice	—	53,048	53,048
	Total CFDA	16.56			—	53,048	53,048
	Total U.S. Department of Justice				172,993	113,929	286,922
National Aeronautics Space Administration:							
NASA Research Grants		43.000			1,508,738	—	1,508,738
		43.000	4224223533	Lockheed Martin Corporation	—	(393)	(393)
		43.000	NNL06AA29C	Georgia Institute of Technology	—	136,616	136,616
		43.000	HST-GO-10628.01-A	Space Telescope Science Inst.	—	36,868	36,868
		43.000	HST-GO-10921.01-A	Space Telescope Science Inst.	—	11,283	11,283
		43.000	HST-AR-10967.01-A	Space Telescope Science Inst.	—	13,966	13,966
		43.000	NCC2-1426	Universities Space Rsch Assoc	—	108,516	108,516
		43.000	8100000850	Lockheed Martin Corporation	—	35,069	35,069
		43.000	VAN-05-S-246	Muniz Engineering, Inc.	—	109,274	109,274
		43.000	HST-GO-10246-14-A	Space Telescope Science Inst.	—	(449)	(449)
		43.000	4206303513	College of Charleston	—	461	461
		43.000	NNA05CS29A	Univ of Southern California	—	182,890	182,890
	Total CFDA	43.000			1,508,738	634,101	2,142,839
	Total National Aeronautics Space Administration				1,508,738	634,101	2,142,839
National Endowment for the Humanities							
Promotion of the Humanities Fellowship		45.160			24,363	—	24,363
	Total CFDA	45.160			24,363	—	24,363
Promotion of the Humanities Research		45.161			373	—	373
	Total CFDA	45.161			373	—	373
	Total National Endowment for the Humanities				24,736	—	24,736

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Program	Federal Sponsor/Project Title	CFDA	Flow-through Award Number	Flow-through Entity	Direct	Flow-through	Total
National Science Foundation		47.000			\$ 637	—	637
		47.000	060 1528	University of Michigan	—	21,243	21,243
	Total CFDA	47.000			637	21,243	21,880
Engineering Grants		47.041			3,218,115	—	3,218,115
		47.041	EEC0540834 T5306692601	University of Minnesota	—	262,560	262,560
	Total CFDA	47.041			3,218,115	262,560	3,480,675
Mathematical & Physical Sciences		47.049			2,584,749	—	2,584,749
		47.049	PHY0303702	Cornell University	—	2,698	2,698
		47.049	DMS0504924	University of Maryland	—	34,679	34,679
		47.049	PHY0243614	Syracuse University	—	(7,886)	(7,886)
	Total CFDA	47.049			2,584,749	29,491	2,614,240
Geosciences		47.050			407,674	—	407,674
	Total CFDA	47.050			407,674	—	407,674
Computer and Info Sciences & Engineering		47.070			2,024,366	—	2,024,366
		47.070	CCR0225610	Univ of California, Berkley	—	795,936	795,936
		47.070	CCF0424422	Univ of California, Berkley	—	616,111	616,111
		47.070	CNS0509342	Univ of Alabama at Birmingham	—	44,068	44,068
		47.070	SA41043-10097PG	Univ of California, Berkley	—	12,440	12,440
	Total CFDA	47.070			2,024,366	1,468,555	3,492,921
Biological Sciences		47.074			1,459,976	—	1,459,976
		47.074	MCB0114653	University of Tennessee	—	—	—
	Total CFDA	47.074			1,459,976	—	1,459,976
Social, Behavioral & Economic Sciences		47.075			936,021	—	936,021
		47.075	SBE0350356	University of Minnesota	—	14,490	14,490
		47.075	SBE0542013	Univ of California San Diego	—	27,601	27,601
	Total CFDA	47.075			936,021	42,091	978,112
Educational and Human Resources		47.076			2,036,229	—	2,036,229
		47.076	ESI0119732	University of Wisconsin	—	18,846	18,846
		47.076	EPS0336647	University of Tennessee	—	6,217	6,217
		47.076	EHR0227016	University of Wisconsin	—	56,372	56,372
		47.076	ESI0454754	University of Massachusetts	—	62,101	62,101
		47.076	ESI0227592	University of Wisconsin	—	31,226	31,226
		47.076	EHR0456995	Cosmos Corporation	—	55,857	55,857
	Total CFDA	47.076			2,036,229	230,619	2,266,848
Polar Programs		47.078			1,836	—	1,836
		47.078	2505500001005	Northern Illinois University	—	364	364
	Total CFDA	47.078			1,836	364	2,200
	Total National Science Foundation				12,669,603	2,054,923	14,724,526
Homeland Security		97.002			—	—	—
Research Projects		97.002	INDEX 5-39181	University of Memphis	—	53,664	53,664
	Total CFDA	97.002			—	53,664	53,664
	Total Homeland Security				—	53,664	53,664
U.S. Department of Transportation		20.108			184,626	—	184,626
Aviation Research Grants		20.108			184,626	—	184,626
	Total CFDA	20.108			184,626	—	184,626
Highway Planning and Construction		20.205			—	—	—
		20.205	DTFH61-98-X-00095	University of New Hampshire	—	(3,875)	(3,875)
		20.205	FA-06-16691-00	TN Dept of Transportation	—	135,321	135,321
		20.205	FA-06-16701-00	TN Dept of Transportation	—	186,104	186,104
	Total CFDA	20.205			—	317,550	317,550
Federal Transit Grants for Universities		20.502			—	—	—
		20.502	DTRS95G0004	University of Tennessee	—	4,700	4,700
	Total CFDA	20.502			—	4,700	4,700

VANDERBILT UNIVERSITY
Schedule of Expenditures of Federal Awards
Year ended June 30, 2007

Program	Federal Sponsor/Project Title	CFDA	Flow-through Award Number	Flow-through Entity	Direct	Flow-through	Total
	University Transportation Centers Program	20.701			\$ —	—	—
		20.701	DTRT06G0042	University of Tennessee	—	20,303	20,303
	Total CFDA	20.701			—	20,303	20,303
	Total U.S. Department of Transportation				184,626	342,553	527,179
	Tennessee Valley Authority				—	—	—
	TVA Environmental Research Center	62.001			211,482	—	211,482
	Total CFDA	62.001			211,482	—	211,482
	Total Tennessee Valley Authority				211,482	—	211,482
	Veteran Affairs				—	—	—
	Veteran Affairs	64.000			266,404	—	266,404
	Total CFDA	64.000			266,404	—	266,404
	Total Veteran Affairs				266,404	—	266,404
	Total Research				293,089,530	31,277,665	324,367,195
Student Financial Aid							
	U.S. Department of Education				—	—	—
	Federal Supplemental ED Opportunity Grants	84.007			1,200,393	—	1,200,393
	Total CFDA	84.007			1,200,393	—	1,200,393
	*Federal Family Education Loan Program – School as Lendor	84.032			37,354	—	37,354
	Federal Family Education Loan Program – Outside Lendors	84.032			76,463,324	—	76,463,324
	Total CFDA	84.032			76,500,678	—	76,500,678
	Federal Work-Study Program	84.033			1,196,521	—	1,196,521
	Total CFDA	84.033			1,196,521	—	1,196,521
	Federal Perkins Loan Program	84.038			2,772,053	—	2,772,053
	Total CFDA	84.038			2,772,053	—	2,772,053
	Federal Pell Grant Program	84.063			1,978,863	—	1,978,863
	Total CFDA	84.063			1,978,863	—	1,978,863
	Academic Competitiveness Grants	84.375			184,500	—	184,500
	Total CFDA	84.375			184,500	—	184,500
	National Science & Mathematics Access to Retain Talent Grants	84.376			292,000	—	292,000
	Total CFDA	84.376			292,000	—	292,000
	Total U.S. Department of Education				84,125,008	—	84,125,008
	U.S. Department of Health & Human Services:						
	Nurse Faculty Loan Program	93.264			75,325	—	75,325
	Total CFDA	93.264			75,325	—	75,325
	Nursing Student Loan Program	93.364			243,500	—	243,500
	Total CFDA	93.264			243,500	—	243,500
	Total Department of Health and Human Services				318,825	—	318,825
	Total Student Financial Aid				84,443,833	—	84,443,833
Other							
	*Spec Ed – Personnel Prep to Improve Svcs for Disabled Children	84.325			3,457,554	—	3,457,554
		84.325	4262332893	Pennsylvania College of Optometry	—	82,413	82,413
	Total CFDA	84.325			3,457,554	82,413	3,539,967
	*Cancer Research Manpower	93.398			3,453,069	—	3,453,069
	Total CFDA	93.398			3,453,069	—	3,453,069
	Pharmacology, Physiology & Biological Chemistry Research	93.859			3,058,054	—	3,058,054
	Total CFDA	93.859			3,058,054	—	3,058,054

VANDERBILT UNIVERSITY
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Year ended June 30, 2007

Program	Federal Sponsor/Project Title	CFDA	Flow-through Award Number	Flow-through Entity	Direct	Flow-through	Total
Type B: Other							
	U.S. Department of Agriculture Child and Adult Care Food Program	10.558 10.558	34764499001	TN Dept of Human Services	\$ — —	— 39,911	— 39,911
	Total CFDA	10.558			—	39,911	39,911
	Total U.S. Department of Agriculture				—	39,911	39,911
	Corporation For National Service	94.000			—	—	—
	Total CFDA	94.000			41,703	—	41,703
	Learn & Serve America Higher Education	94.005			—	—	—
	Total CFDA	94.005			120,703	—	120,703
	Americorps	94.006			—	—	—
	94.006 GR-04-15902-00			TN Department of Finance	—	(323)	(323)
	94.006 06 AC67098			TN Department of Finance	—	134,605	134,605
	94.006 04 AC40525			TN Department of Finance	—	22,795	22,795
	Total CFDA	94.006			—	157,077	157,077
	Training and Technical Assistance	94.009			—	—	—
	94.009 Z-04019889-00			TN Department of Finance	—	(14)	(14)
	94.009 4081105294			TN Department of Finance	—	2,625	2,625
	Total CFDA	94.009			—	2,611	2,611
	Total Corporation For National Service				162,406	159,688	322,094
	U.S. Department of Defense: Army	12.000			—	—	—
	Total CFDA	12.000			625,058	—	625,058
	Military Medical Research & Development	12.420			—	—	—
	12.420 4064534013			Meharry Medical College	—	1,935	1,935
	Total CFDA	12.420			—	1,935	1,935
	Basic Scientific Research	12.431			—	—	—
	Total CFDA	12.431			41,294	—	41,294
	Total Army				666,352	1,935	668,287
	Total U.S. Department of Defense				666,352	1,935	668,287
	U.S. Department of Education Department of Education	84.000			—	—	—
	84.000 4205902005			Univ of California San Diego	—	11,683	11,683
	84.000 ED-06-R-0021			Westat, Inc.	—	380,149	380,149
	84.000 2-218740-02			Metro Nashville Davidson Co	—	93,492	93,492
	Total CFDA	84.000			—	485,324	485,324
	National Resource Centers & Fellowship	84.015			—	—	—
	Total CFDA	84.015			335,937	—	335,937
	Special Education Grants to States	84.027			—	—	—
	84.027 4045705163			TN Dept. of MH/DD	—	242	242
	84.027 PAVE			TN Dept. of Education	—	308,055	308,055
	84.027 4045705153			TN Dept. of Education	—	1,830	1,830
	84.027 4045705183			TN Dept. of Education	—	275,174	275,174
	84.027 GR-05-16690-00			TN Dept. of Education	—	1	1
	Total CFDA	84.027			—	585,302	585,302
	Fund for the Improvement of Postsecondary Education	84.116			—	—	—
	84.116 4207202073			Howard University	—	34,672	34,672
	Total CFDA	84.116			—	34,672	34,672

VANDERBILT UNIVERSITY
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 Year ended June 30, 2007

Program	Federal Sponsor/Project Title	CFDA	Flow-through Award Number	Flow-through Entity	Direct	Flow-through	Total
Rehabilitation Services – Vocational Rehab		84.126			\$ —	—	—
		84.126	GR-05-16271-01	TN Dept of Human Services	—	82,471	82,471
		84.126	GR-06-17179-00	TN Dept of Human Services	—	123,760	123,760
		84.126	GR-00-12686	TN Dept of Human Services	—	(6,865)	(6,865)
Total CFDA	84.126			—	199,366	199,366	
National Institute on Disability & Rehabilitation Research		84.133			—	—	—
		84.133	4224302025	University of Connecticut	—	1,133	1,133
Total CFDA	84.133			—	1,133	1,133	
Javits Fellowships		84.170			42,224	—	42,224
Total CFDA	84.170				42,224	—	42,224
Special Education Grants For Infants & Families with Disabilities		84.181			—	—	—
		84.181	4045705203	TN Dept of Education	—	2,233,817	2,233,817
		84.181	4045705173	TN Dept of Education	—	162,383	162,383
Total CFDA	84.181			—	2,396,200	2,396,200	
Safe & Drug-Free Schools & Communities		84.186			—	—	—
		84.186			—	22,203	22,203
Total CFDA	84.186			—	22,203	22,203	
Graduate Assistance In Areas Of National Need		84.200			256,210	—	256,210
Total CFDA	84.200				256,210	—	256,210
National Institute on Student Achievement		84.305			1,183,670	—	1,183,670
Total CFDA	84.305				1,183,670	—	1,183,670
Special Education – State Personnel Development		84.323			—	—	—
		84.323	GR-07-18009-00	TN Department of Education	—	209,112	209,112
		84.323	GR-06-17720-00	TN Department of Education	—	10,961	10,961
Total CFDA	84.323			—	220,073	220,073	
Special Education Research & Innovation		84.324			122,853	—	122,853
Total CFDA	84.324				122,853	—	122,853
Spec Ed – Technical Assistance & Dissemination to Improve Svcs		84.326			289,229	—	289,229
Total CFDA	84.326				289,229	—	289,229
Gaining Early Awareness & Readiness for Undergraduate Program		84.334			203,048	—	203,048
Total CFDA	84.334				203,048	—	203,048
Total U.S. Department of Education					2,433,171	3,944,273	6,377,444
U.S. Department of Energy		81.000			—	—	—
		81.000	4581004252	Krell Institute, Inc.	—	2,696	2,696
	Total CFDA	81.000			—	2,696	2,696
Office of Science Financial Assistance		81.049			10,000	—	10,000
Total CFDA	81.049				10,000	—	10,000
Total U.S. Department of Energy					10,000	2,696	12,696
U.S. Department of Health & Human Services: Centers for Medicare and Medicaid Services		93.000			—	—	—
		93.000			560,503	—	560,503
Total CFDA	93.000				560,503	—	560,503

VANDERBILT UNIVERSITY
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Year ended June 30, 2007

Program	Federal Sponsor/Project Title	CFDA	Flow-through Award Number	Flow-through Entity	Direct	Flow-through	Total
Medical Assistance Program		93.778					
		93.778	GR-04-15873-00	TN Bureau of TennCare	\$ —	(3,193)	(3,193)
		93.778	GR-07-15873-00	TN Dept of Finance & Admin	—	921,152	921,152
		93.778	GR-07-18109-00	TN Dept of Health	—	747,238	747,238
		93.778	4044255063	TN Dept of Health	—	(47)	(47)
		93.778	GR-07-18399	TN Dept of Health	—	5,221	5,221
		93.778	GR-06-16995-00	TN Dept of Health	—	(568)	(568)
		93.778	4090135013	TN Dept of Finance & Admin	—	28,103	28,103
Total CFDA		93.778			—	1,697,906	1,697,906
Total Centers for Medicare and Medicaid Services					560,503	1,697,906	2,258,409
Administration for Children and Families					—	—	—
Head Start		93.600			324,788	—	324,788
Total CFDA		93.600			324,788	—	324,788
Developmental Disabilities Basic Support		93.630			—	(1,007)	(1,007)
		93.630	GR-05-16700-00	TN Dept of MH/DD	—	1,671	1,671
		93.630	GR-06-17250-00	TN Dept of MH/DD	—	(1,442)	(1,442)
		93.630	GR-05-16699-00	TN Dept of MH/DD	—	63,484	63,484
		93.630	GR-07-18199-00	TN Dept of MH/DD	—	183,156	183,156
		93.630	GR-07-18038-00	TN Dept of MH/DD	—	8,599	8,599
		93.630	GR-07-18474-00	TN Dept of MH/DD	—	(2,720)	(2,720)
		93.630	GR-06-17252-00	TN Dept of MH/DD	—	251,741	251,741
Total CFDA		93.630			98	—	98
Developmental Disabilities Projects		93.631			—	(547)	(547)
		93.631	GR-05-16758-00	TN Dept of MH/DD	—	(547)	(547)
Total CFDA		93.631			98	(547)	(449)
Total Administration for Children and Families					324,886	251,194	576,080
Agency for Healthcare Research and Quality					—	—	—
National Research Service Awards Health		93.225			160,269	—	160,269
Total CFDA		93.225			160,269	—	160,269
Research on Healthcare Costs, Quality & Outcomes		93.226			168	—	168
Total CFDA		93.226			168	—	168
Centers for Disease Control & Prevention		93.283			—	—	—
		93.283	4047855013;4047855014;4047855034		—	1,648,345	1,648,345
Total CFDA		93.283			—	1,648,345	1,648,345
Total Agency for Healthcare Research and Quality					160,437	1,648,345	1,808,782
Substance Abuse and Mental Health Services Administration					—	—	—
Projects of Regional & National Significance		93.243			74,633	—	74,633
Total CFDA		93.243			74,633	—	74,633
Total Substance Abuse & Mental Health Services Admin					74,633	—	74,633
Center for Disease Control		93.000			—	—	—
		93.000	200200200593	Oak Ridge Assoc Universities	—	4,250	4,250
Total CFDA		93.000			—	4,250	4,250
Injury Prevention and Control Research		93.136			—	—	—
		93.136	4045785034	TN Department of Health	—	19,752	19,752
Total CFDA		93.136			—	19,752	19,752
CDC and Prevention – Investigations and Technical Assistance		93.283			—	—	—
		93.283	U50CCU422173	Matthew Walker Comp Health Ctr	—	62,469	62,469
Total CFDA		93.283			—	62,469	62,469
Preventative Health & Health Services Block		93.991			—	—	—
		93.991	GR-04-15889-00	TN Department of Health	—	619,365	619,365
Total CFDA		93.991			—	619,365	619,365
Total Center for Disease Control					—	705,836	705,836

VANDERBILT UNIVERSITY
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Program	Federal Sponsor/Project Title	CFDA	Flow-through Award Number	Flow-through Entity	Direct	Flow-through	Total
Health Resource Services Administration		93.000			\$ 41,637	—	41,637
		93.000	D36HP10050	Meharry Medical College	—	(1,588)	(1,588)
		93.000	H33MC068841	TN MH/DD	—	49,678	49,678
	Total CFDA	93.000			41,637	48,090	89,727
Public Health & Social Services Emergency Fund		93.003				(850)	(850)
		93.003	Z-04-019660-00	TN Department of Health		1,701	1,701
		93.003	4016015024	TN Department of Health		64,410	64,410
		93.003	4016015044	TN Department of Health		128,397	128,397
		93.003	GR-05-16617-00	TN Department of Health		185,305	185,305
		93.003	4096015034	TN Department of Health		134,465	134,465
		93.003	GR-05-16692-00	TN Department of Health		42,874	42,874
	Total CFDA	93.003			—	556,302	556,302
Medical Reserve Corps Small Grant Program		93.008			26,923	—	26,923
	Total CFDA	93.008			26,923	—	26,923
Mental Health Planning and Demo Projects		93.110			532,916	—	532,916
		93.11	H84MC00004	Tennessee Disability Coalition	—	20,692	20,692
	Total CFDA	93.110			532,916	20,692	553,608
Emergency Medical Services for Children		93.127			—	—	—
		93.127	GR-06-17942	TN Department of MH/DD	—	105,538	105,538
		93.127	4045785493	TN Department of Health	—	(6,892)	(6,892)
	Total CFDA	93.127			—	98,646	98,646
Advanced Education Nursing Grant Program		93.247			1,015,292	—	1,015,292
		93.247	1D31HP80004	Meharry Medical College	—	(133)	(133)
	Total CFDA	93.247			1,015,292	(133)	1,015,159
National Poison Control Systems Stabilization		93.253			411,401	—	411,401
	Total CFDA	93.253			411,401	—	411,401
Professional Nurse Traineeships		93.358			203,085	—	203,085
	Total CFDA	93.358			203,085	—	203,085
Basic Nurse Education & Practice Grants		93.359			794,860	—	794,860
	Total CFDA	93.359			794,860	—	794,860
Maternal and Child Health Services Block		93.994			—	—	—
		93.994	4045905413	TN Department of MH/DD	—	810,567	810,567
		93.994	4045905393	TN Department of MH/DD	—	153	153
	Total CFDA	93.994			—	810,720	810,720
Bioterrorism Training and Curriculum Development Program		93.996			912	—	912
	Total CFDA	93.996			912	—	912
	Total Health Resource Services Administration				3,027,026	1,534,317	4,561,343
National Institutes of Health		93.000			155,375	—	155,375
		93.000	U10CA76001	Duke University	—	2,575	2,575
		93.000	R25CA102209	Meharry Medical Center	—	14,206	14,206
		93.000	4047855054	TN Department of Health	—	(11,098)	(11,098)
		93.000	EY14231	Jaeb Ctr for Health Rsch Fdn	—	(3)	(3)
		93.000	PO#184382	Batelle Memorial Institute	—	199,936	199,936
	Total CFDA	93.000			155,375	205,616	360,991
Biological Response to Environment Health		93.113			6,509	—	6,509
	Total CFDA	93.113			6,509	—	6,509

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<u>Program</u>	<u>Federal Sponsor/Project Title</u>	<u>CFDA</u>	<u>Flow-through Award Number</u>	<u>Flow-through Entity</u>	<u>Direct</u>	<u>Flow-through</u>	<u>Total</u>
	Research Related To Deafness and Communication Disorders	93.173			\$ 51,857	—	51,857
	Total CFDA	93.173			51,857	—	51,857
	Mental Health Research Grants	93.242			492,281	—	492,281
	Total CFDA	93.242	P20MH068666	University of Georgia	—	2,943	2,943
	Alcohol National research Service Awards	93.272			46,900	—	46,900
	Total CFDA	93.272			46,900	—	46,900
	Drug Abuse National Research Service Awd	93.278			142,412	—	142,412
	Total CFDA	93.278			142,412	—	142,412
	Drug Abuse Research Programs	93.279			61,100	—	61,100
	Total CFDA	93.279			61,100	—	61,100
	Mental Health Research Career/Scientist Development Awards	93.281			135,654	—	135,654
	Total CFDA	93.281			135,654	—	135,654
	Mental Health National Research Service Awards	93.282			1,347,701	—	1,347,701
	Total CFDA	93.282			1,347,701	—	1,347,701
	Ctrs for Disease Control & Prevention	93.283			—	—	—
	Total CFDA	93.283	U50CCU422173	M Walker Comp Hlth Ctr, Inc.	—	115,160	115,160
	Biomedical Imaging Research	93.286			558,515	—	558,515
	Total CFDA	93.286			558,515	—	558,515
	Nursing Research	93.361			50,047	—	50,047
	Total CFDA	93.361			50,047	—	50,047
	Minority Biomedical Research Support	93.375			72,488	—	72,488
	Total CFDA	93.375			72,488	—	72,488
	Research Infrastructure	93.389			1,436,131	—	1,436,131
	Total CFDA	93.389			1,436,131	—	1,436,131
	Family Violence Prevention & Services/Grants for Battered Women	93.671			3,463	—	3,463
	Total CFDA	93.671			3,463	—	3,463
	Cell Biology and Biophysics Research	93.821			221,235	—	221,235
	Total CFDA	93.821			221,235	—	221,235
	Heart and Vascular Diseases Research	93.837			1,626,480	—	1,626,480
	Total CFDA	93.837	K01HL76623	Meharry Medical College	—	8,258	8,258
	Lung Diseases Research	93.838			379,951	—	379,951
	Total CFDA	93.838			379,951	—	379,951
	Blood Diseases and Resources Research	93.839			467,945	—	467,945
	Total CFDA	93.839			467,945	—	467,945
	Arthritis, Muscularskeletal & Skin	93.846			405,662	—	405,662
	Total CFDA	93.846			405,662	—	405,662
	Diabetes, Endocrinology and Metabolism Research	93.847			1,337,624	—	1,337,624
	Total CFDA	93.847			1,337,624	—	1,337,624
	Digestive Diseases & Nutrition Research	93.848			266,524	—	266,524
	Total CFDA	93.848			266,524	—	266,524
	Kidney Diseases, Urology and Hematology	93.849			241,961	—	241,961
	Total CFDA	93.849			241,961	—	241,961

VANDERBILT UNIVERSITY
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Program	Federal Sponsor/Project Title	CFDA	Flow-through Award Number	Flow-through Entity	Direct	Flow-through	Total
Clinical Research Related Neurological Disorders		93.853			\$ 575,783	—	575,783
Total CFDA		93.853			575,783	—	575,783
Allergy, Immunology and Transplantation		93.855			1,030,059	—	1,030,059
Total CFDA		93.855			1,030,059	—	1,030,059
Microbiology and Infectious Diseases Research		93.856			213,843	—	213,843
		93.856	4045980423 N01AI24562	University of North Carolina Stanford University	—	1,078	1,078
					—	323,331	323,331
Total CFDA		93.856			213,843	324,409	538,252
Population Research		93.864			9,084	—	9,084
Total CFDA		93.864			9,084	—	9,084
Research For Mothers and Children		93.865			759,433	—	759,433
		93.865	T32HD44328	Stanford University	—	228,332	228,332
Total CFDA		93.865			759,433	228,332	987,765
Aging Research		93.866			161,391	—	161,391
Total CFDA		93.866			161,391	—	161,391
Vision Research		93.867			432,017	—	432,017
Total CFDA		93.867			432,017	—	432,017
Medical Library Assistance		93.879			701,885	—	701,885
Total CFDA		93.879			701,885	—	701,885
Resource and Manpower Dev in Environmental Health Sciences		93.894			557,805	—	557,805
Total CFDA		93.894			557,805	—	557,805
Senior International Fellowships		93.989			583,806	—	583,806
		93.989	R25TW07766 2D43TW00018	Meharry Medical College Cornell University	—	5,929	5,929
					—	89,441	89,441
Total CFDA		93.989			583,806	95,370	679,176
Total National Institutes of Health					14,532,921	980,088	15,513,009
Total U.S. Department of Health & Human Services					18,680,406	6,817,686	25,498,092
National Aeronautics Space Administration							—
NASA Grants		43.000			624,933	—	624,933
		43.000	4206303502	United Negro College Fund, Inc	—	8,500	8,500
		43.000	4206303503	Fisk University	—	12,830	12,830
		43.000	HST-EO-10246-17-A	Space Telescope Science Institute	—	8,166	8,166
		43.000	HST-EO-10628.04-A	Space Telescope Science Institute	—	36,210	36,210
Total CFDA		43.000			624,933	65,706	690,639
Total National Aeronautics Space Administration					624,933	65,706	690,639
National Foundation for the Arts and Humanities							—
National Endowment For The Humanities							—
Promotion of The Humanities Division of Preservation and Access		45.149			97,542	—	97,542
Total CFDA		45.149			97,542	—	97,542
Promotion of The Humanities Educ: Collabora		45.161			—	—	—
		45.161	8502-86884	John Hopkins University	—	(682)	(682)
Total CFDA		45.161			—	(682)	(682)
Total National Endowment for the Humanities					97,542	(682)	96,860
Institute of Museum Services							—
Institute of Museum and Library Services		45.313			13,621	—	13,621
Total CFDA		45.313			13,621	—	13,621
Total Institute of Museum Services					13,621	—	13,621
Total National Foundation for the Arts and Humanities					111,163	(682)	110,481

VANDERBILT UNIVERSITY
Schedule of Expenditures of Federal Awards
Year ended June 30, 2007

Program	Federal Sponsor/Project Title	CFDA	Flow-through Award Number	Flow-through Entity	Direct	Flow-through	Total
National Science Foundation					\$ —	—	—
Graduate Research Fellowships		47.009			(65)	—	(65)
Total CFDA		47.009			(65)	—	(65)
Engineering Grants		47.041			353,559	—	353,559
		47.041	8602-55014	Johns Hopkins University	—	2,847	2,847
Total CFDA		47.041			353,559	2,847	356,406
Mathematical & Physical Sciences		47.049			565,148	—	565,148
		47.049	PO#569756	Fermi Nat'l Accelerator Lab	—	975	975
		47.049	PHY0207072	University of Notre Dame	—	3,600	3,600
		47.049	PO#560435	Fermi Nat'l Accelerator Lab	—	(45)	(45)
Total CFDA		47.049			565,148	4,530	569,678
Geosciences		47.050			1,212	—	1,212
Total CFDA		47.050			1,212	—	1,212
Computer and Info Sciences & Engineering		47.070			50,244	—	50,244
		47.070	CCR0225610	University of California Berkeley	—	9,750	9,750
Total CFDA		47.070			50,244	9,750	59,994
Biological Sciences		47.074			7,664	—	7,664
Total CFDA		47.074			7,664	—	7,664
Social, Behavioral and Economic Sciences		47.075			76,117	—	76,117
		47.075	968264	University of Washington	—	13,064	13,064
Total CFDA		47.075			76,117	13,064	89,181
Educational and Human Resources		47.076			1,471,376	—	1,471,376
		47.076	HRD0217629-VU-01	Tennessee State University	—	49,161	49,161
		47.076	4224303353	Tennessee State University	—	—	—
Total CFDA		47.076			1,471,376	49,161	1,520,537
Total National Science Foundation					2,525,255	79,352	2,604,607
Council of Economic Advisors					—	—	—
Intergovernmental Personnel Act Mobility		27.011			112,819	—	112,819
Total CFDA		27.011			112,819	—	112,819
Total Council of Economic Advisors					112,819	—	112,819
U.S. Department of Transportation					—	—	—
Highway Training and Education		20.215			73,389	—	73,389
Total CFDA		20.215			73,389	—	73,389
Total U.S. Department of Transportation					73,389	—	73,389
Tennessee Valley Authority					—	—	—
TVA Environmental Research Center		62.001			75,900	—	75,900
Total CFDA		62.001			75,900	—	75,900
Total Tennessee Valley Authority					75,900	—	75,900
Other Federal Agencies					—	—	—
Homeland Security		99.000			—	—	—
		99.000	4060800023; 0033, 0043	Battelle Memorial Institute	—	136,000	136,000
Total CFDA		99.000			—	136,000	136,000
Total Other Federal Agencies					—	136,000	136,000
Total Other					25,475,794	11,246,565	36,722,359
Total Federal Awards					\$ 412,977,834	42,606,643	455,584,477

The accompanying notes are an integral part of the schedule.

See accompanying independent auditors' report on supplementary information.

*Indicates major program.

THE VANDERBILT UNIVERSITY

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2007

(1) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards summarizes the expenditures of The Vanderbilt University (the University) under federal programs for the year ended June 30, 2007. Because the schedule presents only a selected portion of the operations of the University, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of the University.

For purposes of the Schedule of Expenditures of Federal Awards, federal awards include all grants, contracts, and similar agreements entered into directly between the University and agencies and departments of the federal government and all subawards to the University by nonfederal organizations pursuant to federal grants, contracts, and similar agreements. The awards are classified into Type A and Type B programs in accordance with the provisions of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Clustered award categories are as follows:

Research and Development – Includes awards for systematic study directed toward fuller scientific knowledge or understanding of the subject studied, and are funded primarily by The National Institutes of Health.

Student Financial Aid – Includes certain awards to provide financial assistance to eligible students, primarily under the Federal Work-Study Program (FWS), Scholarship Program for Students of Exceptional Financial Need (EFN), Federal Pell Grant, and Federal Supplemental Educational Opportunity Grant (FSEOG) of the U.S. Departments of Education and Health and Human Services. The University also receives awards to make loans to eligible students under certain federal student loan programs (Federal Perkins Loan, Health Profession Student Loan, Primary Care Loan, Federal Student Nursing Loan and Loans to Disadvantaged Students). Guaranteed Loans (Stafford, Unsubsidized Stafford, Parent Loans for Undergraduate Students, and Graduate PLUS Loans) are issued to eligible students of the University or their parents by various financial institutions. Current year loan disbursements for these loan programs are included in the federal expenditures in the Schedule of Expenditures of Federal Awards (see note 3).

(2) Summary of Significant Accounting Policies for the Schedule

For purposes of the Schedule of Expenditures of Federal Awards, expenditures for federal programs are recognized on the accrual basis of accounting.

Expenditures for federal student financial aid programs are recognized as incurred and include Federal Pell program grants to students, the federal share of students' FSEOG program grants, FWS program earnings, loans to students under federally guaranteed programs and certain other federal financial assistance grants for students and administrative cost allowances, where applicable.

Expenditures for other federal awards of the University are determined using the cost accounting principles and procedures set forth in OMB Circular A-21, *Cost Principles for Educational Institutions*. Under these cost principles, certain expenditures are not allowable or are limited as to reimbursement.

Expenditures for nonfinancial aid awards include indirect costs. Indirect costs allocated to such awards for the year ended June 30, 2007 were based on predetermined fixed rates negotiated with the University's

THE VANDERBILT UNIVERSITY

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2007

cognizant federal agency, the U.S. Department of Health and Human Services. Indirect costs and recoveries of those costs under sponsored programs are classified as unrestricted expenditures and revenues, respectively, in the University's financial statements.

Negative balances represent programs with unfunded expenditures prior to normal close-out procedures, which were subsequently cost-shared or transferred to nonfederal cost centers.

(3) Federal Student Financial Assistance Programs

Federal student financial assistance made available by the University to eligible students or utilized by the University for allowable administrative expenses under grant, work-study and student loan programs and guaranteed loans offered to students of the University or their parents by financial institutions during the year ended June 30, 2007 are summarized as follows:

Grant and work-study based programs:

FWS	\$	1,196,521
Pell		1,978,863
FSEOG		1,200,393
Academic Competitiveness Grants		184,500
National Science and Mathematics Access to Retain Talent Grants		292,000
Total	\$	<u>4,852,277</u>

Direct loans disbursed:

Federal Perkins	\$	2,772,053
Health Profession Student Loan		—
Primary Care Loan		—
Federal Nursing Student Loan		243,500
Nurse Faculty Loan Program		75,325
Loans for Disadvantaged Students		—
Total	\$	<u>3,090,878</u>

Guaranteed loans disbursed:

Federal Subsidized Stafford	\$	19,952,945
Federal Unsubsidized Stafford		24,073,355
Federal Parent Loans for Undergraduate Students		8,689,379
Federal Graduate PLUS Loans		23,784,999
Total	\$	<u>76,500,678</u>

THE VANDERBILT UNIVERSITY

Notes to Schedule of Expenditures of Federal Awards and State of Tennessee Grant Activity

Year ended June 30, 2007

The Perkins, Health Profession Student Loan (HPSL), Primary Care Loan (PCL), Nursing Student Loan (NSL), Nursing Faculty Loan Program (NFLP) and Loans for Disadvantaged Students (LDS) programs are administered directly by the University and balances and transactions relating to these programs are included in the loan funds of the University's financial statements. Balances of loans outstanding at June 30, 2007 are as follows:

Perkins	\$	14,653,797
HPSL		321,642
PCL		274,060
NSL		1,293,781
NFLP		437,178
LDS		<u>1,369</u>
	\$	<u>16,981,827</u>

The University is responsible for the performance of certain administrative duties with respect to the guaranteed loan programs. It is not practical to determine the balance of loans outstanding to students and former students of the University under these programs for the year ended June 30, 2007. These loans are not included in the University's consolidated financial statements.



KPMG LLP
1900 Nashville City Center
511 Union Street
Nashville, TN 37219-1735

**Report 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***

Board of Trust
The Vanderbilt University:

We have audited the consolidated financial statements of The Vanderbilt University and subsidiaries (Vanderbilt) as of and for the year ended June 30, 2007, and have issued our report thereon dated September 28, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Vanderbilt'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 Vanderbilt's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Vanderbilt's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control over financial reporting. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs (Finding 2007-01) to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.



Compliance and Other Matters

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

We noted certain matters that we reported to management of Vanderbilt in a separate letter dated September 28, 2007.

Vanderbilt's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Vanderbilt's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Trust, the audit committee, management, the U.S. Department of Health and Human Services, and other legislative or regulatory bodies governing the federal funds received by The Vanderbilt University and subsidiaries and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

September 28, 2007



KPMG LLP
1900 Nashville City Center
511 Union Street
Nashville, TN 37219-1735

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

Board of Trust
The Vanderbilt University:

Compliance

We have audited the compliance of The Vanderbilt University and subsidiaries (Vanderbilt) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. Vanderbilt's major federal programs are identified in the summary of auditors' 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 Vanderbilt's management. Our responsibility is to express an opinion on Vanderbilt's compliance based on our audit.

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

In our opinion, Vanderbilt complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of Vanderbilt is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Vanderbilt'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 purposes 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 Vanderbilt's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program



on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

This report is intended solely for the information and use of the Board of Trust, the audit committee, management, the U.S. Department of Health and Human Services and other legislative or regulatory bodies governing the federal funds received by The Vanderbilt University and subsidiaries and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

December 14, 2007

THE VANDERBILT UNIVERSITY
Schedule of Findings and Questioned Costs
Year ended June 30, 2007

(1) Summary of Auditors' Results

- (a) The type of report issued on the consolidated financial statements: **Unqualified opinion**
- (b) Significant deficiencies in internal control were disclosed by the audit of the consolidated financial statements: **Yes – see note (2) below.**

Material weaknesses: **None**

- (c) Noncompliance which is material to the consolidated financial statements: **None**
- (d) Significant deficiencies in internal control over major programs: **None**

Material weaknesses: **None**

- (e) The type of report issued on compliance for major programs: **Unqualified opinion**
- (f) Any audit findings which are required to be reported under Section .510(a) of OMB Circular A-133: **None**
- (g) Major programs:

CFDA#	Grantor	Program
Various 84.325	Various Department of Education	Research and Development Cluster Personnel Preparation to Improve Services and Results for Children with Disabilities
93.398	Department of Health and Human Services	Cancer Research Manpower
84.032	Department of Education	Federal Family Education Loan Program (School lending activities)

- (h) Dollar threshold used to distinguish between Type A and Type B programs: **\$3,000,000**
- (i) Auditee qualified as a low-risk auditee under Section .530 of OMB Circular A-133: **Yes**

(2) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*

Significant Deficiency

Finding 2007-01: Recording of Deferred Revenue

As part of the fiscal year 2007 closing process, Vanderbilt performed various analytical and other procedures on a number of account balances. During the process of performing these procedures, Vanderbilt determined that approximately \$29.2 million relating to grant and contract funds had been received prior to research or other program activities being performed to earn those funds. Therefore, these amounts should have been deferred for external reporting purposes in the year the funds were received until the related expenditures had been incurred. Upon further investigation Vanderbilt determined there

THE VANDERBILT UNIVERSITY
Schedule of Findings and Questioned Costs
Year ended June 30, 2007

was a deferred revenue impact relating to several prior periods which totaled approximately \$16.1 million (\$4.4 million applicable to fiscal year 2006). The entire deferred revenue balance was recorded during the current year-end closing process with the prior year impact recorded as an other non-operating item in the current year Statement of Activities. The balance sheet is properly stated as of June 30, 2007.

Management's 2007 year end financial close procedures and controls appropriately identified deferred revenue; however, prior year procedures were deficient as they did not identify the misrecording of cash advances on grants and contracts as revenues versus deferred revenue. Management has now implemented additional procedures to identify money received as cash advances versus reimbursement for expenditures already incurred. We recommend that management continue to monitor its accounting for grant and contract advances and adapt its accounting as circumstances in reimbursement dictate.

Management's Response

Management agrees with the recommendation. Historical practices were for management to perform a reasonableness review of designated unspent revenues on an annual basis. The fiscal 2007 year end review revealed a growing trend by certain federal agencies, foundations, and corporate sponsors to advance fund sponsored contracts and grants. In light of this trend Vanderbilt's management has developed an annual process to defer the advance funding of sponsored contracts and grants.

(3) Findings and Questioned Costs Relating to Federal Awards

None.

