



THE VANDERBILT UNIVERSITY

OMB Circular A-133 Reports

Year ended June 30, 2005

EIN: 62-0476822

THE VANDERBILT UNIVERSITY

Table of Contents

	Page
Independent Auditors' Report	1
Consolidated Financial Statements	3
Additional Information:	
Schedule of Expenditures of Federal Awards	18
Notes to the Schedule of Expenditures of Federal Awards	44
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	47
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	49
Schedule of Findings and Questioned Costs	51



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Independent Auditors' Report

Board of Trust
The Vanderbilt University:

We have audited the accompanying consolidated statements of financial position of The Vanderbilt University as of June 30, 2005 and 2004, and the related consolidated statements of activities and cash flows for the years then ended. These consolidated financial statements are the responsibility of The Vanderbilt University'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 the University's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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 financial statements referred to above present fairly, in all material respects, the financial position of The Vanderbilt University as of June 30, 2005 and 2004, and the changes in its net assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 14, 2005 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 not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the consolidated financial statements. Such information has been subjected to the auditing procedures applied in 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 14, 2005



As of June 30, 2005 and 2004 (in thousands)

	2005	2004
ASSETS		
Cash and cash equivalents	\$ 217,697	\$ 186,942
Collateral under security lending agreements	324,757	254,844
Accounts receivable	230,262	228,306
Prepaid expenses and other assets	80,118	75,574
Contributions receivable	84,381	103,165
Student loans receivable	35,117	34,422
Investments	3,188,638	2,697,804
Property, plant, and equipment	1,365,177	1,250,139
Interest in trusts held by others	42,782	45,511
Total assets	\$ 5,568,929	\$ 4,876,707
LIABILITIES		
Accounts payable and accrued liabilities	\$ 260,093	\$ 187,636
Accrued payroll and withholdings	137,871	117,216
Payable under security lending agreements	324,757	254,844
Deferred revenue	48,091	36,188
Commercial paper	5,500	15,000
Actuarial liability for self-insurance	70,464	58,591
Actuarial liability for annuities payable	38,542	37,597
Government advances for student loans	15,781	15,459
Long-term debt and capital leases	780,399	594,800
Total liabilities	1,681,498	1,317,331
NET ASSETS		
Unrestricted	3,044,386	2,715,713
Temporarily restricted	175,043	221,982
Permanently restricted	668,002	621,681
Total net assets	3,887,431	3,559,376
Total liabilities and net assets	\$ 5,568,929	\$ 4,876,707

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



Consolidated Statements of ACTIVITIES

VANDERBILT

Years Ended June 30, 2005 and 2004 (in thousands)

Operating

	2005	2004
CHANGES IN UNRESTRICTED NET ASSETS		
REVENUES		
Tuition and educational fees, net	\$ 180,136	\$ 178,370
Government grants and contracts	257,241	238,597
Facilities and administrative costs recovery	92,892	87,636
Private gifts, grants, and contracts	61,919	59,500
Endowment distributions	103,849	101,910
Investment income	28,564	20,697
Health care services	1,387,235	1,187,973
Room, board, and other auxiliary services, net	73,248	71,335
Other sources	27,507	22,963
Net assets released from restrictions	16,931	9,984
Total revenues	2,229,522	1,978,965
EXPENSES		
Instruction	302,972	271,767
Research	298,996	272,241
Health care services	1,301,615	1,105,590
Academic support	93,241	89,070
Institutional support	57,403	58,752
Student services	24,936	23,769
Public service	28,056	19,382
Room, board, and other auxiliary services	91,030	89,078
Total expenses	2,198,249	1,929,649
Change in unrestricted net assets from operating activity	31,273	49,316
OTHER UNRESTRICTED ACTIVITY		
Gifts and contributions for plant	7,090	1,713
Net assets released from restrictions for plant	39,458	19,600
Donor designation changes	(521)	(3,596)
Change in appreciation, net of endowment distributions	292,307	234,262
Other non-operating activity	(40,934)	9,769
Change in unrestricted net assets from other unrestricted activity	297,400	261,748
Increase in unrestricted net assets	328,673	311,064
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
Contributions and other	3,922	62,575
Donor designation changes	(19,707)	(8,089)
Net gain on contributions receivable	5,864	9,146
Endowment distributions	2,545	2,563
Investment gains	16,826	23,652
Net assets released from restrictions	(56,389)	(29,584)
(Decrease) increase in temporarily restricted net assets	(46,939)	60,263
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS		
Contributions and other	15,725	33,595
Donor designation changes	20,228	11,685
Endowment distributions	252	175
Investment gains	10,116	8,011
Increase in permanently restricted net assets	46,321	53,466
Increase in total net assets	\$ 328,055	\$ 424,793
Net assets at beginning of year	3,559,376	3,134,583
Net assets at end of year	\$ 3,887,431	\$ 3,559,376

Non-operating

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



Years Ended June 30, 2005 and 2004 (in thousands)	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in total net assets	\$ 328,055	\$ 424,793
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	(53,396)	(63,663)
Net realized investment gains	(208,906)	(92,035)
Non-cash changes in net assets		
Net increase in unrealized appreciation	(188,380)	(242,683)
Gifts of securities other than for plant and endowment	(14,367)	(66,105)
Depreciation and amortization	105,600	93,118
Provision for bad debts	95,464	91,335
Present value adjustment on annuities payable	945	3,738
Present value adjustment on self-insurance	11,873	8,277
Net decrease in interest in trusts held by others	2,729	536
Amortization of bond discounts and premiums	(890)	184
Change in operating assets and liabilities		
Decrease (increase) in:		
Accounts receivable	(97,420)	(94,346)
Prepaid expenses and other assets	(4,544)	(5,996)
Contributions receivable	18,784	(1,131)
Increase (decrease) in:		
Non-construction accounts payable and accrued liabilities	67,794	(19,700)
Accrued payroll and withholdings	20,655	13,168
Deferred revenue	11,903	4,661
Net cash provided by operating activities	95,899	54,151
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(3,733,318)	(1,277,642)
Proceeds from the sale of investments	3,654,137	1,262,454
Acquisition of property, plant, and equipment	(221,880)	(141,367)
Disposal of property, plant, and equipment	1,242	1,129
Student loans disbursed	(6,521)	(6,278)
Principal collected on student loans	5,826	5,878
Net cash used in investing activities	(300,514)	(155,826)
CASH FLOWS FROM FINANCING ACTIVITIES		
Gifts for plant and endowment	53,396	63,663
Increase (decrease) in construction-related payables	4,663	(10,914)
Increase in government advances for student loans	322	323
Proceeds from the issuance of debt	482,860	15,000
Payments to retire or defease debt	(305,871)	(11,449)
Net cash provided by financing activities	235,370	56,623
Net increase (decrease) in cash and cash equivalents	\$ 30,755	\$ (45,052)
Cash and cash equivalents at beginning of year	186,942	231,994
Cash and cash equivalents at end of year	\$ 217,697	\$ 186,942

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



NOTES to the Consolidated Financial Statements

1. Organization

The Vanderbilt University (the University) is a privately endowed, coeducational, not-for-profit, nonsectarian institution located in Nashville, Tennessee. Founded in 1873, the University owns and operates educational and research facilities as well as a health care system. The University provides educational services to approximately 6,300 undergraduate and 5,000 graduate and professional students enrolled in its ten schools and colleges. The Chancellor and the Board of Trust, the governing board of the University, have oversight responsibility for all of the University's financial affairs.

These consolidated financial statements include the accounts of all entities in which the University has a significant financial interest and over which the University 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 the University have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America.

Based on the existence or absence of donor-imposed restrictions, the University classifies resources into three categories:

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 the University. 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.

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, maturing in 90 days or less at date of purchase, are reported at fair value.

Investments

Investments are reported at fair value, based primarily on market quotes, except for certain real estate and mortgages that are stated at cost. Fair values for certain alternative investments (primarily investments in limited partnerships) 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 the University.

The University 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 investment securities may occur to an extent that could materially affect the amounts reported in the University's financial statements.

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 non-operating unrestricted net assets unless explicit donor stipulations or law restrict their use.

Endowment Distribution Policy

The University 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 and increase the amount of return that is reinvested in the corpus of funds in order to enhance its long-term value.

Under this policy, endowment income distributions are based on a percentage of the previous three years' average calendar year-end market values. Actual endowment return earned in excess of distributions under this policy is reinvested as part of the University'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.

Other Financial Instruments

Recorded amounts for receivables, prepaid expenses and other assets, and accounts payable and accrued expenses approximate fair value.

Using market quotations for similar issues or borrowings, the University 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.

The University employs derivatives, primarily interest rate swap agreements, to manage market risk associated with outstanding 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 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 nonperformance by the counterparty. The University deals only with high quality counterparties that meet rating criteria for financial stability and creditworthiness. Additionally, the University requires the posting of collateral when amounts subject to credit risk under swap arrangements exceed specified levels.

University management also 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, the University participates in security lending to brokers. For

pledged cash and cash equivalents collateral under the control of the University, a short-term asset and liability are recorded representing the market value of such collateral.

Split-Interest Agreements and Interest in Trusts Held by Others

The University's split-interest agreements with donors consist primarily of irrevocable charitable remainder trusts, charitable gift annuities, and life income funds for which the University 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, the University 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.

The University also is the beneficiary of certain perpetual trusts held and administered by others. These trust assets are 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.

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.

The University 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.

Revenue Recognition

The University'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 the University 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 the University. If the University is

unable to award endowment distributions for financial aid in a given year, such amounts are reinvested in order to provide scholarships in future years.

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 research grants. The federal F&A costs recovery rate for on-campus research was 51.0% in fiscal 2004 and 2005. This rate increases to 52.0% in fiscal 2006, 53.0% in fiscal 2007, and 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 to actual during the year that final settlement is determined by the fiscal intermediary for each program. Health care services revenue include those of Vanderbilt's hospital and clinic operations, 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.

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.

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, and certain other non-recurring items. In accordance with the University'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 realized gains and losses on unrestricted, non-endowed investments.

The University's primary programs are instruction, research, health care, and public service. Academic and student support expenses and auxiliary services are considered integral to the delivery of these programs. Fund-raising costs are not material to the University's contributions or total program costs. Approximately 50% of gifts and private grants revenue represent transactions where University services are provided in exchange for the private grants.

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 periodic facility usage surveys. Interest expense on external debt is allocated to the activities that have most directly benefited from the debt proceeds.

Tax Status

The University is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code and is generally exempt from federal income taxes pursuant to Section 501(a) of the Code.

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.

Net unrealized gains on unrestricted, non-endowed investments were reclassified from non-operating activity to operating revenues for fiscal 2004, resulting in a revision to the change in unrestricted net assets from operating activity from \$41.2 million to \$49.3 million.

3. Accounts Receivable

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

	<u>2005</u>	<u>2004</u>
Patient care	\$ 307,109	\$ 278,157
Students, grants, and other	74,502	66,884
Accrued investment income	6,959	6,041
Accounts receivable	<u>388,570</u>	<u>351,082</u>
Less: Allowance for uncollectible accounts	<u>158,308</u>	<u>122,776</u>
Accounts receivable, net	<u>\$ 230,262</u>	<u>\$ 228,306</u>

4. Contributions Receivable

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

	2005	2004
Unconditional promises expected to be collected in:		
Less than one year	\$ 20,738	\$ 18,965
One year to five years	74,879	97,203
More than five years	1,848	1,954
Contributions receivable	97,465	118,122
Less: Unamortized discount	6,794	8,820
Allowance for uncollectible promises	6,290	6,137
Contributions receivable, net	<u>\$ 84,381</u>	<u>\$ 103,165</u>

The University's net contributions receivable include amounts due from the Ingram Charitable Fund (ICF) totaling \$38.7 million and \$45.1 million as of June 30, 2005 and 2004, respectively. The assets of the ICF primarily consist of publicly-traded Ingram Micro Inc. common stock and privately-held Ingram Industries Inc. common stock.

In addition to pledges reported as contributions receivable, the University had received bequest intentions of approximately \$141.1 million as of June 30, 2005. 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 the University.

5. Investments

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

	2005	2004
Short-term securities	\$ 277,301	\$ 129,179
Bonds	410,680	393,313
Stocks	1,040,966	1,220,446
Partnership investments	1,263,995	778,110
Mortgages	8,305	9,680
Real estate	156,283	148,493
Other	31,281	17,631
Net (payables) receivables for unsettled trades by investment managers	(173)	952
Total fair value	<u>\$ 3,188,638</u>	<u>\$ 2,697,804</u>
Total cost	<u>\$ 2,752,160</u>	<u>\$ 2,449,706</u>

Investments by net asset category as of June 30 were as follows (in thousands):

	2005	2004
Unrestricted	\$ 2,480,791	\$ 2,024,839
Temporarily restricted	136,208	153,434
Permanently restricted	571,639	519,531
Total fair value	<u>\$ 3,188,638</u>	<u>\$ 2,697,804</u>

Through an agreement with its primary investment custodian, the University participates in lending securities to brokers. Among other provisions that limit the University'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. The University receives lending fees and continues to earn interest and dividends on the loaned securities.

At June 30, 2005, investment securities with a market value of \$374.4 million were loaned to various approved brokers under this program with collateral having a total market value of \$385.0 million, including cash and cash equivalents of \$324.8 million. The cash and cash equivalents collateral held by the University's primary investment custodian and the obligation to return such collateral to security borrowers are reported as an asset and liability on the Consolidated Statements of Financial Position.

6. Investment Return

As previously noted, the University 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 2005 and 2004 were based on 4.5% of the previous three years' average calendar year-end fair values plus the use of \$11.7 million and \$8.7 million of funds functioning as endowment for operating expenses of transinstitutional initiatives in fiscal 2005 and 2004, respectively. Further, \$6.6 million and \$4.6 million of unrestricted funds functioning as endowment were utilized for capital needs of transinstitutional initiatives in fiscal 2005 and 2004, respectively. Liquidations for capital investments related to these initiatives are excluded from the following summary of endowment distributions and other investment income for the year ended June 30 (in thousands):

	2005	2004
Operating:		
Endowment distributions	\$ 103,849	\$ 101,910
Investment income	<u>28,564</u>	<u>20,697</u>
Total operating return	<u>132,413</u>	<u>122,607</u>
Non-operating:		
Unrestricted:		
Endowment appreciation utilized	(106,646)	(104,648)
Investment income	398,953	338,910
Temporarily restricted:		
Endowment distributions	2,545	2,563
Investment income	16,826	23,652
Permanently restricted:		
Endowment distributions	252	175
Investment income	<u>10,116</u>	<u>8,011</u>
Total non-operating return	<u>322,046</u>	<u>268,663</u>
Total investment return	<u>\$ 454,459</u>	<u>\$ 391,270</u>

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

	2005	2004
Net interest, dividend, and partnership income	\$ 58,293	\$ 56,552
Net realized gains from original cost	209,374	92,035
Net unrealized gains	<u>186,792</u>	<u>242,683</u>
Total investment return	<u>\$ 454,459</u>	<u>\$ 391,270</u>

7. Net Asset Components of Managed Endowment

Vanderbilt's managed endowment represents only those endowment-related net assets that are under the management control of Vanderbilt University. Gift annuities, interest in trusts held by others, and certain contributions pending transfer are not considered components of the managed endowment.

A summary of the University's managed endowment as of June 30 follows (in thousands):

	2005	2004
Unrestricted Net Assets:		
Funds functioning as endowment, at cost	\$ 1,637,322	\$ 1,513,420
Net unrealized appreciation on investments	395,673	226,000
Exclude net unrealized losses allocable to other investments	<u>4,655</u>	<u>18,098</u>
Funds functioning as endowment	<u>2,037,650</u>	<u>1,757,518</u>
Permanently Restricted Net Assets:		
True endowment	603,724	555,264
Exclude portion allocable to contributions receivable and other	<u>(43,147)</u>	<u>(47,937)</u>
Managed true endowment	<u>560,577</u>	<u>507,327</u>
Total fair value of managed endowment	<u>\$ 2,598,227</u>	<u>\$ 2,264,845</u>

8. Property, Plant, and Equipment

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

	2005	2004
Land	\$ 48,385	\$ 47,870
Buildings and improvements	1,692,707	1,541,195
Moveable equipment	532,423	494,250
Construction in progress	114,756	109,959
Property, plant, and equipment	2,388,271	2,193,274
Less: Accumulated depreciation	1,023,094	943,135
Property, plant, and equipment, net	<u>\$ 1,365,177</u>	<u>\$ 1,250,139</u>

Purchases for the library collection are not included in the foregoing since they are expensed at the time of purchase. As of June 30, 2005, the estimated replacement cost for library collections, including processing costs to properly identify, catalog, and shelve materials, exceeds \$194.8 million. For fiscal 2005 and 2004, \$0.7 million and \$0.9 million, respectively, of capitalized interest was added to construction in progress. Internally developed software costs of \$1.2 million in fiscal 2005 and \$1.4 million in fiscal 2004 were capitalized.

9. Long-Term Debt, Commercial Paper, and Capital Leases

Long-term debt consists of bonds and notes payable with scheduled final maturity dates at least one year after the original issuance date. Outstanding long-term debt, commercial paper, and capital lease obligations as of June 30 were as follows (in thousands):

	Remaining Years to Maturity	Fiscal 2005 Effective Interest Rate	Outstanding Principal	
			2005	2004
Fixed-rate long-term debt				
1996 Series A	4	5.6%	\$ 4,265	\$ 5,265
1997 Series A	14	5.4%	24,870	26,040
1998 Series A	11	5.6%	21,145	22,510
1998 Series B	24	5.0%	35,075	35,835
1998 Series C ¹	10	4.8%	19,370	20,870
2001 Series A	11	4.9%	14,700	15,705
2001 Series B ¹	18	5.0%	56,010	57,915
2005 Series B ^{1,2}	39	3.2%	277,750	—
HUD	4	3.0%	660	929
Note payable	4	7.3%	8,802	9,168
Other	14	3.0%	299	368
Total fixed-rate long-term debt			<u>462,946</u>	<u>194,605</u>
Variable-rate long-term debt				
1985 Series A ¹	—	0.9%	—	45,250
2000 Series A	26	2.0%	63,200	64,400
2000 Series B	26	2.1%	63,200	64,400
2000 Series C ¹	—	1.8%	—	90,000
2002 Series A	28	2.0%	21,730	22,075
2002 Series B ¹	—	1.6%	—	77,600
2003 Series A ¹	14	2.1%	38,040	40,155
2005 Series A	39	2.4%	113,300	—
Total variable-rate long-term debt			<u>299,470</u>	<u>403,880</u>
Par amount of long-term debt			762,416	598,485
Unamortized premium (discount)			<u>17,175</u>	<u>(3,685)</u>
Total long-term debt			779,591	594,800
Capital leases	4	3.5%	808	—
Long-term debt and capital leases			780,399	594,800
Tax-Exempt Commercial Paper, Series A and B	< 1	2.4%	5,500	15,000
Total long-term debt, commercial paper, and capital leases			<u>\$ 785,899</u>	<u>\$ 609,800</u>

¹ Issued under Master Trust Indenture structure.

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

The preceding table reflects fixed/variable allocations before the effects of interest rate swap arrangements used by the University to manage its debt portfolio. Such agreements are covered in more detail in a successive footnote.

Tax-exempt commercial paper, as well as all of the aforementioned bonds (with the exclusion 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 the University. Pursuant to loan agreements, the University'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 \$391.2 million as of June 30, 2005, 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, the University'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 University guarantee of debt service.

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

	2005	2004
Interest cost paid	\$ 25,954	\$ 19,290
Interest cost expensed	\$ 26,830	\$ 18,170
Assets held by trustees for subsequent debt service as of June 30	\$ 2,024	\$ 10,220

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

2006	\$ 14,831
2007	15,482
2008	16,522
2009	24,481
2010	16,450
Thereafter	674,650
Total	<u>\$ 762,416</u>

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. The University has agreements with remarketing agents to re-market any bonds so tendered. During fiscal 2005, the University transitioned to portfolio self-liquidity

coverage from standby bond purchase agreements to provide liquidity for the variable debt portfolio (both commercial paper and variable rate demand bonds), supplemented by a bank revolving credit agreement dedicated solely to debt portfolio liquidity.

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. At and for the year ended June 30, 2005, the University has complied with applicable covenants.

In prior fiscal years, the University defeased certain obligations by irrevocably placing assets with a trustee to pay principal and interest on the obligations as they become due. The outstanding balance of the defeased obligations was \$23.4 million as of June 30, 2005.

In January 2005, the University issued Series 2005 A and B bonds aggregating slightly more than \$391 million. The Series 2005 A revenue variable-rate bonds were issued in the amount of \$113.3 million to finance the construction, expansion, and renovation of various University facilities and related equipment, most notably Medical Research Building IV and Buttrick Hall. The Series 2005 B bonds in the face amount of \$277.75 million were initially issued as premium term put bonds with fixed rates of interest for terms of three to five years, synthetically converted to variable rate through the use of fixed-receiver swaps. New project proceeds from the 2005 B issue aggregating \$67.4 million are intended to finance construction, expansion, and renovation of various patient care facilities and related equipment.

Remaining proceeds from the Series 2005 B issue primarily were used to refund the Series 1985 A, 2000 C, and 2002 B bonds. An accounting loss of \$1.5 million for the refunding was included as a non-operating item for fiscal 2005 in the Consolidated Statements of Activities.

In fiscal 2005, the University completed a reauthorization of its existing tax-exempt commercial paper (CP) program. With this action, the authorized limit on the program was raised from \$275.0 million to \$600.0 million. The highest balance outstanding for commercial paper during fiscal 2005 was \$72.25 million with a portion of this balance providing bridge financing for bond refundings. The University also established a taxable CP program with a \$75.0 million authorization in fiscal 2005. No draws were made under the taxable CP program during the year.

10. Interest Rate Swap Arrangements

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

The fair value of interest rate swap arrangements is the estimated amount that the University would pay or receive to terminate these contracts as of the report date. The estimated cumulative fair value loss of these swap arrangements was \$45.3 million and \$6.0 million for fiscal 2005 and 2004, respectively, and is included in accounts payable and accrued expenses. Changes in the fair value for these contracts, which for fiscal 2005 and 2004 amounted to an unrealized loss of \$39.3 million and an unrealized gain of \$10.3 million, respectively, are recorded as other non-operating items in the Consolidated Statements of Activities.

Periodic net cash settlements for all agreements aggregated \$8.4 million and \$4.1 million for fiscal 2005 and 2004, respectively, and are reflected as adjustments to operating expense in the Consolidated Statements of Activities.

As of June 30, 2005, the University's adjusted debt portfolio, after taking into account the aforementioned derivatives, was approximately 79% fixed and 21% variable.

In July 2005, the University entered into additional basis swaps with a notional amount of \$150 million that have bullet maturities in July 2035. The University will receive fixed payments averaging 83.85% of the London Interbank Offered Rate (LIBOR) and will pay variable amounts based on the Bond Market Association (BMA) municipal swap index. Also in July 2005, the University entered into additional fixed receiver swaps with a notional amount of \$100 million that mature in September 2008. The University will receive fixed payments averaging 3.527% and pay variable amounts based on the BMA index. The counterparty has an option exercisable in September 2008 to extend the transaction for two additional years. If exercised, the fixed payment rate will increase to 3.75%.

Outstanding interest rate swap agreements as of June 30 were as follows (in thousands):

Origination/ Description	Settlement Provisions	Maturity	Outstanding Notional Amounts	
			2005	2004
January 2002 fixed payer swaps	University receives variable payments based on 70% of LIBOR and pays fixed amounts at a weighted average rate of 3.99%	Gradual amortization ¹ , corresponding to principal retirements for the University's Series 2000A and B bonds, with final expiration in October 2030	\$126,400	\$128,800
January 2005 fixed payer swaps	University 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 the University's Series 2005A bonds, with final expiration in October 2044	\$80,000	—
Other fiscal 2005 fixed payer swaps	University 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	—
January 2005 fixed receiver swaps	University receives fixed payments averaging 2.997% and pays variable amounts based on the BMA index	Amortization commences in April 2008, corresponding to scheduled re-marketings for the University's Series 2005B bonds, with final maturity in April 2010	\$277,750	—
March 2005 fixed receiver swaps	University receives fixed payments averaging 3.329% and pays variable amounts based on the BMA index	Bullet maturities ² in April 2008	\$100,000	—
Fiscal 2005 basis swaps	University receives payments averaging 80.5% of LIBOR and pays variable amounts based on the BMA index	Bullet maturities in July 2034	\$350,000	—

¹ Commencing in October 2012, the counterparty has 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%.

² The 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%.

11. Net Assets

The University has chosen to provide further classification information about net assets.

Unrestricted net assets are internally designated into six groups:

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

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

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

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 and losses from original cost on marketable investments. Most of the net unrealized appreciation is attributable to funds functioning as endowment.

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.

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

	2005	2004
Designated for operations	\$ 178,048	\$ 164,318
Designated gifts and grants	133,434	131,148
Designated for student loans	30,144	28,879
Funds functioning as endowment, at cost	1,637,322	1,513,420
Net unrealized appreciation on investments	395,673	226,000
Designated for plant facilities	669,765	651,948
Total unrestricted net assets	\$ 3,044,386	\$ 2,715,713

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

	2005	2004
Gifts and pledges	\$ 152,038	\$ 199,388
Interest in trusts held by others	6,824	7,582
Life income and gift annuities	16,181	15,012
Total temporarily restricted net assets	\$ 175,043	\$ 221,982

Such temporarily restricted net assets were designated for the following purposes or periods as of June 30 (in thousands):

	2005	2004
Student scholarships	\$ 762	\$ 715
Instruction	3,837	3,692
Capital improvements	11,801	19,184
Subsequent period operations and other	158,643	198,391
Total temporarily restricted net assets	\$ 175,043	\$ 221,982

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

	2005	2004
True endowment	\$ 603,724	\$ 555,264
Interest in trusts held by others	35,958	37,929
Life income and gift annuities	28,320	28,488
Total permanently restricted net assets	\$ 668,002	\$ 621,681

12. Natural Classification of Expenses

Operating expenses incurred in the fiscal years ended June 30, 2005 and 2004, were as follows (in thousands):

	2005	2004
Salaries, wages, and benefits	\$1,279,366	\$1,141,939
Services	107,144	89,661
Supplies and materials	500,950	436,080
Depreciation and amortization	105,600	93,118
Interest expense	26,830	18,170
Provision for bad debts	95,464	91,335
Utilities, operating leases, and other	82,895	59,346
Total operating expenses	<u>\$2,198,249</u>	<u>\$1,929,649</u>

13. Retirement Plans

The University'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.

The University'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 2005 and 2004 were \$35.5 million and \$32.3 million, respectively.

14. Student Financial Aid

The University 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 2005 and 2004, financial aid for tuition and educational fees of \$114.2 million and \$99.6 million was applied to gross tuition and educational fees of \$294.3 million and \$278.0 million, respectively. In fiscal 2005 and 2004, financial aid for room and board of \$14.5 million and \$12.7 million was applied to gross room and board of \$41.5 million and \$39.1 million, respectively.

Loans to students from University 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 United States government or its designees. Loan balances are net of allowances for estimated uncollectible accounts of \$3.9 million for both fiscal 2005 and 2004.

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

15. Related Parties

The University 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 2005 and 2004, the University had related party transactions approximating \$36.6 million and \$21.8 million, respectively.

16. Commitments and Contingencies

(A) *Construction.* At June 30, 2005, approximately \$108.8 million was committed for projects under construction and equipment purchases, to be financed primarily from debt proceeds.

(B) *Lease Obligations.* The University leases certain equipment and real property. These leases are classified as operating leases and have lease terms ranging up to fifteen years. Total lease expense for fiscal 2005 and 2004 was \$45.2 million and \$33.4 million, respectively. Future minimum rentals on non-cancelable operating leases with lease terms in excess of one year as of June 30, 2005, were as follows (in thousands):

2006	\$ 18,936
2007	18,643
2008	15,638
2009	14,262
2010	5,226
2011 and after	<u>1,632</u>
Total future minimum rentals	<u>\$ 74,337</u>

In conjunction with its normal business practices related to the leasing of equipment, in February 2005 and March 2004, the University established financing mechanisms via \$16.4 million and \$40.0 million, respectively, of tax-exempt bonds issued by the Health and Educational Facilities Board of the Metropolitan Government of Nashville and Davidson County, Tennessee. Payments made by the University under these financing mechanisms are reported as operating lease expense and are included in the future minimum rentals above.

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

(D) *Medical Malpractice Liability Insurance.* The University is self-insured for the first level of medical malpractice claims. The current self-insured limits are \$5.0 million per occurrence, not to exceed an annual aggregate of \$40.0 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) *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 the University's financial position.

(F) *Health Care Services Revenue.* Revenue from hospital services include amounts paid under reimbursement agreements with certain third-party payors and are 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, 2002.

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

The medical center'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 the University's financial position.

(G) *Partnership Investment Commitments.* There were \$547.4 million of commitments to venture capital, real estate, and distressed security investments as of June 30, 2005. These funds may be drawn down over the next several years upon request by the general partners. As of June 30, 2005, \$23.2 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.

(H) *McKendree Village, Inc. Debt Guaranty.* In July 1998, Vanderbilt University and McKendree Village, Inc., a not-for-profit retirement community, entered into a joint venture agreement. In September 1998, the University guaranteed payment of \$19.8 million of bond debt issued by McKendree Village. As of June 30, 2005, the balance of the guaranteed debt was \$18.6 million.

(I) *Working Capital Line of Credit.* Effective July 31, 2001, the University entered into a commitment for a \$20.0 million unsecured working capital line of credit with a major commercial bank. The term of the line of credit is one year with automatic renewals. No amounts were outstanding under this line of credit as of June 30, 2005 and 2004.

THE VANDERBILT UNIVERSITY
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2005

Program	Federal Sponsor/Project Title	CFDA	Flow-through Award Number	Flow-through Entity	Direct	Flow-through	Total
*Research							
	U.S. Department of Agriculture: Agriculture	10.000					
		10.000	4042500033	Tennessee State University	\$ —	10,843	10,843
	Total CFDA	10.000			—	10,843	10,843
	Grants for Agricultural Research	10.206			364,891	—	364,891
		10.206	2001-35102-10045	Michigan State University	—	4,895	4,895
		10.206	GEISINGER	Pennsylvania State University	—	53,410	53,410
		10.206	4224004773	University of Akron	—	48,931	48,931
	Total CFDA	10.206			364,891	107,236	472,127
	Biotechnology Risk Assessment Research	10.219					
		10.219	4204504753	Indiana University	—	56,883	56,883
	Total CFDA	10.219			—	56,883	56,883
	Total U.S. Department of Agriculture				364,891	174,962	539,853
	U.S. Department of Commerce: Measurement and Engineering Research and Standards	11.609					
	Total CFDA	11.609			6,200	—	6,200
	Total U.S. Department of Commerce				6,200	—	6,200
	U.S. Department of Defense: ARPA	12.000					
		12.000	W1033970	IBM	—	40,796	40,796
		12.000	PO#KQ5979	Boeing Company	—	206,826	206,826
	Total CFDA	12.000			—	247,622	247,622
	Basic and Applied Scientific Research	12.300					
		12.300	531-0187-01	Purdue University	—	37,443	37,443
		12.300	N000140210628	Purdue University	—	15,300	15,300
	Total CFDA	12.300			—	52,743	52,743
	Basic Scientific Research	12.431			8,268	—	8,268
	Total CFDA	12.431			8,268	—	8,268
	Air Force Defense Research Sciences Program	12.800					
		12.800	NBCHC030119	BBNT Solutions, LLC	—	29,854	29,854
	Total CFDA	12.800			—	29,854	29,854
	Research and Technology Development	12.910			148,066	—	148,066
		12.910	F3361500C1633USC/06218	University of Southern California	—	54,097	54,097
		12.910	DAAD190110509	University of California at Berkeley	—	120,542	120,542
		12.910	TT0660127	Lockheed/Martin Marietta Corp	—	173,306	173,306
	Total CFDA	12.910			148,066	347,945	496,011
	Total ARPA				156,334	678,164	834,498

THE VANDERBILT UNIVERSITY
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2005

Program	Federal Sponsor/Project Title	CFDA	Flow-through Award Number	Flow-through Entity	Direct	Flow-through	Total
	Defense Threat Reduction Agency:						
	Basic and Applied Scientific Research	12.300					
		12.300	DTRA0103D0007	BAE Systems	\$ —	193,602	193,602
	Total CFDA	12.300			—	193,602	193,602
	Total Defense Threat Reduction Agency				—	193,602	193,602
	Missile Defense Agency:						
	Basic, Applied, and Advanced Research in Science and Engineering	12.630					
		12.630	W9113M04C0097	Structured Material Industries, Inc.	—	30,629	30,629
	Total CFDA	12.630			—	30,629	30,629
	Total Missile Defense Agency				—	30,629	30,629
	Air Force						
		12.000					
		12.000	F33615-01-C-2188	Auburn University	—	1,213	1,213
		12.000	RA8750-05	University of Southern California	—	206,206	206,206
	Total CFDA	12.000			—	207,419	207,419
	Collaborative Research and Development	12.114			13,973	—	13,973
	Total CFDA	12.114			13,973	—	13,973
	Basic and Applied Scientific Research	12.300			84,890	—	84,890
	Total CFDA	12.300			84,890	—	84,890
	Basic, Applied & Advanced Research	12.630			3,042,532	—	3,042,532
		12.630	F33601-03-F-0060	Anteon Corporation	—	7,879	7,879
	Total CFDA	12.630			3,042,532	7,879	3,050,411
	Air Force Defense Research Sciences Program	12.800			2,578,822	—	2,578,822
		12.800	WHG310007	AT&T Bell Laboratories	—	2,968	2,968
		12.800	F33615C021285	BBNT Solutions, LLC	—	148,872	148,872
		12.800	F0960397D0050	NCI Information Systems	—	(14,162)	(14,162)
		12.800	F0960399D0215	NCI Information Systems	—	(12,588)	(12,588)
		12.800	4206324103	NCI Information Systems	—	2,414	2,414
		12.800	F49620-02-C-005	Tristan Technologies, Inc.	—	16,181	16,181
		12.800	F3361501C18	Lockheed Martin Corporation	—	257,440	257,440
		12.800	4206324112	Tristan Technologies, Inc.	—	1	1
	Total CFDA	12.800			2,578,822	401,126	2,979,948
	Research & Technology Development	12.910			218,599	—	218,599
		12.910	F33615-03-C-7001	DARPA	—	392,426	392,426
		12.910	F30602-02-2-0202	DARPA	—	339,253	339,253
	Total CFDA	12.910			218,599	731,679	950,278
	Total Air Force				5,938,816	1,348,103	7,286,919
	Army:						
		12.000			471,938	—	471,938
		12.000	DAMD17-02-1-0693	Wayne State University	—	11,886	11,886
		12.000	PO#G6004901	EOIR Technologies, Inc.	—	38,224	38,224
	Total CFDA	12.000			471,938	50,110	522,048

THE VANDERBILT UNIVERSITY
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2005

Program	Federal Sponsor/Project Title	CFDA	Flow-through Award Number	Flow-through Entity	Direct	Flow-through	Total
	Military Medical Research & Development	12.420			\$ 1,606,784	—	1,606,784
		12.420	DAMD17966272	Meharry Medical College	—	(796)	(796)
		12.420	DASG6002D0006	Science Applications Int'l Corp	—	59,801	59,801
		12.420	4045104003	Meharry Medical College	—	219	219
	Total CFDA	12.420			1,606,784	59,224	1,666,008
	Basic Scientific Research	12.431			1,986,458	—	1,986,458
		12.431	DASG60-02-P-0245	Physitron, Inc.	—	(45)	(45)
		12.431	DASG60-02-P-0104	Physitron, Inc.	—	(259)	(259)
		12.431	4206304023	Fisk University	—	112	112
		12.431	GS00K97AFD2197GSAFAST	US Robotech, Inc.	—	73,782	73,782
		12.431	4224234093	University of Memphis	—	12,332	12,332
		12.431	HMAOEMB060004	Boeing Company	—	269,713	269,713
	Total CFDA	12.431			1,986,458	355,635	2,342,093
	Total Army				4,065,180	464,969	4,530,149
	Navy:	12.000			19,319	—	19,319
		12.000	4224103762	Technology Management Co	—	129,020	129,020
	Total CFDA	12.000			19,319	129,020	148,339
	Basic and Applied Scientific Research	12.300			723,708	—	723,708
		12.300	N000140110616	Auburn University	—	7,918	7,918
		12.300	N000140010951	State University of New York	—	204,208	204,208
		12.300	DTRA0100C0010	DTRA	—	19,661	19,661
		12.300	N0016402D659	Mission Research	—	515,578	515,578
		12.300	SC-6599-02-1200	Mission Research	—	18,990	18,990
		12.300	4224203763	Mission Research	—	(14,709)	(14,709)
		12.300	N000140310843	Fisk University	—	17,568	17,568
		12.300	SC-6599-02-0012	Mission Research	—	103,848	103,848
		12.300	MRC-SC6599020012	Mission Research	—	(2,115)	(2,115)
		12.300	SC-0013-97-0013	Mission Research	—	(17,699)	(17,699)
		12.300	4206303853	Tristan Technologies, Inc.	—	(2,038)	(2,038)
	Total CFDA	12.300			723,708	851,210	1,574,918
	Military Medical Research & Development	12.420			12,170	—	12,170
	Total CFDA	12.420			12,170	—	12,170
	Research & Technology Development	12.910			409,963	—	409,963
		12.910	PO#DL-H-543153	Charles Stark Draper Lab	—	(53,073)	(53,073)
		12.910	DL546282	Charles Stark Draper Lab	—	745,013	745,013
		12.910	PO#DL546294	Charles Stark Draper Lab	—	101,030	101,030
		12.910	PO DL-H-551036	Charles Stark Draper Lab	—	353,795	353,795
		12.910	A-6594-S1	Georgia Institute of Technology	—	19,804	19,804
		12.910	N001403C0022	University of Southern California	—	189,998	189,998
		12.910	DL-H-546316	Charles Stark Draper Lab	—	481,325	481,325
		12.910	4224233753	Aero Tech Systems	—	1,190,152	1,190,152
	Total CFDA	12.910			409,963	3,028,044	3,438,007
	Total Navy				1,165,160	4,008,274	5,173,434

THE VANDERBILT UNIVERSITY
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2005

Program	Federal Sponsor/Project Title	CFDA	Flow-through Award Number	Flow-through Entity	Direct	Flow-through	Total
Marine Corps:							
	Basic Scientific Research	12.431					
		12.431	TO-2005-2-V	Coordinated Software Systems, LLC	\$ —	50,031	50,031
	Total CFDA	12.431			—	50,031	50,031
	Total Marine Corps				—	50,031	50,031
National Security Agency		12.000			15,925	—	15,925
	Total CFDA	12.000			15,925	—	15,925
	Total National Security Agency				15,925	—	15,925
	Total U.S. Department of Defense				11,341,415	6,773,772	18,115,187
U.S. Department of Education:							
		84.000					
		84.000	4262102323	Wayne Co TN Schools	—	155,411	155,411
		84.000	4262602993	University of Pennsylvania	—	34,364	34,364
	Total CFDA	84.000			—	189,775	189,775
National Institute on Disabilities and Rehab Research		84.133			157,458	—	157,458
	Total CFDA	84.133			157,458	—	157,458
National Institute of Student Achievement		84.305			2,547,449	—	2,547,449
		84.305	4262102443	State of Wisconsin	—	(86)	(86)
		84.305	R305U040001	MDRC	—	21,805	21,805
	Total CFDA	84.305			2,547,449	21,719	2,569,168
Special Education Research & Innovation		84.324			2,739,410	—	2,739,410
		84.324	132H731	University of Wisconsin	—	315,369	315,369
	Total CFDA	84.324			2,739,410	315,369	3,054,779
Special Education Technical Assistance & Dissemination		84.326			—	—	—
		84.326	4261002133	Harcourt, Inc.	—	63,648	63,648
	Total CFDA	84.326			—	63,648	63,648
Special Education Tech & Media Services for Disabled		84.327			71,747	—	71,747
	Total CFDA	84.327			71,747	—	71,747
National Assessment of Educational Program		84.902			20,289	—	20,289
	Total CFDA	84.902			20,289	—	20,289
Minority Outreach Project		84.920			104	—	104
	Total CFDA	84.920			104	—	104
	Total U.S. Department of Education				5,536,457	590,511	6,126,968

THE VANDERBILT UNIVERSITY
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2005

Program	Federal Sponsor/Project Title	CFDA	Flow-through Award Number	Flow-through Entity	Direct	Flow-through	Total
U.S. Department of Energy:	Energy	81.000			\$ 42,175	—	42,175
		81.000	POEP5395		—	54,439	54,439
		81.000	POEP8663		—	3,195	3,195
	Total CFDA	81.000			<u>42,175</u>	<u>57,634</u>	<u>99,809</u>
University Laboratory Cooperative Program		81.004					
		81.004	INEEL 0031328	Bechtel BWXT Idaho, LLC	—	1,578	1,578
		81.000	PO#4000036178	Battelle Memorial Institute	—	36,045	36,045
		81.000	4206304313	Tech-X Corporation	—	66,753	66,753
		81.000	12-2965	Oak Ridge Associated Universities	—	(1,667)	(1,667)
		81.004	01P0896	Southeastern Univ Research Assoc.	—	3,300	3,300
	Total CFDA	81.004			<u>—</u>	<u>106,009</u>	<u>106,009</u>
Office of Energy Research Financial Assistance		81.049			2,400,233	—	2,400,233
		81.049	4000021031/00OR22725	Battelle Memorial Institute	—	71,586	71,586
		81.049	4000007815/OR22725	Battelle Memorial Institute	—	(514)	(514)
		81.049	4000014045	Battelle Memorial Institute	—	78,857	78,857
		81.049	92656	Brookhaven	—	1,377	1,377
		81.049	4206364353	Brookhaven	—	(30,900)	(30,900)
		81.049	278573	Sandia National Laboratories	—	47,039	47,039
		81.049	PO# 31411	Sandia National Laboratories	—	35,241	35,241
		81.049	4224014263	Sandia National Laboratories	—	7,704	7,704
	Total CFDA	81.049			<u>2,400,233</u>	<u>210,390</u>	<u>2,610,623</u>
Technology Development Environmental Mgmt		81.104			14,916	—	14,916
		81.104	1198	Sandia National Laboratories	—	(2,437)	(2,437)
		81.104	229045	Sandia National Laboratories	—	112,302	112,302
		81.104	EW15336	University of Medicine & Dentistry	—	1,273,092	1,273,092
	Total CFDA	81.104			<u>14,916</u>	<u>1,382,957</u>	<u>1,397,873</u>
	Total U.S. Department of Energy				<u>2,457,324</u>	<u>1,756,990</u>	<u>4,214,314</u>
Environmental Protection Agency:	Pollution Prevention Grants Program	66.708					
		66.708	RN04-0004	Upjohn Corporation	—	40,584	40,584
		66.708	RN04-0003	Upjohn Corporation	—	13,519	13,519
		66.708	D02-0014	Upjohn Corporation	—	45	45
	Total CFDA	66.708			<u>—</u>	<u>54,148</u>	<u>54,148</u>
	Total Environmental Protection Agency				<u>—</u>	<u>54,148</u>	<u>54,148</u>
U.S. Department of Health & Human Services:	Administration for Children and Families: Head Start Program	93.600			69,117	—	69,117
	Total CFDA	93.600			<u>69,117</u>	<u>—</u>	<u>69,117</u>
	Total Administration for Children and Families				<u>69,117</u>	<u>—</u>	<u>69,117</u>

THE VANDERBILT UNIVERSITY
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2005

Program	Federal Sponsor/Project Title	CFDA	Flow-through Award Number	Flow-through Entity	Direct	Flow-through	Total
	Agency for Healthcare Research and Quality: Research on Healthcare Costs, Quality and Outcomes:	93.226			\$ 1,448,361	—	1,448,361
		93.226	1R01HS11620	University of Pittsburgh	—	7,716	7,716
		93.226	R01HS13610	University of Wisconsin	—	43,283	43,283
		93.226	5P20HS11588	Emory University	—	55,144	55,144
		93.226	5R18HS11868	Johns Hopkins University	—	8,423	8,423
	Total CFDA	93.226			1,448,361	114,566	1,562,927
	Total Agency for Healthcare Research and Quality				1,448,361	114,566	1,562,927
	Substance Abuse and Mental Health Services Administration	93.000					
		93.000	4343000883/4264600073	Westat, Inc.	—	11,428	11,428
		93.000	27020030006	Chestnut Health Systems	—	14,377	14,377
		93.000	4264600083	Westat, Inc.	—	16,909	16,909
		93.000	UDSM56111	Nat'l Ctr for Family Homelessness	—	45,555	45,555
		93.000	SP09666	Bethlehem Centers of Nashville	—	8,476	8,476
	Total CFDA	93.000			—	96,745	96,745
	Community Mental Health Services for Children	93.104					
		93.104	GR-04-15561-00	TN Dept of MH/DD	—	1,306	1,306
		93.104	GR-05-16357-00	TN Dept of MH/DD	—	230,618	230,618
	Total CFDA	93.104			—	231,924	231,924
	Consolidated Knowledge Development and Application Program	93.230			840,526	—	840,526
	Total CFDA	93.230			840,526	—	840,526
	Mental Health Research Grants	93.242					
		93.242	4262800863	Univ of California at Los Angeles	—	42,033	42,033
	Total CFDA	93.242			—	42,033	42,033
	Total Substance Abuse and Mental Health Services Admin				840,526	370,702	1,211,228
	Centers for Disease Control Acquired Immunodeficiency Syndrome (AIDS) Activity	93.118					
		93.118	AI32908	St. Jude Hospital	—	191,193	191,193
	Total CFDA	93.118			—	191,193	191,193
	Ctrs for Research & Demonstration for Health Promotion & Disease	93.135					
		93.135	U48CCU616260	University of New Mexico	—	15,118	15,118
	Total CFDA	93.135			—	15,118	15,118
	Immunization Research Demonstration	93.185			839,384	—	839,384
	Total CFDA	93.185			839,384	—	839,384
	Immunization Grants	93.268					
		93.268	U50CCU416123	TN Dept of Health	—	1,431,480	1,431,480
	Total CFDA	93.268			—	1,431,480	1,431,480

THE VANDERBILT UNIVERSITY
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2005

Program	Federal Sponsor/Project Title	CFDA	Flow-through Award Number	Flow-through Entity	Direct	Flow-through	Total
	Centers for Disease Control and Prevention Investigations	93.283					
		93.283	TS-0825	Assoc of Teachers of Prev Med	\$ —	114,259	114,259
		93.283	GR-02-15180-00	TN Dept of Health	—	(45)	(45)
		93.283	GR-03-15515-00	TN Dept of Health	—	835	835
	Total CFDA	93.283			—	115,049	115,049
	Total Centers for Disease Control				839,384	1,752,840	2,592,224
	Food and Drug Administration:						
	Food and Drug Administration Research	93.103			744,768	—	744,768
		93.103	FDA223-02-6003	CODA, Inc.	—	5,930	5,930
	Total CFDA	93.103			744,768	5,930	750,698
	Total Food and Drug Administration				744,768	5,930	750,698
	Health Resource Services Administration:						
	Coordinated HIV Services & Access to Research for Childrer	93.153			74,106	—	74,106
	Total CFDA	93.153			74,106	—	74,106
	Healthy Communities Access Program Demonstration Authority	93.890					
		93.890	CS04178-01	Meharry Medical College	—	6,671	6,671
	Total CFDA	93.890			—	6,671	6,671
	Total Health Resource Services Administration				74,106	6,671	80,777
	National Institutes of Health						
		93.000			1,259,626	—	1,259,626
		93.000	R01 HB67132	Emmes Corporation	—	701	701
		93.000	N01AI30053	Vaxgen, Inc.	—	200	200
		93.000	U54CA091408	Meharry Medical College	—	23,828	23,828
		93.000	5U10CA76001	Duke University	—	150	150
		93.000	N02CP11015	Westat, Inc.	—	(607)	(607)
		93.000	N01MH90001	University of North Carolina	—	28,892	28,892
		93.000	R01AI53034	University of Iowa	—	278	278
		93.000	K08NS44298	Dartmouth University	—	16,153	16,153
		93.000	U54RR19192-01	Meharry Medical College	—	4,326	4,326
		93.000	U01DK63385-02	State University of New York	—	(160)	(160)
		93.000	R01HD47447	Dartmouth University	—	33,811	33,811
		93.000	U01HD41655	George Washington University	—	6,000	6,000
		93.000	R01GM68786-01	University of Massachusetts	—	47,872	47,872
		93.000	U01AI01018	Cornell University	—	16,405	16,405
		93.000	5U54GM62114-03	University of Texas	—	523,370	523,370
		93.000	2U01NS38529-04	University of Texas	—	42,055	42,055
		93.000	R01NS42372	Univ of California at Los Angeles	—	52,490	52,490
		93.000	1R01MH64763-01	University of Illinois	—	(10,829)	(10,829)
		93.000	1U54GM69338	Univ of California San Diego	—	324,635	324,635
		93.000	U10CA98543	Children's Oncology Group	—	94,098	94,098
		93.000	1R25RR18490	Univ of Med & Dentistry of NJ	—	9,027	9,027
		93.000	P01HL74940	Georgetown University	—	7,773	7,773
		93.000	N01AI45250	Saint Louis University	—	55,279	55,279
		93.000	U10EY14231	Jaeb Center for Health Rsch Fdn	—	447	447
		93.000	1N01AI15444-01	Johns Hopkins University	—	152,516	152,516
		93.000	4043790234	University of Wisconsin	—	774	774
		93.000	BAA-RM-04-23	LDS Hospital	—	62,673	62,673
		93.000	U01CA69856	Memorial S Loan-Kettering Canc Ctr	—	8,552	8,552

THE VANDERBILT UNIVERSITY
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2005

Program	Federal Sponsor/Project Title	CFDA	Flow-through Award Number	Flow-through Entity	Direct	Flow-through	Total
		93.000	4046060353	Massachusetts General Hospital	\$ —	87,089	87,089
		93.000	4043790024	Eastern Cooperative Oncology	—	2,901	2,901
		93.000	4043330015	Duke University	—	287	287
		93.000	U54CA105296-01	Stanford University	—	139,611	139,611
		93.000	R01HL65234	Dartmouth University	—	93,201	93,201
		93.000	4044501144	Oregon Health & Science Univ	—	(7,806)	(7,806)
		93.000	4042740023	Duke University	—	80,032	80,032
		93.000	020911IAG153	Meharry Medical College	—	50,959	50,959
		93.000	R242EB004789	Intuitive Surgical, Inc.	—	9,644	9,644
		93.000	R44CA086604	Creare, Inc	—	58,396	58,396
		93.000	4045100094	University of Washington	—	5,578	5,578
		93.000	4045274763	University of North Carolina	—	15,223	15,223
		93.000	NORC290-040016	University of Chicago	—	111,265	111,265
		93.000	R01NS48503	University of Pennsylvania	—	11,549	11,549
		93.000	1R01CA104848-01	Baylor College	—	19,051	19,051
		93.000	R1CA80792	University of California, Berkley	—	11,453	11,453
		93.000	4045610003	Univ of Cal at San Francisc	—	3,796	3,796
		93.000	P20RR11792	Meharry Medical College	—	5,785	5,785
		93.000	4045980015	Children's National Med Ctr	—	832	832
		93.000	R44CA92827	CFD Research Corporation	—	29,640	29,640
		93.000	P01CA10445	Washington Univ in St. Louis	—	83,651	83,651
		93.000	R01DK68261	University of Alabama	—	16,498	16,498
		93.000	P50NS44283	University of Cincinnati	—	450	450
		93.000	1P20MD00516-01	Meharry Medical College	—	276,061	276,061
		93.000	U01EY13272	Emory University	—	12,747	12,747
		93.000	N01CP0100438	Research Triangle Institute	—	476	476
		93.000	U54RR19453	Children's National Med Ctr	—	124,532	124,532
		93.000	4348000203	Tufts University	—	350,649	350,649
		93.000	4224500102	Microarrays, Inc.	—	17,558	17,558
		93.000	NO1CN35153	University of Wisconsin	—	10,387	10,387
		93.000	2R01HL058856-05	Duke University	—	137,535	137,535
		93.000	P01DA12408	Cornell University	—	13,248	13,248
		93.000	4046250073	Meharry Medical College	—	(2,208)	(2,208)
		93.000	N01MH90003	Univ of Texas Southwestern Med Ctr	—	3,349	3,349
	Total CFDA	93.000			1,259,626	3,274,128	4,533,754
	Biological Response to Environmental Health Hazards	93.113			4,937,843	—	4,937,843
		93.113	N44-ES-054-63	Detroit R & D, Inc.	—	(3,584)	(3,584)
	Total CFDA	93.113			4,937,843	(3,584)	4,934,259
	Applied Toxicological Research and Testing	93.114			485,836	—	485,836
	Total CFDA	93.114			485,836	—	485,836
	Oral Diseases and Disorders Research	93.121			293,782	—	293,782
	Total CFDA	93.121			293,782	—	293,782
	Human Genome Research	93.172			236,736	—	236,736
		93.172	R01HG02087	University of North Carolina	—	38,442	38,442
		93.172	HG002647	University of North Carolina	—	63,652	63,652
	Total CFDA	93.172			236,736	102,094	338,830

THE VANDERBILT UNIVERSITY
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2005

Program	Federal Sponsor/Project Title	CFDA	Flow-through Award Number	Flow-through Entity	Direct	Flow-through	Total
	Research Related to Deafness and Communication Disorders	93.173			\$ 1,916,270	—	1,916,270
		93.173	R01DC04212	Mount Sinai School of Medicine	—	51,229	51,229
		93.173	1R01DC04544	Purdue University	—	227,114	227,114
	Total CFDA	93.173			1,916,270	278,343	2,194,613
	Research & Training in Complementary and Alternative Medicine	93.213			158,041	—	158,041
		93.213	R01AT002477		—	32,773	32,773
	Total CFDA	93.213			158,041	32,773	190,814
	Mental Health Research Grants	93.242			9,043,473	—	9,043,473
		93.242	5P50MH54156-13	University of Pittsburgh	—	110,430	110,430
		93.242	U01MH61971	University of Tennessee	—	85,724	85,724
		93.242	4348000243	Penn State University	—	29,197	29,197
		93.242	MH055578	University of Illinois	—	36,316	36,316
		93.242	R01MH63852	Columbia University	—	48,537	48,537
	Total CFDA	93.242			9,043,473	310,204	9,353,677
	Alcohol Research Programs	93.273			759,946	—	759,946
		93.273	R21AA13610	Wake Forest University	—	22,972	22,972
	Total CFDA	93.273			759,946	22,972	782,918
	Drug Abuse Research Programs	93.279			2,785,169	—	2,785,169
		93.279	R01DA016903	Duke University	—	30,796	30,796
		93.279	P01DA15027	University of Wisconsin	—	24,518	24,518
		93.279	1R01DA13147	University of North Dakota	—	13,854	13,854
	Total CFDA	93.279			2,785,169	69,168	2,854,337
	Mental Health Research Career/Scientist Development Award	93.281			378,358	—	378,358
	Total CFDA	93.281			378,358	—	378,358
	Biomedical Imaging Research	93.286			3,211,553	—	3,211,553
		93.286	4R33EB00672	Oakland University	—	104,119	104,119
	Total CFDA	93.286			3,211,553	104,119	3,315,672
	Clinical Research	93.333			28	—	28
	Total CFDA	93.333			28	—	28
	Nursing Research	93.361			270,307	—	270,307
	Total CFDA	93.361			270,307	—	270,307
	Biomedical Technology	93.371			92,764	—	92,764
		93.371	R43RR16124	Nanodelivery, Inc.	—	20,194	20,194
		93.371	R41RR20835	Alerion Biomedical, Inc.	—	34,117	34,117
		93.371	R43RR16157	Hypres, Inc.	—	(866)	(866)
	Total CFDA	93.371			92,764	53,445	146,209
	Minority Biomedical Research Support	93.375			—	9,015	9,015
		93.375	5K01HL03141	Meharry Medical College	—	9,015	9,015
	Total CFDA	93.375			—	9,015	9,015

THE VANDERBILT UNIVERSITY
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2005

Program	Federal Sponsor/Project Title	CFDA	Flow-through Award Number	Flow-through Entity	Direct	Flow-through	Total
	Research Infrastructure	93.389			\$ 10,334,695	—	10,334,695
	Total CFDA	93.389			10,334,695	—	10,334,695
	Cancer Cause and Prevention Research	93.393			15,886,358	—	15,886,358
		93.393	5R01CA92447	Southern Community Cohort Study	—	(263,115)	(263,115)
		93.393	R01CA77290	A. Einstein Coll of Med Yeshiva Univ	—	18,381	18,381
		93.393	R01CA76049	Univ of Nebraska Medical Center	—	33,294	33,294
	Total CFDA	93.393			15,886,358	(211,440)	15,674,918
	Cancer Detection and Diagnosis Research	93.394			1,789,588	—	1,789,588
		93.394	U01CA44968		—	563	563
		93.394	R44CA115263		—	2,486	2,486
	Total CFDA	93.394			1,789,588	3,049	1,792,637
	Cancer Treatment Research	93.395			3,602,469	—	3,602,469
		93.395	4045000615	Frontier Science and Technology	—	2,342	2,342
		93.395	4046500014	Amer Coll of Radiology Imag	—	269,594	269,594
		93.395	4046750144	American Coll of Radiology	—	13,953	13,953
		93.395	3U10CA37429	Southwest Oncology Group	—	18,126	18,126
		93.395	U10CA31946	University of Chicago	—	1,341	1,341
		93.395	4047750033	Southwest Oncology Group	—	5,175	5,175
		93.395	R21CA91352	Washington Univ in St Louis	—	148,210	148,210
	Total CFDA	93.395			3,602,469	458,741	4,061,210
	Cancer Biology Research	93.396			12,283,951	—	12,283,951
		93.396	U01CA66531	Ohio State University	—	992	992
		93.396	R01CA85862	University of Wisconsin	—	160	160
		93.396	R21CA30722	Ohio State University	—	6,727	6,727
		93.396	U01CA70019	University of Alabama	—	12,135	12,135
		93.396	N01CN65118	University of Texas	—	3,975	3,975
		93.396	5U10CA32102	Southwest Oncology Group	—	17,346	17,346
	Total CFDA	93.396			12,283,951	41,335	12,325,286
	Cancer Centers Support	93.397			10,923,946	—	10,923,946
	Total CFDA	93.397			10,923,946	—	10,923,946
	Cancer Research Manpower	93.398			1,696,637	—	1,696,637
	Total CFDA	93.398			1,696,637	—	1,696,637
	Cancer Research Manpower	93.399			2,900,647	—	2,900,647
	Total CFDA	93.399			2,900,647	—	2,900,647
	Family Violence Prevention & Srvces/Grants for Battered Women's Shelter	93.399			204,314	—	204,314
	Total CFDA	93.399			204,314	—	204,314
	Cell Biology and Biophysics Research	93.821			879,009	—	879,009
		93.821	2S06GM08037	Meharry Medical College	—	4,707	4,707
		93.821	P01GM64676	Florida State University	—	68,253	68,253
	Total CFDA	93.821			879,009	72,960	951,969

THE VANDERBILT UNIVERSITY
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2005

Program	Federal Sponsor/Project Title	CFDA	Flow-through Award Number	Flow-through Entity	Direct	Flow-through	Total
Heart and Vascular Research		93.837			\$ 19,035,378	—	19,035,378
		93.837	HL55766-01	Duke University	—	(87)	(87)
		93.837	K01HL76623	Meharry Medical College	—	7,860	7,860
		93.837	1R01HL66072	Univ of Mississippi Med Ctr	—	(21,625)	(21,625)
		93.837	U01HL72431	Meharry Medical College	—	24,235	24,235
		93.837	R01HL70938	Maine Medical Center	—	89,820	89,820
		93.837	P50HL56401	Children's Hospital of Philadelphia	—	281,325	281,325
		93.837	K01HL04038-05	Meharry Medical College	—	(983)	(983)
		93.837	R01HL63349	University of Utah	—	17,466	17,466
		93.837	P50HL62177	Children's Hospital of Philadelphia	—	(54,380)	(54,380)
		93.837	R01HL72427	University of Texas	—	10,704	10,704
		93.837	P01HL74940	University of Virginia	—	34,326	34,326
		93.837	P50HL61006	University of Washington	—	2,802	2,802
Total CFDA		93.837			19,035,378	391,463	19,426,841
Lung Diseases Research		93.838			6,458,873	—	6,458,873
		93.838	5U01HL64857	University of Colorado	—	71,830	71,830
		93.838	7R44HL57759	Generex, Inc.	—	656	656
		93.838	R01HL75770	University of Colorado	—	10,884	10,884
		93.838	HL60678-02	University of Illinois	—	213,409	213,409
		93.838	P01HL61646	University of Colorado	—	5,612	5,612
		93.838	R41HL64536	Generex, Inc.	—	269	269
		93.838	R42HL64530	Cumberland Pharmaceuticals, Inc	—	65,134	65,134
		93.838	HL60351	Generex, Inc.	—	2	2
		93.838	R42HL61146	Generex, Inc.	—	1,473	1,473
		93.838	5R01HL61991	Cincinnati Children's Hosp Rsrch	—	14,252	14,252
		93.838	2P50HL56387	Cincinnati Children's Hosp Rsrch	—	45,973	45,973
Total CFDA		93.838			6,458,873	429,494	6,888,367
Blood Diseases and Resources Research		93.839			5,418,898	—	5,418,898
		93.839	5K01HL67715-03	Meharry Medical College	—	9,387	9,387
Total CFDA		93.839			5,418,898	9,387	5,428,285
Arthritis, Muscularskeletal & Skin Diseases Research		93.846			2,084,673	—	2,084,673
		93.846	1R01AR48529	University of Minnesota	—	546	546
Total CFDA		93.846			2,084,673	546	2,085,219
Diabetes, Endocrinology and Metabolism Research		93.847			19,241,640	—	19,241,640
		93.847	1R01DK58356-01A1	University of Minnesota	—	61,597	61,597
		93.847	N01-DK-6-2203	Case Western University	—	56,492	56,492
		93.847	4043510263	Case Western University	—	32	32
		93.847	4043510283	Case Western University	—	17,657	17,657
		93.847	4043510293	Case Western University	—	95,779	95,779
		93.847	4043510303	Case Western University	—	775	775
Total CFDA		93.847			19,241,640	232,332	19,473,972
Digestive Diseases & Nutrition Research		93.848			8,757,276	—	8,757,276
		93.848	4042700243	Case Western University	—	1,345	1,345
		93.848	R01DK64592	Washington Univ in St Louis	—	45,923	45,923
		93.848	DK-99-008	Oregon Science & Health Univ	—	3,973	3,973
		93.848	4043550063	University of Texas	—	205	205
		93.848	U01DK57132	Oregon Science & Health Univ	—	9,005	9,005
Total CFDA		93.848			8,757,276	60,451	8,817,727

THE VANDERBILT UNIVERSITY
Schedule of Expenditures of Federal Awards
Year ended June 30, 2005

Program	Federal Sponsor/Project Title	CFDA	Flow-through Award Number	Flow-through Entity	Direct	Flow-through	Total
Kidney Diseases, Urology and Hematology		93.849			\$ 13,318,432	—	13,318,432
		93.849	P01DK65123	University of Kansas	—	678,761	678,761
		93.849	U01DK58966	Maine Medical Center	—	69,731	69,731
Total CFDA		93.849			13,318,432	748,492	14,066,924
Clinical Research Related Neurological		93.853			10,789,336	—	10,789,336
		93.853	5R01NS39587	Ntl Jewish Medical & Rrsch Ct	—	80	80
		93.853	P01NS26630	Duke University	—	323,846	323,846
		93.853	5R01NS39587	University of Colorado	—	(963)	(963)
Total CFDA		93.853			10,789,336	322,963	11,112,299
Biological Basics Research in Neuroscience		93.854			791,753	—	791,753
		93.854	R01NS33430	Metro-Nashville & Davidson Co.	—	1,704	1,704
		93.854	1U54NS41071	Meharry Medical College	—	125,578	125,578
Total CFDA		93.854			791,753	127,282	919,035
Allergy, Immunology and Transplantation		93.855			4,013,066	—	4,013,066
		93.855	U54AI57157	Duke University	—	725,523	725,523
		93.855	U19AI57229	Stanford University	—	112,613	112,613
		93.855	N01AI30053	Vaxgen, Inc.	—	92,017	92,017
		93.855	U01AI46134	Mount Sinai School of Medicine	—	6,438	6,438
Total CFDA		93.855			4,013,066	936,591	4,949,657
Microbiology and Infectious Diseases Research		93.856			14,934,692	—	14,934,692
		93.856	U01AI41530	Univ of Alabama at Birmingham	—	54,436	54,436
		93.856	2U01AI38858	Social & Scientific Systems, Inc	—	140,856	140,856
		93.856	U01AI52403	Massachusetts General Hospital	—	(2,123)	(2,123)
		93.856	5U01AI46747	Fred Hutchinson Cancer Rsch Ct	—	77,521	77,521
		93.856	5R01AI49096	Meharry Medical College	—	17	17
		93.856	4043440013	Social & Scientific Systems, Inc	—	56,927	56,927
		93.856	R21AI055818	University of Pittsburgh	—	25,336	25,336
		93.856	R01AI147367	Murdoch Children's Research Inst	—	28,623	28,623
		93.856	4043440023	Social & Scientific Systems, Inc	—	27,787	27,787
		93.856	R01AI49096	Duke University	—	(10)	(10)
		93.856	R01AI43279	Univ of California San Francisco	—	92,165	92,165
		93.856	N01AI25462	Stanford University	—	304,171	304,171
		93.856	4043440093	Social & Scientific Systems, Inc	—	1,279	1,279
		93.856	4043620074	Social & Scientific Systems, Inc	—	18,780	18,780
		93.856	4043620053	Social & Scientific Systems, Inc	—	91,642	91,642
		93.856	5R01AI140350	Miriam Hospital	—	173,014	173,014
		93.856	4043620084	Social & Scientific Systems, Inc	—	1,945	1,945
		93.856	R01AI49989	University of Virginia	—	118,413	118,413
		93.856	4043621464	Social & Scientific Systems, Inc	—	1,618	1,618
93.856	R01AI47299	Massachusetts Inst of Technology	—	86,747	86,747		
Total CFDA		93.856			14,934,692	1,299,144	16,233,836
Pharmacology, Physiology & Biological Chemistry Research		93.859			13,317,289	—	13,317,289
		93.859	R01GM63270	New York University	—	22,131	22,131
Total CFDA		93.859			13,317,289	22,131	13,339,420
Genetics & Developmental Biology Research		93.862			3,331,446	—	3,331,446
Total CFDA		93.862			3,331,446	—	3,331,446

THE VANDERBILT UNIVERSITY
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2005

Program	Federal Sponsor/Project Title	CFDA	Flow-through Award Number	Flow-through Entity	Direct	Flow-through	Total
	Population Research	93.864			\$ 1,057,193	—	1,057,193
		93.864	U54HD31398	Stanford University	—	11,910	11,910
		93.864	R01HD42280	University of Illinois	—	39,408	39,408
		93.864	U01HD31315	Louisiana State University	—	100	100
	Total CFDA	93.864			1,057,193	51,418	1,108,611
	Research For Mothers and Children	93.865			6,238,755	—	6,238,755
		93.865	2R01HD28160	University of Virginia	—	17,740	17,740
		93.865	5R01HD36069	Washington University	—	21,085	21,085
		93.865	P01HD046261	Univ of Texas Hlth Sci Ctr at Houston	—	299,073	299,073
		93.865	R01HD43063	Kaiser Foundation	—	11,662	11,662
		93.865	1P01HD46261	University of Texas	—	385,257	385,257
		93.865	R01HD041653	Northwestern University	—	1,041	1,041
		93.865	5U54HD33994	University of Kansas	—	174,906	174,906
	Total CFDA	93.865			6,238,755	910,764	7,149,519
	Aging Research	93.866			3,658,204	—	3,658,204
		93.866	1R01AG19757	Duke University	—	214,852	214,852
		93.866	R01AG24011	University of Washington	—	8,207	8,207
		93.866	1R01AG20135	Duke University	—	133,789	133,789
		93.866	R01AG06945	Cooper Institute	—	33,623	33,623
		93.866	R01AG21547	Duke University	—	203,955	203,955
	Total CFDA	93.866			3,658,204	594,426	4,252,630
	Vision Research	93.867			6,982,121	—	6,982,121
		93.867	EY12118	Duke University	—	430,751	430,751
		93.867	R01EY015872	University of Massachusetts	—	71,294	71,294
		93.867	1R24EY12894	Western Michigan University	—	81,165	81,165
		93.867	R03EY13693	University of Illinois	—	40,045	40,045
		93.867	R01EY10886	Tufts University	—	51,471	51,471
	Total CFDA	93.867			6,982,121	674,726	7,656,847
	Medical Library Assistance	93.879			1,493,418	—	1,493,418
	Total CFDA	93.879			1,493,418	—	1,493,418
	Resource and Manpower Dev in Environmental Health Sciences	93.894			1,633,176	—	1,633,176
	Total CFDA	93.894			1,633,176	—	1,633,176
	Senior International Fellowships	93.989			58,357	—	58,357
		93.989	U2RTW006901	Cornell University	—	29,452	29,452
	Total CFDA	93.989			58,357	29,452	87,809
	Total National Institutes of Health				228,945,322	11,458,384	240,403,706
	Total Department of Health and Human Services				232,961,584	13,709,093	246,670,677
	US Agency for International Development:						
	USAID Foreign Assistance for Prog Oversea	98.001			154,560	—	154,560
		98.001	4205304753	Carana Corporation	—	(996)	(996)
		98.001	HNEA00970005900	Assoc Liaison Office for Univ Coop	—	131,240	131,240
	Total CFDA	98.001			154,560	130,244	284,804
	Total US Agency for International Development				154,560	130,244	284,804

THE VANDERBILT UNIVERSITY
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2005

Program	Federal Sponsor/Project Title	CFDA	Flow-through Award Number	Flow-through Entity	Direct	Flow-through	Total
	Department of the Interior Interior	15.000					
		15.000	4224204923	Sarnoff Corporation	\$ —	19,870	19,870
	Total CFDA	15.000			—	19,870	19,870
U.S. Geological Survey:							
	National Cooperative Geologic Mapping Program	15.810			883	—	883
	Total CFDA	15.810			883	—	883
	Total U. S. Geological Survey				883	—	883
	Total Department of the Interior				883	19,870	20,753
U.S. Department of Justice:							
	Juvenile Justice and Delinquency Prevention Allocation to State	16.540					
		16.540	4348004903	State of North Carolina	—	68,259	68,259
	Total CFDA	16.540			—	68,259	68,259
	National Institute Juvenile Justice & Delinquency Prevention	16.542			178,453	—	178,453
	Total CFDA	16.542			178,453	—	178,453
	Violence Against Women Formula Grants	16.588			73,195	—	73,195
	Total CFDA	16.588			73,195	—	73,195
	Total U.S. Department of Justice				251,648	68,259	319,907
National Aeronautics Space Administration:							
	NASA Research Grants	43.000			1,728,795	—	1,728,795
		43.000	HST-GO-09489.01-A	Space Telescope Science Inst.	—	10,905	10,905
		43.000	HST-GO-09898.01	Space Telescope Science Inst.	—	8,042	8,042
		43.000	HST-GO-10246-02 A	Space Telescope Science Inst.	—	27,669	27,669
		43.000	4224233503	CFD Research Corporation	—	22,185	22,185
		43.000	HST-GO-09857.02	Space Telescope Science Inst.	—	4,054	4,054
		43.000	4224223533	Lockheed Martin Corporation	—	54,122	54,122
		43.000	NNL05AA37C	Georgia Institute of Technology	—	15,615	15,615
		43.000	NAS3-02082	Jaycor	—	27,445	27,445
		43.000	4206303503	Fisk University	—	54,998	54,998
		43.000	4043423523	Mount Sinai School of Medicine	—	2,928	2,928
		43.000	HST-AR-0994401-A	Space Telescope Science Inst.	—	8,952	8,952
		43.000	HST-GO-0972709	Space Telescope Science Inst.	—	75,069	75,069
		43.000	HST-GO-10124-02A	Space Telescope Science Inst.	—	4,305	4,305
		43.000	1000-G-DJ345	Univ of California Los Angeles	—	60,756	60,756
		43.000	JY9624	Boeing	—	6,613	6,613
	Total CFDA	43.000			1,728,795	383,658	2,112,453
	Total National Aeronautics Space Administration				1,728,795	383,658	2,112,453
National Endowment for the Humanities:							
	Promotion of the Humanities Research	45.161			75,191	—	75,191
	Total CFDA	45.161			75,191	—	75,191
	Total National Endowment for the Humanities				75,191	—	75,191

THE VANDERBILT UNIVERSITY
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2005

Program	Federal Sponsor/Project Title	CFDA	Flow-through Award Number	Flow-through Entity	Direct	Flow-through	Total
National Science Foundation:							
		47.000			\$ 125,873	—	125,873
	Total CFDA	47.000			125,873	—	125,873
	Engineering Grants	47.041			4,381,180	—	4,381,180
	Total CFDA	47.041			4,381,180	—	4,381,180
	Mathematical & Physical Sciences	47.049			2,807,839	—	2,807,839
		47.049	PHY0303702	Cornell University	—	32,649	32,649
		47.049	PHY0098746	Syracuse University	—	12,021	12,021
		47.049	PHY0243614	Syracuse University	—	20,284	20,284
	Total CFDA	47.049			2,807,839	64,954	2,872,793
	Geosciences	47.050			287,391	—	287,391
		47.050	180-F000970	Texas A&M	—	15	15
		47.050	OCE0120453 #4-25018	Rutgers, The State Univ of New Jersey	—	84,128	84,128
	Total CFDA	47.050			287,391	84,143	371,534
	Computer and Info Sciences & Engineering	47.070			2,101,129	—	2,101,129
		47.070	CCR0225610	Univ of California, Berkley	—	968,006	968,006
		47.070	SA41043-10097PG	Univ of California, Berkley	—	66,913	66,913
	Total CFDA	47.070			2,101,129	1,034,919	3,136,048
	Biological Sciences	47.074			1,452,153	—	1,452,153
		47.074	MCB0114653	University of Tennessee	—	109,901	109,901
	Total CFDA	47.074			1,452,153	109,901	1,562,054
	Social, Behavioral & Economic Sciences	47.075			892,236	—	892,236
		47.075	SES0095943	Nat'l Bureau of Economic Rsrch	—	7,691	7,691
	Total CFDA	47.075			892,236	7,691	899,927
	Educational and Human Resources	47.076			1,676,570	—	1,676,570
		47.076	ESI0119732	University of Wisconsin	—	29,104	29,104
		47.076	EPS0336647	University of Tennessee	—	10,328	10,328
		47.076	EHR0227016	University of Wisconsin	—	6,246	6,246
		47.076	EHR0091632	Tennessee Tech University	—	56,535	56,535
		47.076	EHR0456995	Cosmos Corporation	—	98,059	98,059
	Total CFDA	47.076			1,676,570	200,272	1,876,842
	Polar Programs	47.078			8,351	—	8,351
	Total CFDA	47.078			8,351	—	8,351
	Total National Science Foundation				13,732,722	1,501,880	15,234,602
U.S. Department of Transportation:							
Highway Planning and Constructor:							
		20.205			—	15,250	15,250
		20.205	DTFH61-98-X-00095	University of New Hampshire	—	472,260	472,260
		20.205	GR-04-16032-00	TN Dept of Transportation	—	—	—
	Total CFDA	20.205			—	487,510	487,510
	Federal Transit Grants for Universities	20.502			—	—	—
		20.502	DTRS95G0004	University of Tennessee	—	41,984	41,984
	Total CFDA	20.502			—	41,984	41,984

THE VANDERBILT UNIVERSITY
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2005

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	DTRS95G0004	University of Tennessee	\$ —	25,554	25,554
	Total CFDA	20.701			—	25,554	25,554
	Total U.S. Department of Transportation				—	555,048	555,048
	Tennessee Valley Authority:						
	TVA Environmental Research Center	62.001			487,210	—	487,210
	Total CFDA	62.001			487,210	—	487,210
	Total Tennessee Valley Authority				487,210	—	487,210
	Veteran Affairs:						
	Veteran Affairs	64.000			447,407	—	447,407
	Total CFDA	64.000			447,407	—	447,407
	Sharing Specialized Medical Resources	64.018			30	—	30
	Total CFDA	64.018			30	—	30
	Total Veteran Affairs				447,437	—	447,437
	Total Research				269,546,317	25,718,435	295,264,752
	* Student Financial Aid						
	U.S. Department of Education:						
	Federal Supplemental ED Opportunity Grant:	84.007			1,421,872	—	1,421,872
	Total CFDA	84.007			1,421,872	—	1,421,872
	Federal Family Education Loan Program	84.032			51,436,934	—	51,436,934
	Total CFDA	84.032			51,436,934	—	51,436,934
	Federal Work-Study Program	84.033			1,566,131	—	1,566,131
	Total CFDA	84.033			1,566,131	—	1,566,131
	Federal Perkins Loan Program	84.038			3,389,213	—	3,389,213
	Total CFDA	84.038			3,389,213	—	3,389,213
	Federal Pell Grant Program	84.063			1,910,758	—	1,910,758
	Total CFDA	84.063			1,910,758	—	1,910,758
	Total U.S. Department of Education				59,724,908	—	59,724,908
	U.S. Department of Health and Human Services:						
	Health Professions Student Loan Program	93.342			—	—	—
	Total CFDA	93.342			—	—	—
	Nursing Student Loan Program	93.364			484,900	—	484,900
	Total CFDA	93.364			484,900	—	484,900
	Total U.S. Department of Health and Human Services				484,900	—	484,900
	Total Student Financial Aid				60,209,808	—	60,209,808

THE VANDERBILT UNIVERSITY
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2005

Program	Federal Sponsor/Project Title	CFDA	Flow-through Award Number	Flow-through Entity	Direct	Flow-through	Total
* Other							
	U.S. Department of Agriculture: Child and Adult Care Food Program	10.558 10.558	34764499001		\$ —	4,226	4,226
	Total CFDA	10.558			—	4,226	4,226
	Total U.S. Department of Agriculture				—	4,226	4,226
	Corporation For National Service	94.000 94.000			4,134	—	4,134
	Total CFDA	94.000	20401988900	TN Department of Finance	—	2,484	2,484
	Total Corporation For National Service				4,134	2,484	6,618
	Americorps	94.006 94.006 94.006 94.006	4081105183 GR-02-14253 4081105254 GR-04-15902-00	Greater Nashville Regional Coun TN Dept of Economic & Comm TN Department of Finance TN Department of Finance	— — — —	887 — 129,758 25,242	887 — 129,758 25,242
	Total CFDA	94.006			—	155,887	155,887
	Training and Technical Assistance	94.009 94.009			—	142	142
	Total CFDA	94.009	4081105274		—	142	142
	Total Corporation For National Service				4,134	158,513	162,647
	U.S. Department of Defense: ARPA						
	Air Force Defense Research Sciences Program	12.800			190,928	—	190,928
	Total CFDA	12.800			190,928	—	190,928
	Total ARPA				190,928	—	190,928
	Air Force	12.000 12.000			—	1,500	1,500
	Total CFDA	12.000	PO#AB04-40328	Mission Research Corporation	—	1,500	1,500
	Total Air Force Defense Research Sciences Program	12.800			(2,893)	—	(2,893)
	Total CFDA	12.800			(2,893)	—	(2,893)
	Total Air Force				(2,893)	1,500	(1,393)
	Army	12.000 12.000			191,327	—	191,327
	Total CFDA	12.000			191,327	—	191,327
	Military Medical Research & Development	12.420 12.420			56,731	—	56,731
	Total CFDA	12.420			56,731	—	56,731

THE VANDERBILT UNIVERSITY
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2005

Program	Federal Sponsor/Project Title	CFDA	Flow-through Award Number	Flow-through Entity	Direct	Flow-through	Total
	Basic Scientific Research	12.431			\$ 10,000	—	10,000
	Total CFDA	12.431			10,000	—	10,000
	Total Army				258,058	—	258,058
	Total U.S. Department of Defense				446,093	1,500	447,593
U.S. Department of State:							
College and University Partnerships Program		19.405			6,702	—	6,702
Total CFDA		19.405			6,702	—	6,702
Total U.S. Department of State					6,702	—	6,702
U.S. Department of Education:							
Department of Education		84.000					
		84.000	Q929A030001	Center for Civic Education	—	43,096	43,096
		84.000	4261002003	Temple University	—	51,783	51,783
		84.000	2-218740-02	Metro Nashville Davidson Co	—	95,051	95,051
		84.000	4264162033	Temple University	—	92,447	92,447
Total CFDA		84.000			—	282,377	282,377
National Resource Centers & Fellowship		84.015			89,354	—	89,354
Total CFDA		84.015			89,354	—	89,354
Special Education Grants to States		84.027					
		84.027	4045705493	TN Dept. of Education	—	4	4
		84.027	4045705133	TN Dept. of Education	—	294,603	294,603
		84.027	GR-04-15825-00	TN Dept. of Education	—	(244)	(244)
		84.027	GR-05-16690-00	TN Dept. of Education	—	274,126	274,126
		84.027	GR-04-15840-00	TN Dept. of Education	—	11,085	11,085
Total CFDA		84.027			—	579,574	579,574
Fund for the Improvement of Postsecondary Education		84.116			3,341	—	3,341
		84.116	4207202073	Howard University	—	11,167	11,167
Total CFDA		84.116			3,341	11,167	14,508
Rehabilitation Services – Vocational Rehab		84.126					
		84.126	GR-00-12686	TN Dept of Human Services	—	77,073	77,073
Total CFDA		84.126			—	77,073	77,073
Javits Fellowships		84.170			26,051	—	26,051
Total CFDA		84.170			26,051	—	26,051
Special Education Grants For Infants & Families with Disabilities		84.181					
		84.181	GR-04-15822	TN Dept. of Education	—	(33)	(33)
		84.181	GR-03-15099	TN Dept. of Education	—	1,023	1,023
		84.181	4045705053	TN Dept of Health	—	213,047	213,047
		84.181	GR-00-12935-01	TN Dept of Education	—	8,165	8,165
		84.181	GR-00-13647-00	TN Dept of Mental Health/DD	—	7,006	7,006
		84.181	GR-05-16381-00	TN Dept of Education	—	2,350,598	2,350,598
		84.181	GR-00-13739-00	TN Dept. of Education	—	4	4
		84.181	GR-02-14382-00	TN Dept. of Education	—	28	28
		84.181	GR-04-15967	TN Dept. of Education	—	220,839	220,839
Total CFDA		84.181			—	2,800,677	2,800,677

THE VANDERBILT UNIVERSITY
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2005

Program	Federal Sponsor/Project Title	CFDA	Flow-through Award Number	Flow-through Entity	Direct	Flow-through	Total
	Graduate Assistance In Areas Of National Need	84.200			\$ 256,939	—	256,939
	Total CFDA	84.200			256,939	—	256,939
	National Institute on Student Achievement	84.305			155,151	—	155,151
	Total CFDA	84.305			155,151	—	155,151
	Special Education Research & Innovation	84.324			119,624	—	119,624
	Total CFDA	84.324			119,624	—	119,624
	Spec Ed – Personnel Prep to Improve Svcs for Disabled Children	84.325			3,790,239	—	3,790,239
	Total CFDA	84.325			3,790,239	—	3,790,239
	Spec Ed – Technical Assistance & Dissemination to Improve Svcs	84.326			210,160	—	210,160
	Total CFDA	84.326	080210028D-01	University of Colorado	—	7,117	7,117
	Total CFDA	84.326			210,160	7,117	217,277
	Gaining Early Awareness & Readiness for Undergraduate Program	84.334			1,505,045	—	1,505,045
	Total CFDA	84.334			1,505,045	—	1,505,045
	Preparing Tomorrow's Teachers with Technology	84.342			(437)	—	(437)
	Total CFDA	84.342			(437)	—	(437)
	Improving Teacher Quality State Grants	84.367			—	—	—
	Total CFDA	84.367	3-67831-7820	University of New Mexico	—	170,983	170,983
	Total CFDA	84.367			—	170,983	170,983
	Minority Outreach Project	84.920			659	—	659
	Total CFDA	84.920			659	—	659
	Total U.S. Department of Education				6,156,126	3,928,968	10,085,094
U.S. Department of Energy:		81.000					
		81.000	4581004252	Krell Institute, Inc.	—	1,000	1,000
		81.000	4086954772	Oak Ridge Associated Universities	—	1,377	1,377
	Total CFDA	81.000			—	2,377	2,377
	Total U.S. Department of Energy				—	2,377	2,377

THE VANDERBILT UNIVERSITY
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2005

Program	Federal Sponsor/Project Title	CFDA	Flow-through Award Number	Flow-through Entity	Direct	Flow-through	Total
U.S. Department of Health & Human Services:							
Centers for Medicare and Medicaid Services							
Medical Assistance Program							
		93.778					
		93.778	GR-02-04266	TN Bureau of TennCare	\$ —	(1,352)	(1,352)
		93.778	4090135013	TN Finance and Administration	—	19,548	19,548
		93.778	GR-04-15873-00	TN Bureau of TennCare	—	595,258	595,258
		93.778	GR-00-13169-00	TN Dept of Health	—	2,505	2,505
		93.778	4044255012	TN Finance and Administration	—	45,704	45,704
		93.778	4044255022	TN Finance and Administration	—	299,836	299,836
		93.778	4046254783, 4046254793	Ctr for Healthcare Quality	—	2,140	2,140
		93.778	4045335433	TN Dept of Health	—	238	238
		93.778	GR-02-14482-00	TN Dept of Health	—	731,887	731,887
	Total CFDA	93.778			—	1,695,764	1,695,764
	Total Centers for Medicare and Medicaid Services				—	1,695,764	1,695,764
Administration for Children and Families:							
Developmental Disabilities Basic Support							
		93.630					
		93.630	GR-03-19890-00	TN Dept of MH/DD	—	(5,013)	(5,013)
		93.630	GR-05-16700-00	TN Dept of MH/DD	—	133,798	133,798
		93.630	GR-04-15587	TN Dept of MH/DD	—	4,336	4,336
		93.630	GR-03-19892-00	TN Dept of MH/DD	—	(1,073)	(1,073)
		93.630	GR-05-16699-00	TN Dept of MH/DD	—	75,403	75,403
		93.630	Z-00-094151-00	TN Dept of MH/DD	—	(70)	(70)
		93.630	Z-01-098707-00	TN Dept of MH/DD	—	(412)	(412)
		93.630	GR-04-15591-00	TN Dept of MH/DD	—	4,965	4,965
	Total CFDA	93.630			—	211,934	211,934
Developmental Disabilities Projects							
		93.631			45,172	—	45,172
		93.631	GR-05-16758-00	TN Dept of MH/DD	—	13,182	13,182
	Total CFDA	93.631			45,172	13,182	58,354
Total Administration for Children and Families							
					45,172	225,116	270,288
Agency for Healthcare Research and Quality:							
National Research Service Awards Health							
		93.225			250,474	—	250,474
	Total CFDA	93.225			250,474	—	250,474
Total Agency for Healthcare Research and Quality							
					250,474	—	250,474
Substance Abuse and Mental Health Services Administration							
		93.000					
		93.000	4347000023	Johnson, Bassin & Shaw, Inc.	—	27,825	27,825
		93.000	H79SM54920	Nat'l Ctr on Family Homelessness	—	57,219	57,219
	Total CFDA	93.000			—	85,044	85,044
Total Substance Abuse & Mental Health Services Admin							
					—	85,044	85,044
Center for Disease Control							
CDC and Prevention – Investigations and Technical Assistance							
		93.283					
		93.283	U27CCU413185	University of North Carolina	—	19,919	19,919
		93.283	U50CCU422173	Matthew Walker Comp Health Ctr	—	88,221	88,221
	Total CFDA	93.283			—	108,140	108,140
Total Center for Disease Control							
					—	108,140	108,140

THE VANDERBILT UNIVERSITY
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2005

Program	Federal Sponsor/Project Title	CFDA	Flow-through Award Number	Flow-through Entity	Direct	Flow-through	Total
	Health Resource Services Administration	93.000					
		93.000	4064500023; 0043; 0053	Auburn University	\$ —	(927)	(927)
	Total CFDA	93.000			—	(927)	(927)
	Public Health & Social Services Emergency Fund	93.003					
		93.003	4047905033	TN Department of Health	—	48,288	48,288
		93.003	4096015014	TN Department of Health	—	11,858	11,858
		93.003	4016015014	TN Department of Health	—	173,542	173,542
		93.003	GR-04-15771-00	TN Department of Health	—	(14,605)	(14,605)
		93.003	GR-04-16122-00	TN Department of Health	—	21,178	21,178
		93.003	4060805023	TN Department of Health	—	49,081	49,081
		93.003	4047905043	TN Department of Health	—	5,001	5,001
		93.003	4060805033	TN Department of Health	—	80,135	80,135
		93.003	4060805043	TN Department of Health	—	50,064	50,064
		93.003	4060805013	TN Department of Health	—	30,796	30,796
	Total CFDA	93.003			—	455,338	455,338
	Mental Health Planning and Demo Projects	93.110			585,216	—	585,216
	Total CFDA	93.110			585,216	—	585,216
	Emergency Medical Services for Children	93.127			27,383	—	27,383
	Total CFDA	93.127			27,383	—	27,383
	Advanced Education Nursing Grant Program	93.247			884,417	—	884,417
		93.247	5D36HP100060	Meharry Medical College	—	10,000	10,000
		93.247	1D31HP80004	Meharry Medical College	—	70,164	70,164
	Total CFDA	93.247			884,417	80,164	964,581
	National Poison Control Systems Stabilization	93.253			326,506	—	326,506
	Total CFDA	93.253			326,506	—	326,506
	Nurse Faculty Loan Program	93.264			238,976	—	238,976
	Total CFDA	93.264			238,976	—	238,976
	Professional Nurse Traineeships	93.358			182,445	—	182,445
	Total CFDA	93.358			182,445	—	182,445
	Basic Nurse Education & Practice Grants	93.359			507,666	—	507,666
	Total CFDA	93.359			507,666	—	507,666
	Maternal and Child Health Services Block	93.994					
		93.994	GR-04-15792-00	TN Dept of Mental Hlth & DD	—	(587)	(587)
		93.994	GR-05-16535	TN Dept of Mental Hlth & DD	—	753,949	753,949
	Total CFDA	93.994			—	753,362	753,362
	Bioterrorism Training and Curriculum Development Program	93.996			352,240	—	352,240
	Total CFDA	93.996			352,240	—	352,240
	Total Health Resource Services Administration				3,104,849	1,287,937	4,392,786

THE VANDERBILT UNIVERSITY
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2005

Program	Federal Sponsor/Project Title	CFDA	Flow-through Award Number	Flow-through Entity	Direct	Flow-through	Total
	National Institutes of Health	93.000			\$ 24	—	24
		93.000	R25CA10220	Meharry Medical College	—	5,400	5,400
		93.000	4045290034	American Psychiatric Assoc	—	(51)	(51)
	Total CFDA	93.000			24	5,349	5,373
	Medical Reserve Corps Small Grant Program	93.008			49,506	—	49,506
	Total CFDA	93.008			49,506	—	49,506
	Biological Response to Environment Health	93.113			7,500	—	7,500
	Total CFDA	93.113			7,500	—	7,500
	Oral Diseases and Disorders Research	93.121			35,000	—	35,000
	Total CFDA	93.121			35,000	—	35,000
	Research Related To Deafness and Communication Disorders	93.173			12,492	—	12,492
	Total CFDA	93.173			12,492	—	12,492
	Mental Health Research Grants	93.242			58,446	—	58,446
	Total CFDA	93.242			58,446	—	58,446
	Drug Abuse National Research Service Awd	93.278			14,261	—	14,261
	Total CFDA	93.278			14,261	—	14,261
	Drug Abuse Research Programs	93.279			25,000	—	25,000
	Total CFDA	93.279			25,000	—	25,000
	Mental Health Research Career/Scientist Development Awards	93.281			175,768	—	175,768
	Total CFDA	93.281			175,768	—	175,768
	Mental Health National Research Service Awards	93.282			1,879,759	—	1,879,759
		93.282	1R25MH63306	Meharry Medical College	—	1,392	1,392
	Total CFDA	93.282			1,879,759	1,392	1,881,151
	Biomedical Imaging Research	93.286			513,721	—	513,721
	Total CFDA	93.286			513,721	—	513,721
	Nursing Research	93.361			102	—	102
	Total CFDA	93.361			102	—	102
	Minority Biomedical Research Support	93.375			469,307	—	469,307
		93.375	R25GM64319	Meharry Medical School	—	239,731	239,731
	Total CFDA	93.375			469,307	239,731	709,038
	Research Infrastructure	93.389			—	(329)	(329)
		93.389	4042520053	Univ of Med & Dentistry of New Jersey	—	(329)	(329)
	Total CFDA	93.389			—	(329)	(329)
	Cancer Cause and Prevention Research	93.393			887	—	887
	Total CFDA	93.393			887	—	887

THE VANDERBILT UNIVERSITY
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2005

Program	Federal Sponsor/Project Title	CFDA	Flow-through Award Number	Flow-through Entity	Direct	Flow-through	Total
	Cancer Research Manpower	93.398			\$ 2,265,525	—	2,265,525
		93.398	N01CO01002	University of Kentucky	—	40,406	40,406
	Total CFDA	93.398			2,265,525	40,406	2,305,931
	Medical Assistance Program	93.778					
		93.778	GR-98-11524-00	TN Dept of Health	—	1,149	1,149
	Total CFDA	93.778			—	1,149	1,149
	Cell Biology and Biophysics Research	93.821			70,517	—	70,517
	Total CFDA	93.821			70,517	—	70,517
	Heart and Vascular Diseases Research	93.837			1,265,722	—	1,265,722
		93.837	K01HL04038	Meharry Medical College	—	(661)	(661)
	Total CFDA	93.837			1,265,722	(661)	1,265,061
	Lung Diseases Research	93.838			738,043	—	738,043
	Total CFDA	93.838			738,043	—	738,043
	Blood Diseases and Resources Research	93.839			592,280	—	592,280
	Total CFDA	93.839			592,280	—	592,280
	Arthritis, Muscularskeletal & Skin	93.846			125,964	—	125,964
	Total CFDA	93.846			125,964	—	125,964
	Diabetes, Endocrinology and Metabolism Research	93.847			1,060,855	—	1,060,855
	Total CFDA	93.847			1,060,855	—	1,060,855
	Digestive Diseases & Nutrition Research	93.848			282,012	—	282,012
	Total CFDA	93.848			282,012	—	282,012
	Kidney Diseases, Urology and Hematology	93.849			135,375	—	135,375
	Total CFDA	93.849			135,375	—	135,375
	Clinical Research Related Neurological Disorders	93.853			569,771	—	569,771
	Total CFDA	93.853			569,771	—	569,771
	Microbiology and Infectious Diseases Research	93.856			593,188	—	593,188
		93.856	4045980423	University of North Carolina	—	26	26
		93.856	T32AI07281	Meharry Medical College	—	54,381	54,381
	Total CFDA	93.856			593,188	54,407	647,595
*	Pharmacology, Physiology & Biological Chemistry Research	93.859			3,087,393	—	3,087,393
	Total CFDA	93.859			3,087,393	—	3,087,393
	Genetics and Developmental Biology Research	93.862			58,143	—	58,143
	Total CFDA	93.862			58,143	—	58,143
	Research For Mothers and Children	93.865			990,198	—	990,198
	Total CFDA	93.865			990,198	—	990,198

THE VANDERBILT UNIVERSITY
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2005

Program	Federal Sponsor/Project Title	CFDA	Flow-through Award Number	Flow-through Entity	Direct	Flow-through	Total
	Vision Research	93.867			\$ 647,770	—	647,770
	Total CFDA	93.867			647,770	—	647,770
	Medical Library Assistance	93.879			733,385	—	733,385
		93.879	4086950023	University of Maryland	—	(4,067)	(4,067)
	Total CFDA	93.879			733,385	(4,067)	729,318
	Minority Access To Research Careers	93.880			21,868	—	21,868
	Total CFDA	93.880			21,868	—	21,868
	Resource and Manpower Dev in Environmental Health Sciences	93.894			677,594	—	677,594
	Total CFDA	93.894			677,594	—	677,594
	Senior International Fellowships	93.989			40,335	—	40,335
		93.989	R42TW06246	University of Alabama	—	29,012	29,012
		93.989	2D43TW00018	Cornell University	—	88,647	88,647
	Total CFDA	93.989			40,335	117,659	157,994
	Total National Institutes of Health				17,197,711	455,036	17,652,747
	Total U.S. Department of Health & Human Services				20,598,206	3,857,037	24,455,243
	Housing and Urban Development						
	Community Outreach Partnership Center Program	14.511			148,409	—	148,409
	Total CFDA	14.511			148,409	—	148,409
	Total Housing and Urban Development				148,409	—	148,409
	U.S. Aid for International Development:						
	USAID Foreign Assistance for Prog Overseas	98.001					
		98.001	176C000500001	Carana Corporation	—	17,117	17,117
	Total CFDA	98.001			—	17,117	17,117
	Total U.S. Aid for International Development				—	17,117	17,117
	Department of Justice						
	Juvenile Justice and Delinquency Preventior	16.540					
		16.540	DOJ2002WLBX0010	State of North Carolina	—	44,693	44,693
	Total CFDA	16.540			—	44,693	44,693
	National Institute Juvenile Justice	16.542			64,668	—	64,668
	Total CFDA	16.542			64,668	—	64,668
	Total Department of Justice				64,668	44,693	109,361
	U.S. Department of Labor:						
		17.000					
		17.000	AH13665-04-60	TN Dept of Labor/Work Dev	—	105,510	105,510
	Total CFDA	17.000			—	105,510	105,510
	Total U.S. Department of Labor				—	105,510	105,510

THE VANDERBILT UNIVERSITY
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2005

Program	Federal Sponsor/Project Title	CFDA	Flow-through Award Number	Flow-through Entity	Direct	Flow-through	Total
National Aeronautics Space Administration	NASA Grants	43.000			\$ 443,174	—	443,174
		43.000	HST-EO-09857.04-A	Space Telescope Science Institute	—	43,013	43,013
		43.000	HST-EO-10246-17-A	Space Telescope Science Institute	—	1,649	1,649
		43.000	HST-ED-90249-01-A	Space Telescope Science Institute	—	908	908
	Total CFDA	43.000			443,174	45,570	488,744
	Total National Aeronautics Space Administration				443,174	45,570	488,744
National Foundation for the Arts and Humanities:	National Endowment For The Humanities						
	Promotion of The Humanities Division of Preservation and Access	45.149			116,506	—	116,506
	Total CFDA	45.149			116,506	—	116,506
	Promotion of the Humanities Fellowship	45.160			39,997	—	39,997
	Total CFDA	45.160			39,997	—	39,997
	Promotion of The Humanities Educ: Collabora	45.161			102	—	102
		45.161	8502-86884	Johns Hopkins University	—	12,043	12,043
	Total CFDA	45.161			102	12,043	12,145
	Promotion of The Humanities – Public Prog	45.164			450	—	450
	Total CFDA	45.164			450	—	450
	Total National Endowment for the Humanities				157,055	12,043	169,098
	Institute of Museum Services						
	Institute of Museum and Library Services	45.313			54,707	—	54,707
	Total CFDA	45.313			54,707	—	54,707
	Total Institute of Museum Services				54,707	—	54,707
	Total National Foundation for the Arts and Humanities				211,762	12,043	223,805
National Science Foundation:	Engineering Grants	47.041			341,825	—	341,825
	Total CFDA	47.041			341,825	—	341,825
	Mathematical & Physical Sciences	47.049			49,998	—	49,998
		47.049	DMS0074062	Penn State University	—	10,000	10,000
		47.049	PO#552140	Fermi Nat'l Accelerator Lab	—	317	317
		47.049	PO#558414	Fermi Nat'l Accelerator Lab	—	4,104	4,104
	Total CFDA	47.049			49,998	14,421	64,419
	Geosciences	47.050			124	—	124
	Total CFDA	47.050			124	—	124
	Computer and Info Sciences & Engineering	47.070			5,805	—	5,805
		47.070	CCR0225610	University of California Berkley	—	6,010	6,010
	Total CFDA	47.070			5,805	6,010	11,815

THE VANDERBILT UNIVERSITY
Schedule of Expenditures of Federal Awards
Year ended June 30, 2005

Program	Federal Sponsor/Project Title	CFDA	Flow-through Award Number	Flow-through Entity	Direct	Flow-through	Total
	Biological Sciences	47.074			\$ 14,647	—	14,647
	Total CFDA	47.074			14,647	—	14,647
	Social, Behavioral and Economic Sciences	47.075			19,819	—	19,819
	Total CFDA	47.075			19,819	—	19,819
	Educational and Human Resources	47.076			1,585,639	—	1,585,639
	Total CFDA	47.076	HRD0217629-VU-01	Tennessee State University	—	70,857	70,857
	Total CFDA	47.076			1,585,639	70,857	1,656,496
	Polar Programs	47.078			175	—	175
	Total CFDA	47.078			175	—	175
	Total National Science Foundation				2,018,032	91,288	2,109,320
	U.S. Department of Transportation:						
	Highway Training and Educator	20.215			17,376	—	17,376
	Total CFDA	20.215			17,376	—	17,376
	State And Community Highway Safety	20.600			—	10	10
	Total CFDA	20.600	Z-99-09192-00	TN Dept of Transportation	—	10	10
	Total U.S. Department of Transportation	20.600			17,376	10	17,386
	Tennessee Valley Authority						
	TVA Environmental Research Center	62.001			42,226	—	42,226
	Total CFDA	62.001			42,226	—	42,226
	Total Tennessee Valley Authority				42,226	—	42,226
	Other Federal Agencies						
	Homeland Security	99.000			—	202,397	202,397
	Total CFDA	99.000	4060800013; 0023, 0033, 0043	Batelle Memorial Institute	—	202,397	202,397
	Library of Congress	99.000			—	9,900	9,900
	Total CFDA	99.000	4430004752	Nat'l Peace Foundation	—	9,900	9,900
	Total Other Federal Agencies				—	212,297	212,297
	Total Other				30,156,908	8,481,149	38,638,057
	Total Federal Awards				\$ 359,913,033	34,199,584	394,112,617

* Indicates major program.

See accompanying independent auditors' report on supplementary information.

THE VANDERBILT UNIVERSITY

Notes to the Schedule of Expenditures of Federal Awards

Year ended June 30, 2005

(1) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) summarizes the expenditures of The Vanderbilt University (the University) under federal programs for the year ended June 30, 2005. 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, 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, Loans to Disadvantaged Students, and Federal Nursing Student Loan). Guaranteed Loans (Stafford, Unsubsidized Stafford, Supplemental Loans to Students, and Parent Loans for Undergraduate Students) 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 (see note 3).

(2) Summary of Significant Accounting Policies for the Schedule

For purposes of the Schedule, 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, 2005 were based on predetermined fixed rates negotiated with the University's

THE VANDERBILT UNIVERSITY

Notes to the Schedule of Expenditures of Federal Awards

Year ended June 30, 2005

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 revenue, 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, 2005 are summarized as follows:

Grant and work-study based programs:

FWS	\$ 1,566,131
Pell	1,910,758
FSEOG	1,421,872
Total	<u>\$ 4,898,761</u>

Direct loans disbursed:

Federal Perkins	\$ 3,389,213
Health Profession Student Loan	—
Primary Care Loan	—
Federal Nursing Student Loan	484,900
Loans for Disadvantaged Students	—
Total	<u>\$ 3,874,113</u>

Guaranteed loans disbursed:

Federal Stafford	\$ 19,331,174
Federal Unsubsidized Stafford	22,395,967
Federal Parent Loans for Undergraduate Students	9,709,793
	<u>\$ 51,436,934</u>

THE VANDERBILT UNIVERSITY

Notes to the Schedule of Expenditures of Federal Awards

Year ended June 30, 2005

The Perkins, Health Profession Student Loan (HPSL), Primary Care Loan (PCL), Nursing Student Loan (NSL), 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, 2005 are as follows:

Perkins	\$	16,167,758
HPSL		611,364
PCL		358,938
NSL		1,106,787
LDS		2,859
		<hr/>
	\$	<u>18,247,706</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, 2005. These loans are not included in the University's consolidated financial statements.



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**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 as of and for the year ended June 30, 2005, and have issued our report thereon dated September 14, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered The Vanderbilt University's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements and not to provide an opinion on the internal control over financial reporting. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the University's ability to record, process, summarize, and report financial data consistent with the assertions of management in the consolidated financial statements.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the consolidated financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We also noted other matters involving internal control over financial reporting which we have reported to management of The Vanderbilt University in a separate letter dated September 14, 2005.

Compliance and Other Matters

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



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 is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

September 14, 2005



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Report on Compliance with Requirements Applicable to Each Major Program and 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 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 its major federal programs for the year ended June 30, 2005. The Vanderbilt University'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 its major federal programs is the responsibility of The Vanderbilt University's management. Our responsibility is to express an opinion on The Vanderbilt University's compliance based on our audit.

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

In our opinion, The Vanderbilt University complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005. However, the results of our auditing procedures identified one instance of noncompliance with those requirements which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 05-01.

Internal Control over Compliance

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



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

This report is intended solely for the information and use of the 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 is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

March 17, 2006

THE VANDERBILT UNIVERSITY
Schedule of Findings and Questioned Costs
Year ended June 30, 2005

(1) Summary of Auditors' Results

- (a) The type of report issued on the consolidated financial statements: **Unqualified opinion**
- (b) Reportable conditions in internal control were disclosed by the audit of the consolidated financial statements: **None reported**
Material weaknesses: **None**
- (c) Noncompliance which is material to the consolidated financial statements: **None**
- (d) Reportable conditions in internal control over major programs: **None reported**
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: **See Finding 05-01**

(g) Major programs:

<u>CFDA#</u>	<u>Grantor</u>	<u>Program</u>
Various	Various	Research and Development Cluster
Various	Various	Student Financial Aid Cluster
93.859	Department of Health and Human Services	Biomedical Research and Training

- (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*

None

THE VANDERBILT UNIVERSITY

Schedule of Findings and Questioned Costs

Year ended June 30, 2005

(3) Findings and Questioned Costs Relating to Federal Awards

Finding 05-01: Effort Certification for Research Assistant Professor

Federal Agency: U.S. Department of Health & Human Services

Program: Mental Health Research Career /Scientist Development Award

CFDA #: 93.281 (R&D Cluster)

Award number: K01 MH065641

Award year : April 1, 2003 to June 30, 2005

Specific Criteria

OMB Circular A-21 section J.10 requires institutions of higher education to ensure that salaries and wages charged to federal awards are distributed based on payrolls documented in accordance with the generally accepted practices of the institution, and that this distribution be based on an after-the-fact confirmation or determination that costs distributed represent actual costs.

Finding and Perspective

In October 2005 Vanderbilt University (the University) commenced an investigation into an allegation of inappropriate effort certification and has concluded that University policy was not followed for the period from March 2004 to July 2005 with respect to the administration of the grant on which a certain Research Assistant Professor worked.

From April 1, 2003 until June 30, 2005, the Research Assistant Professor was supported 100% by the K Grant referenced above. From April 1, 2003 through October 31, 2003, the Research Assistant Professor devoted her full-time effort to the K Grant. On approximately November 1, 2003, the Research Assistant Professor went on maternity leave, which was scheduled to expire on February 23, 2004. The Research Assistant Professor did not return on a full-time basis even though her effort continued to be charged at 100% to the K Grant until July 1, 2005. In light of the results of its internal review, the University has withdrawn the K Grant and has reversed all charges to the K Grant since February 1, 2004. That amount is calculated to be \$209,039, and was deducted from the HHS drawdown processed as of November 30, 2005.

Because the Research Assistant Professor's effort has been certified on this grant, the University also expanded its investigation to determine whether effort or other charges on any other grants under the Division Chief's administrative responsibility had been inappropriately certified or approved. The scope of this investigation included all grants for which the Division Chief had responsibility either as a mentor or as a principal investigator. The review included 17 grants for the period 2003, 2004, and 2005. Expenses for these grants totaled approximately \$3,313,000, \$3,535,000, and \$2,742,000 for these years, respectively. No additional instances of inappropriate charges to federally sponsored research grants were identified. As a result, the University has concluded that this violation is an isolated incident.

Questioned Costs

Total questioned costs are \$209,039, based on total expenses charged to the grant for the period from February 1, 2004 to June 30, 2005. These costs have already been returned by the University to NIMH through adjustment of drawdown dated November 30, 2005.

THE VANDERBILT UNIVERSITY

Schedule of Findings and Questioned Costs

Year ended June 30, 2005

Recommendation

The University should continue to emphasize through its ongoing training with its faculty and administrators the requirements of OMB Circular A-21 regarding allowable costs and proper certification and approval processes.

Management's Response

The issue described above, which related to an Assistant Professor accepting compensation for work not performed, has been addressed. While we believe this to be an isolated issue, we will continue to emphasize the requirements of OMB Circular A-21 regarding allowable costs, proper certification and approval processes with our faculty and administrators. The University has developed, and is currently piloting, an online certification process which further emphasizes the requirements of OMB Circular A-21. Our training program for faculty and administrators, which is currently being enhanced, will include certain required components addressing these issues.

(4) Status of Prior Year Audit Findings

The finding from the OMB Circular A-133 report for the year ended June 30, 2004 has been corrected.