



**THE VANDERBILT UNIVERSITY**

OMB Circular A-133 Reports

Year ended June 30, 2006

EIN: 62-0476822

**THE VANDERBILT UNIVERSITY**

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**KPMG LLP**  
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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, 2006 and 2005, 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Vanderbilt University as of June 30, 2006 and 2005, 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 the *Government Auditing Standards*, we have also issued a report dated September 5, 2006 on our consideration of The Vanderbilt University's internal control over financial reporting and on our tests on its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and do not provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards for the year ended June 30, 2006 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the consolidated financial statements. Such information has been subjected to the auditing procedures applied on the audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects, in relation to the consolidated financial statements taken as a whole.

As described in note 16 to the financial statements, on June 30, 2006 the University adopted Financial Accounting Standards Board Interpretation No. 47, *Accounting for Conditional Asset Retirement Obligations*.

**KPMG LLP**

September 5, 2006, except as to Note 5,  
which is as of September 25, 2006



As of June 30, 2006 and 2005 (in thousands)

	2006	2005
<b>ASSETS</b>		
Cash and cash equivalents	\$ 511,573	\$ 217,697
Collateral under security lending agreements	271,353	324,757
Accounts receivable	257,567	230,262
Prepaid expenses and other assets	109,946	80,118
Contributions receivable	80,608	84,381
Student loans receivable	34,461	35,117
Investments	3,277,053	3,188,638
Property, plant, and equipment	1,457,159	1,365,177
Interest in trusts held by others	42,936	42,782
Total assets	\$ 6,042,656	\$ 5,568,929
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 216,917	\$ 260,093
Accrued payroll and withholdings	136,808	137,871
Payable under security lending agreements	271,353	324,757
Deferred revenue	52,067	48,091
Commercial paper	144,830	5,500
Actuarial liability for self-insurance	77,396	70,464
Actuarial liability for annuities payable	39,746	38,542
Government advances for student loans	16,007	15,781
Long-term debt and capital leases	761,787	780,399
Total liabilities	1,716,911	1,681,498
<b>NET ASSETS</b>		
Unrestricted	3,445,162	3,044,386
Temporarily restricted	155,755	175,043
Permanently restricted	724,828	668,002
Total net assets	4,325,745	3,887,431
Total liabilities and net assets	\$ 6,042,656	\$ 5,568,929

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



## Consolidated Statements of Activities

Years Ended June 30, 2006 and 2005 (in thousands)

	2006	2005
<b>CHANGES IN UNRESTRICTED NET ASSETS</b>		
<b>REVENUES</b>		
Tuition and educational fees, net	\$ 188,166	\$ 180,136
Government grants and contracts	277,839	257,241
Facilities and administrative costs recovery	100,081	92,892
Private gifts, grants, and contracts	68,578	61,919
Endowment distributions	109,270	103,849
Investment income	28,256	28,564
Health care services	1,577,841	1,387,235
Room, board, and other auxiliary services, net	75,565	73,248
Other sources	38,626	27,507
Net assets released from restrictions	17,841	16,931
<b>Total revenues</b>	<b>2,482,063</b>	<b>2,229,522</b>
<b>EXPENSES</b>		
Instruction	334,308	298,823
Research	321,035	298,996
Health care services	1,475,234	1,301,615
Academic support	100,503	97,390
Institutional support	54,128	57,403
Student services	24,596	24,936
Public service	23,869	28,056
Room, board, and other auxiliary services	94,372	91,030
<b>Total expenses</b>	<b>2,428,045</b>	<b>2,198,249</b>
<b>Change in unrestricted net assets from operating activity</b>	<b>54,018</b>	<b>31,273</b>
<b>OTHER UNRESTRICTED ACTIVITY</b>		
Gifts and contributions for plant	5,212	7,090
Net assets released from restrictions for plant	29,312	39,458
Donor designation changes	(1,600)	(521)
Change in endowment appreciation, net of distributions	262,583	292,307
Cumulative effect of a change in accounting principle	(17,540)	—
Other, including change in fair value of interest rate swap agreements	68,791	(40,934)
<b>Change in unrestricted net assets from other unrestricted activity</b>	<b>346,758</b>	<b>297,400</b>
<b>Increase in unrestricted net assets</b>	<b>400,776</b>	<b>328,673</b>
<b>CHANGES IN TEMPORARILY RESTRICTED NET ASSETS</b>		
Contributions and other	5,441	3,922
Donor designation changes	(5,506)	(19,707)
Net gain on contributions receivable	6,935	5,864
Endowment distributions	2,816	2,545
Investment gains	18,179	16,826
Net assets released from restrictions	(47,153)	(56,389)
<b>Decrease in temporarily restricted net assets</b>	<b>(19,288)</b>	<b>(46,939)</b>
<b>CHANGES IN PERMANENTLY RESTRICTED NET ASSETS</b>		
Contributions and other	45,908	15,725
Donor designation changes	7,106	20,228
Endowment distributions	794	252
Investment gains	3,018	10,116
<b>Increase in permanently restricted net assets</b>	<b>56,826</b>	<b>46,321</b>
<b>Increase in total net assets</b>	<b>\$ 438,314</b>	<b>\$ 328,055</b>
<b>Net assets at beginning of year</b>	<b>3,887,431</b>	<b>3,559,376</b>
<b>Net assets at end of year</b>	<b>\$ 4,325,745</b>	<b>\$ 3,887,431</b>

Operating

Non-operating

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



Years Ended June 30, 2006 and 2005 (in thousands)

	2006	2005
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in total net assets	\$ 438,314	\$ 328,055
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	(58,819)	(53,396)
Net realized investment gains	(247,455)	(208,906)
Non-cash changes in net assets		
Net increase in unrealized appreciation	(108,005)	(188,380)
Gifts of securities other than for plant and endowment	(19,398)	(14,367)
Depreciation and amortization	120,980	105,600
Present value adjustment on annuities payable	1,204	945
Present value adjustment on self-insurance	6,932	11,873
Net (increase) decrease in interest in trusts held by others	(154)	2,729
Amortization of bond discounts and premiums	(4,740)	(890)
Net (increase) decrease in fair value of interest rate swap agreements	(68,875)	39,283
Cumulative effect of a change in accounting principle	17,540	—
Change in operating assets and liabilities		
Decrease (increase) in:		
Accounts receivable	(27,305)	(1,956)
Prepaid expenses and other assets	(6,236)	(4,544)
Contributions receivable	3,773	18,784
Increase (decrease) in:		
Non-construction accounts payable and accrued liabilities	(15,411)	28,511
Accrued payroll and withholdings	(1,063)	20,655
Deferred revenue	3,976	11,903
Net cash provided by operating activities	35,258	95,899
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(1,593,061)	(3,733,318)
Proceeds from the sale of investments	1,879,504	3,654,137
Acquisition of property, plant, and equipment	(219,247)	(221,880)
Disposal of property, plant, and equipment	6,285	1,242
Student loans disbursed	(5,633)	(6,521)
Principal collected on student loans	6,289	5,826
Net cash provided by (used in) investing activities	74,137	(300,514)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Gifts for plant and endowment	58,819	53,396
(Decrease) increase in construction-related payables	(22)	4,663
Increase in government advances for student loans	226	322
Proceeds from the issuance of debt	140,776	482,860
Payments to retire or defease debt	(15,318)	(305,871)
Net cash provided by financing activities	184,481	235,370
Net increase in cash and cash equivalents	\$ 293,876	\$ 30,755
Cash and cash equivalents at beginning of year	217,697	186,942
Cash and cash equivalents at end of year	\$ 511,573	\$ 217,697

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 6,400 undergraduate and 5,100 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, temporarily restricted, and permanently restricted net assets.

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

**Temporarily restricted net assets** are limited as to use by donor-imposed stipulations that expire with the passage of time or that can be satisfied by action of 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 (mainly investments in limited partnerships) primarily are based on estimates reported by fund managers where a ready market for the investments does not exist. The estimated values are reviewed and evaluated by 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 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 4.5% 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 the related debt.

Parties to interest rate swap agreements are subject to market risk for changes in interest rates as well as risk of credit loss in the event of nonperformance by the counterparty. The University deals only with high-quality counterparties that meet rating criteria for financial stability and credit worthiness. 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 trusts held and administered by others. The University's share of these trust assets is recorded at fair value as interest in trusts held by others with carrying values adjusted annually for changes in fair value.

## Property, Plant, and Equipment

Purchased property, plant, and equipment are recorded at cost, including, where appropriate, capitalized interest. Donated assets are recorded at fair market 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.

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

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.

**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 52.0% in fiscal 2006. This rate increases to 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 includes that of Vanderbilt University Hospitals and Clinics, Vanderbilt Medical Group, Vanderbilt Health Services, Inc., and other activities directed toward the purpose of providing health care services to the community.

## Contributions

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

Unconditional promises to give, with payments due to the University in future periods, are recorded as increases in temporarily restricted or permanently restricted net assets at the estimated present value of future cash flows, net of an allowance for estimated uncollectible promises. Amortization of the discount is recorded as additional contributions in the appropriate net asset class. Allowance is made for uncollectible contributions receivable based upon management's analysis of past collection experience and other judgmental factors.

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

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



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

**Operating Results**

Operating results (change in unrestricted net assets from operating activity) in the Consolidated Statements of Activities reflect all transactions that change unrestricted net assets, except gifts for plant facilities, activity associated with endowment investments, changes in the value of interest rate swap agreements, 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 gains and losses on unrestricted, non-endowed investments.

The University's primary programs are instruction, research, patient care, and public service. Academic and student support expenses and auxiliary services are considered integral to the delivery of these programs. Fundraising costs are not material to the University's contributions or total program costs. Approximately 58% of private gifts, grants, and contracts revenue represent transactions where University services are provided to other parties.

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

**Income Taxes**

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

**Use of Estimates**

The preparation of financial statements requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, and expenses during the reporting period as

well as the disclosure of contingent assets and liabilities. Actual results ultimately could differ from management's estimates.

**Resignations**

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

**Reclassifications**

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

**3. Accounts Receivable**

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

	2006	2005
Patient care	\$ 313,601	\$ 307,109
Students, grants, and other	79,136	74,502
Accrued investment income	6,648	6,959
Accounts receivable	399,385	388,570
Less: Allowance for bad debts	141,818	158,308
Accounts receivable, net	<u>\$ 257,567</u>	<u>\$ 230,262</u>

#### 4. Contributions Receivable

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

	2006	2005
Unconditional promises expected to be collected in:		
Less than one year	\$ 22,275	\$ 20,738
One year to five years	69,739	74,879
More than five years	4,869	1,848
Contributions receivable	96,883	97,465
Less: Unamortized discount	8,817	6,794
Allowance for uncollectible promises	7,458	6,290
Contributions receivable, net	<u>\$ 80,608</u>	<u>\$ 84,381</u>

The University's net contributions receivable include amounts due from the Ingram Charitable Fund (ICF) totaling \$21.1 million and \$38.7 million as of June 30, 2006 and 2005, 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 \$167.2 million as of June 30, 2006. 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):

	2006	2005
Short-term securities	\$ 81,358	\$ 277,301
Bonds	351,083	410,680
Stocks	975,572	1,040,966
Partnership investments	1,636,125	1,263,995
Mortgages	6,834	8,305
Real estate	190,013	156,283
Other	35,351	31,281
Net receivables (payables) for unsettled trades by investment managers	717	(173)
Total fair value	<u>\$3,277,053</u>	<u>\$3,188,638</u>
Total cost	<u>\$2,732,570</u>	<u>\$2,752,160</u>

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

	2006	2005
Unrestricted	\$2,539,668	\$2,490,949
Temporarily restricted	118,974	125,902
Permanently restricted	618,411	571,787
Total fair value	<u>\$3,277,053</u>	<u>\$3,188,638</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, 2006, investment securities with a market value of \$304.5 million were loaned to various approved brokers under this program with collateral having a total market value of \$310.9 million, including cash and cash equivalents of \$271.4 million. The cash and cash equivalents collateral and the obligation to return such collateral are reported as an asset and liability on the Consolidated Statements of Financial Position.



## 6. Investment Return

As previously noted, 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 2006 and 2005 were based on 4.5% of the previous three years' average calendar year-end market values plus the use of \$10.5 million and \$11.7 million of funds functioning as endowment for operating expenses of transinstitutional initiatives in fiscal 2006 and 2005, respectively.

Further, \$2.3 million and \$6.6 million of unrestricted funds functioning as endowment were utilized for capital needs of transinstitutional initiatives in fiscal 2006 and 2005, respectively. Liquidations for these special capital investments are excluded from the following summary of endowment distributions and other investment income for the fiscal years ended June 30 (*in thousands*):

	2006	2005
<b>Operating:</b>		
Endowment distributions	\$ 109,270	\$ 103,849
Investment income	28,256	28,564
Total operating return	<u>137,526</u>	<u>132,413</u>
<b>Non-operating:</b>		
<b>Unrestricted:</b>		
Endowment appreciation utilized	(112,324)	(106,646)
Investment income	374,907	398,953
<b>Temporarily restricted:</b>		
Endowment distributions	2,816	2,545
Investment income	18,179	16,826
<b>Permanently restricted:</b>		
Endowment distributions	794	252
Investment income	3,018	10,116
Total non-operating return	<u>287,390</u>	<u>322,046</u>
Total investment return	<u>\$ 424,916</u>	<u>\$ 454,459</u>

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

	2006	2005
Net interest, dividend, and partnership income	\$ 68,051	\$ 58,293
Net realized gains from original cost	247,469	209,374
Net unrealized gains	<u>109,396</u>	<u>186,792</u>
Total investment return	<u>\$ 424,916</u>	<u>\$ 454,459</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*):

	2006	2005
<b>Unrestricted net assets:</b>		
Funds functioning as endowment, at cost	\$1,754,792	\$1,637,322
Net unrealized appreciation on investments	537,895	395,673
Exclude net unrealized losses allocable to other investments	<u>643</u>	<u>4,655</u>
Funds functioning as endowment	<u>2,293,330</u>	<u>2,037,650</u>
<b>Temporarily restricted net assets:</b>		
Funds functioning as endowment, at cost	<u>9,433</u>	<u>—</u>
<b>Permanently restricted net assets:</b>		
True endowment	660,164	603,724
Exclude portion allocable to contributions receivable and other	<u>(47,307)</u>	<u>(43,147)</u>
Managed true endowment	<u>612,857</u>	<u>560,577</u>
Fair value of managed endowment	<u>\$2,915,620</u>	<u>\$2,598,227</u>

## 8. Property, Plant, and Equipment

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

	2006	2005
Land	\$ 49,651	\$ 48,385
Buildings and improvements	1,810,770	1,692,707
Moveable equipment	585,484	532,423
Construction in progress	117,178	114,756
Property, plant, and equipment	2,563,083	2,388,271
Less: Accumulated depreciation	1,105,924	1,023,094
Property, plant, and equipment, net	<u>\$1,457,159</u>	<u>\$1,365,177</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, 2006, the estimated replacement cost for library collections, including processing costs to properly identify, catalog, and shelve materials, exceeds \$298.1 million. For both fiscal 2006 and 2005, \$0.7 million of capitalized interest was added to construction in progress. Internally developed software costs of \$3.0 million in 2006 and \$2.6 million in 2005 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):

	Years to Maturity	Fiscal 2006 Effective Interest Rate	Outstanding Principal 2006	2005
<b>Fixed-rate long-term debt</b>				
1996 Series A	3	5.7%	\$ 3,265	\$ 4,265
1997 Series A	13	5.4%	23,635	24,870
1998 Series A	10	5.6%	19,700	21,145
1998 Series B	23	5.0%	34,280	35,075
1998 Series C <sup>1</sup>	9	5.0%	17,805	19,370
2001 Series A	10	4.9%	13,655	14,700
2001 Series B <sup>1</sup>	17	5.1%	54,015	56,010
2005 Series B <sup>1,2</sup>	38	3.2%	277,750	277,750
HUD	3	3.0%	385	660
Note payable	3	7.3%	8,408	8,802
Other	13	3.0%	227	299
Total fixed-rate long-term debt			<u>453,125</u>	<u>462,946</u>
<b>Variable-rate long-term debt</b>				
2000 Series A	25	3.1%	62,000	63,200
2000 Series B	25	3.1%	62,000	63,200
2002 Series A	27	3.1%	21,370	21,730
2003 Series A <sup>1</sup>	13	3.1%	35,790	38,040
2005 Series A	38	3.0%	113,300	113,300
Total variable-rate long-term debt			<u>294,460</u>	<u>299,470</u>
Par amount of long-term debt			747,585	762,416
Net unamortized premium			12,435	17,175
Total long-term debt			760,020	779,591
Capital leases	3	3.5%	1,767	808
Total long-term debt and capital leases			761,787	780,399
Tax-exempt commercial paper, series A and B	<1	2.8%	144,830	5,500
Total long-term debt, commercial paper, and capital leases			<u>\$ 906,617</u>	<u>\$ 785,899</u>

<sup>1</sup>Issued under Master Trust Indenture structure.

<sup>2</sup>The 2005B 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 exception of the HUD bonds), has 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 \$385.4 million as of June 30, 2006, 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):

	2006	2005
Interest cost paid	\$ 29,886	\$ 25,954
Interest cost expensed	\$ 26,474	\$ 26,830
Assets held by trustees for subsequent debt service as of June 30	\$ 5,352	\$ 2,024

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

2007	\$ 15,482
2008	16,522
2009	24,481
2010	16,450
2011	17,320
Thereafter	657,330
Total	<u>\$ 747,585</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. Liquidity for the variable debt portfolio (both commercial paper and variable rate demand bonds) is covered primarily by portfolio self-liquidity, supplemented by a bank revolving credit agreement dedicated solely to debt portfolio liquidity. There were no borrowings outstanding on the revolving credit agreement as of June 30, 2006 or 2005.

Trust indentures for certain bond issues contain covenants and restrictions involving the issuance of additional debt, maintenance of a specified debt service coverage ratio, and the maintenance of liquidity facilities. As of and for the fiscal year ended June 30, 2006, management believes that 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 \$20.3 million as of June 30, 2006.

In fiscal 2006, the University issued \$139.3 million of commercial paper (CP) under its \$600 million tax-exempt CP program to finance the construction, expansion, and renovation of various University facilities and related equipment, most notably The Commons and the Vanderbilt University Institute of Imaging Science. The University's taxable CP program is authorized for draws up to \$75 million. No draws were made under this CP program during the year.

## 10. Interest Rate Swap Agreements

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

The fair value of interest rate swap agreements is the estimated amount that the University would pay or receive to terminate these contracts as of the report date. The estimated cumulative gain (loss) for the fair value of these swap agreements was \$23.6 million and (\$45.3) million as of June 30, 2006 and 2005, respectively, and is included in prepaid expenses in 2006, and accounts payable and accrued liabilities in 2005. Changes in the fair value for these contracts, which for fiscal 2006 and 2005 amounted to an unrealized gain of \$68.9 million and an unrealized loss of

\$39.3 million, respectively, were recorded as other non-operating items in the Consolidated Statements of Activities.

Periodic net cash settlement receipts (payments) for all agreements aggregated \$0.5 million and (\$8.4) million for fiscal 2006 and 2005, respectively, and were reflected as adjustments to operating expense in the Consolidated Statements of Activities.

As of June 30, 2006, the University's adjusted debt portfolio, after taking into account the aforementioned derivatives, was approximately 56% fixed and 44% variable.

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

Origination/ Description	Settlement Provisions	Maturity	Outstanding Notional Amounts	
			2006	2005
January 2002 fixed payer swaps	University receives variable payments based on 70% of London Interbank Offered Rate (LIBOR) and pays fixed amounts at a weighted average rate of 3.990%	Gradual amortization <sup>1</sup> , corresponding to principal retirements for the University's Series 2000A and 2000B bonds, with final expiration in October 2030	\$124,000	\$126,400
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	\$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	\$315,000
January 2005 fixed receiver swaps	University receives fixed payments averaging 2.997% and pays variable amounts based on the Bond Market Association (BMA) municipal swap 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	\$277,750
March 2005 and August 2005 fixed receiver swaps	University receives fixed payments averaging 3.428% and pays variable amounts based on the BMA index	Bullet maturities <sup>2</sup> in April 2008 and September 2009	\$200,000	\$100,000
Fiscal 2005 and 2006 basis swaps	University receives payments averaging 82.2% of LIBOR and pays variable amounts based on the BMA index	Bullet maturities in July 2034 and 2035	\$500,000	\$350,000

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

<sup>2</sup>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 the following groups:

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

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

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

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

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

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

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

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

	2006	2005
Designated for operations	\$ 202,847	\$ 178,048
Designated gifts and grants	131,021	133,434
Designated for student loans	30,735	30,144
Designated for plant facilities	764,280	715,048
Funds functioning as endowment, at cost	1,754,792	1,637,322
Net unrealized appreciation on investments	537,895	395,673
Net fair value of interest rate swap agreements	23,592	(45,283)
<b>Total unrestricted net assets</b>	<b><u>\$3,445,162</u></b>	<b><u>\$3,044,386</u></b>

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

	2006	2005
Gifts and pledges	\$ 131,210	\$ 152,038
Interest in trusts held by others	7,604	6,824
Life income and gift annuities	16,941	16,181
<b>Total temporarily restricted net assets</b>	<b><u>\$ 155,755</u></b>	<b><u>\$ 175,043</u></b>

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

	2006	2005
Student scholarships	\$ 1,020	\$ 762
Instruction	3,401	3,837
Capital improvements	10,065	11,801
Subsequent period operations and other	141,269	158,643
<b>Total temporarily restricted net assets</b>	<b><u>\$ 155,755</u></b>	<b><u>\$ 175,043</u></b>

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

	2006	2005
True endowment	\$ 660,164	\$ 603,724
Interest in trusts held by others	35,332	35,958
Life income and gift annuities	29,332	28,320
<b>Total permanently restricted net assets</b>	<b><u>\$ 724,828</u></b>	<b><u>\$ 668,002</u></b>

## 12. Natural Classification of Expenses and Allocations

Operating expenses incurred in the fiscal years ended June 30, 2006 and 2005, were as follows (*in thousands*):

	2006	2005
Salaries, wages, and benefits	\$1,397,173	\$1,279,366
Services	117,136	107,144
Supplies and materials	537,928	500,950
Depreciation and amortization	120,980	105,600
Interest	26,474	26,830
Provision for bad debts	130,927	95,464
Utilities, operating leases, and other	97,427	82,895
<b>Total operating expenses</b>	<b><u>\$2,428,045</u></b>	<b><u>\$2,198,249</u></b>

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

### 2006

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

### 2005

	Interest	Depreciation
Instruction	\$ 2,478	\$ 13,342
Research	4,435	16,357
Health care services	12,656	41,916
Academic support	1,063	7,058
Institutional support	686	8,374
Student services	466	1,689
Public service	127	869
Room, board, and other auxiliary services	4,919	15,995
<b>Total</b>	<b><u>\$ 26,830</u></b>	<b><u>\$ 105,600</u></b>

## 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 2006 and 2005 were \$39.4 million and \$35.5 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 2006 and 2005, financial aid for tuition and educational fees of \$128.0 million and \$114.2 million was applied to gross tuition and educational fees of \$316.2 million and \$294.3 million, respectively. In fiscal 2006 and 2005, financial aid for room and board of \$15.6 million and \$14.5 million was applied to gross room and board of \$43.6 million and \$41.5 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 as of June 30, 2006 and 2005.

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 2006 and 2005, the University had related party transactions approximating \$29.2 million and \$36.6 million, respectively.

### 16. Conditional Asset Retirement Obligations

In March 2005, the Financial Accounting Standards Board issued Interpretation No. 47 (FIN 47), Accounting for Conditional Asset Retirement Obligations. Under FIN 47, companies must accrue for costs related to legal obligations to perform certain activities in connection with the retirement, disposal, or abandonment of assets. The obligation to perform the asset retirement activity is not conditional, even though the timing or method may be conditional.

Vanderbilt implemented FIN 47 with an effective date of June 30, 2006. Using site-specific surveys, the University identified asbestos abatement or removal as conditional asset retirement obligations, resulting in a liability of \$17.5 million reported as accounts payable and accrued expenses on the Consolidated Statements of Financial Position as of June 30, 2006. Implementation of this pronouncement resulted in \$17.5 million being reflected as the cumulative effect of a change in accounting principle in fiscal 2006.

### 17. Commitments and Contingencies

(A) *Construction.* At June 30, 2006, approximately \$104.8 million was committed for projects under construction and equipment purchases, to be financed primarily from anticipated debt proceeds.

(B) *Lease Obligations.* The University leases certain equipment and real property. These leases are classified primarily as operating leases and have lease terms ranging up to fifteen years. Total operating lease expense for fiscal 2006 and 2005 was \$47.8 million and \$44.3 million, respectively. Future minimum rentals on non-cancelable operating leases with initial or remaining lease terms in excess of one year as of June 30, 2006, were as follows (*in thousands*):

2007	\$ 27,947
2008	23,105
2009	19,114
2010	10,198
2011	5,959
Thereafter	<u>16,410</u>
Total future minimum rentals	<u>\$ 102,733</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 \$5.5 million per occurrence, not to exceed an annual aggregate of \$41.0 million. For this self-insured retention, a trust fund has been established. The funding of the trust is based upon studies performed by an actuarial firm. Excess malpractice and professional liability coverage has been obtained from commercial insurance carriers on a claims-made basis for claims above the retained self-insurance risk levels.



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

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

(G) *Health Care Services Revenue.* Revenue from health care services includes amounts paid under reimbursement agreements with certain third-party payers and is subject to examination and retroactive adjustments. Any differences between estimated year-end settlements and actual final settlements are reported in the year final settlements are known. Substantially all settlements have been made through the year ended June 30, 2003.

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.

(H) *Partnership Investment Commitments.* There were \$763.1 million of commitments to venture capital, real estate, and distressed security investments as of June 30, 2006. These funds may be drawn down over the next several years upon request by the general partners. As of June 30, 2006, \$51.2 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.

(I) *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 debt issued by McKendree Village. As of June 30, 2006, the balance of the guaranteed debt was \$18.1 million.

**THE VANDERBILT UNIVERSITY**  
 Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2006

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	—	(3,885)	(3,885)
	Total CFDA	10.000			—	(3,885)	(3,885)
	Grants for Agricultural Research	10.206			237,489	—	237,489
		10.206	GEISINGER	Pennsylvania State University	—	50,109	50,109
		10.206	4224004773	University of Akron	—	3,997	3,997
	Total CFDA	10.206			237,489	54,106	291,595
	Biotechnology Risk Assessment Research	10.219			—	—	—
		10.219	4204504753	Indiana University	—	84,775	84,775
	Total CFDA	10.219			—	84,775	84,775
	Total U.S Department of Agriculture				237,489	134,996	372,485
	U.S. Department of Commerce:						
	Ctr for Sponsored Coastal Ocean Research	11.478			27,151	—	27,151
	Total CFDA	11.478			27,151	—	27,151
	Total U.S Department of Commerce				27,151	—	27,151
	U.S. Department of Defense:						
	ARPA	12.000			—	—	—
		12.000	W1033970	Boeing Company	—	11,377	11,377
		12.000	KT3432	Boeing Company	—	11,357	11,357
		12.000	PO#KQ5979	Boeing Company	—	89,524	89,524
	Total CFDA	12.000			—	112,258	112,258
	Basic and Applied Scientific Research	12.300			—	—	—
		12.300	531-0187-01	Purdue University	—	(472)	(472)
		12.300	N000140210628	Purdue University	—	(2,200)	(2,200)
	Total CFDA	12.300			—	(2,672)	(2,672)
	Basic Scientific Research	12.431			—	—	—
		12.431	4224204933	SMI Group, Inc	—	430	430
	Total CFDA	12.431			—	430	430
	Air Force Defense Research Sciences Program	12.800			—	—	—
		12.800	NBCHC030119	BBNT Solutions, LLC	—	148,593	148,593
	Total CFDA	12.800			—	148,593	148,593
	Research and Technology Development	12.910			(38,526)	—	(38,526)
		12.910	HR0011-05-1-0044	University of Washington	—	133,095	133,095
		12.910	NBCH106001	Interior	—	83,726	83,726
		12.910	DAAD190110509	University of California at Berkeley	—	(235)	(235)
		12.910	TT0660127	Lockheed/Martin Marietta Corp	—	446,182	446,182
	Total CFDA	12.910			(38,526)	662,768	624,242
	Total ARPA				(38,526)	921,377	882,851

**THE VANDERBILT UNIVERSITY**  
 Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2006

Program	Federal sponsor/project title	CFDA	Flow-through award number	Flow-through entity	Direct	Flow-through	Total
Defense Secretary		12.000			\$ —	—	—
		12.000	4047754013	Meharry Medical School	—	28,242	28,242
	Total CFDA	12.000			—	28,242	28,242
	Total Defense Secretary				—	28,242	28,242
Defense Threat Reduction Agency		12.000			—	—	—
		12.000	HDTRA1-05-P-0124	Lynguent, Inc	—	31,952	31,952
	Total CFDA	12.000			—	31,952	31,952
Basic and Applied Scientific Research		12.300			—	—	—
		12.300	4224224763	Alnylam Pharmaceuticals, Inc	—	12,680	12,680
	Total CFDA	12.300			—	12,680	12,680
	Total Defense Threat Reduction Agency				—	44,632	44,632
Missile Defense Agency:							
Basic, Applied, and Advanced Research in		12.630			—	—	—
Science and Engineering		12.630	W9113M04C0097	Structured Material Industries, Inc.	—	39,371	39,371
	Total CFDA	12.630			—	39,371	39,371
	Total Missile Defense Agency				—	39,371	39,371
Air Force:		12.000			—	—	—
		12.000	F33615-01-C-2188	Auburn University	—	52,979	52,979
		12.000	4224514103	Combustion Science & Engineering, Inc	—	5,000	5,000
		12.000	FA8750-05	University of Southern California	—	417,906	417,906
	Total CFDA	12.000			—	475,885	475,885
Collaborative Research and Development		12.114			483,719	—	483,719
	Total CFDA	12.114			483,719	—	483,719
Basic and Applied Scientific Research		12.300			537,264	—	537,264
	Total CFDA	12.300			537,264	—	537,264
Basic, Applied & Advanced Research		12.630			2,699,215	—	2,699,215
		12.630	F33601-03-F-0060	Anteon Corporation	—	68,035	68,035
	Total CFDA	12.630			2,699,215	68,035	2,767,250
Air Force Defense Research Sciences Program		12.800			2,387,227	—	2,387,227
		12.800	F49620-02-C-005	Tristan Technologies, Inc.	—	(173)	(173)
		12.800	F3361501C18	Lockheed Martin Corporation	—	61,101	61,101
	Total CFDA	12.800			2,387,227	60,928	2,448,155
Research & Technology Development		12.910			4,761	—	4,761
		12.910	F30602-02-2-0202	DARPA	—	43,321	43,321
	Total CFDA	12.910			4,761	43,321	48,082
	Total Air Force				6,112,186	648,169	6,760,355

**THE VANDERBILT UNIVERSITY**  
 Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2006

Program	Federal sponsor/project title	CFDA	Flow-through award number	Flow-through entity	Direct	Flow-through	Total
Army		12.000			\$ 1,571,488	—	1,571,488
		12.000	DAMD17-02-1-0693	Wayne State University	—	64,145	64,145
		12.000	W81XWH06C0047	CFD Research Corporation	—	16,863	16,863
		12.000	A05-T0005	Lynntech, Inc.	—	5,751	5,751
		12.000	PO#G6004901	EOIR Technologies, Inc.	—	24,828	24,828
	Total CFDA	12.000			1,571,488	111,587	1,683,075
Military Medical Research & Development		12.420			2,291,449	—	2,291,449
		12.420	W81XWH-04-2-0031	Rutgers, The State Univ of NJ	—	23,091	23,091
	Total CFDA	12.420			2,291,449	23,091	2,314,540
Basic Scientific Research		12.431			2,019,441	—	2,019,441
		12.431	4206304023	Fisk University	—	(158)	(158)
		12.431	05-655K-0000	University of Nevada Las Vegas	—	3,874	3,874
		12.431	GS00K97AFD2197GSAFAST	US Robotech, Inc.	—	7,571	7,571
		12.431	4224234093	University of Memphis	—	271,789	271,789
		12.431	4224214093	Boeing Company	—	100,557	100,557
		12.431	HMAOEMB060004	Boeing Company	—	684,605	684,605
	Total CFDA	12.431			2,019,441	1,068,238	3,087,679
	Total Army				5,882,378	1,202,916	7,085,294
Navy		12.000			103,775	—	103,775
		12.000	4224213993	State University of New York	—	59,424	59,424
		12.000	N6553806M0029	Tech-X Corporation	—	13,436	13,436
		12.000	N66001-06-C-8005	John Hopkins University	—	271,964	271,964
		12.000	4224203755	UmeVoice, Inc.	—	153	153
		12.000	4224103762	Technology Management Co	—	(20)	(20)
	Total CFDA	12.000			103,775	344,957	448,732
Basic and Applied Scientific Research		12.300			717,143	—	717,143
		12.300	N000140110616	Auburn University	—	7,797	7,797
		12.300	N000140010951	State University of New York	—	18,534	18,534
		12.300	N0016402D659	Mission Research	—	(30,765)	(30,765)
		12.300	MRC/VAN-07	ATK Mission Research	—	770,387	770,387
		12.300	MRC/VAN-08	ATK Mission Research	—	327,092	327,092
		12.300	N000140310843	Fisk University	—	42,408	42,408
		12.300	N00014-05-1-0437	Purdue University	—	188,166	188,166
		12.300	SC-6599-02-0012	ATK Mission Research	—	160,510	160,510
		12.300	MRCN164-02-D-6599	ATK Mission Research	—	(10,595)	(10,595)
		12.300	N0016497D0013	ATK Mission Research	—	(16,171)	(16,171)
	Total CFDA	12.300			717,143	1,457,363	2,174,506
Air Force Defense Research Sciences Program		12.800			51,698	—	51,698
	Total CFDA	12.800			51,698	—	51,698
Research & Technology Development		12.910			(22,724)	—	(22,724)
		12.910	N00030-05-C-0035	AeroJet Tech Systems	—	2,386,024	2,386,024
		12.910	N001403C0022	University of Southern California	—	177,667	177,667
	Total CFDA	12.910			(22,724)	2,563,691	2,540,967
	Total Navy				849,892	4,366,011	5,215,903

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Marine Corps:							
Basic Scientific Research		12.431			\$ —	—	—
		12.431	TO-2005-2-V	Coordinated Software Systems, LLC	—	78,102	78,102
Total CFDA		12.431			—	78,102	78,102
Total Marine Corps					—	78,102	78,102
National Security Agency:							
Mathematical Sciences Grants Program		12.901			19,297	—	19,297
Total CFDA		12.901			19,297	—	19,297
Total National Security Agency					19,297	—	19,297
Total U.S. Department of Defense					12,825,227	7,328,820	20,154,047
U.S. Department of State:							
Educational Exchange American Studies		19.418			—	—	—
		19.418	CIES87500476	Institute of International Education	—	1,833	1,833
Total CFDA		19.418			—	1,833	1,833
Total U.S Department of State					—	1,833	1,833
U.S. Department of Education							
		84.000			—	—	—
		84.000	4201002003	Howard University	—	10,143	10,143
		84.000	4261302033	ED-05-R-0006	—	1,896	1,896
		84.000	4262102323	Wayne Co TN Schools	—	222,781	222,781
		84.000	4262602993	University of Pennsylvania	—	90,163	90,163
Total CFDA		84.000			—	324,983	324,983
National Institute on Disabilities and Rehab Research		84.133			106,049	—	106,049
Total CFDA		84.133			106,049	—	106,049
National Institute of Student Achievement		84.305			3,308,731	—	3,308,731
		84.305	4261002163	University of Michigan	—	153,639	153,639
		84.305	R305U040001	MDRC	—	108,388	108,388
Total CFDA		84.305			3,308,731	262,027	3,570,758
Special Education Research & Innovation		84.324			3,415,089	—	3,415,089
		84.324	4262332925	University of South Florida	—	23,057	23,057
		84.324	5830-0479	University of South Florida	—	14,383	14,383
		84.324	132H731	University of Wisconsin	—	170,038	170,038
Total CFDA		84.324			3,415,089	207,478	3,622,567
Special Education Technical Assistance & Dissemination		84.326			—	—	—
		84.326	4261002133	Harcourt, Inc.	—	22,540	22,540
Total CFDA		84.326			—	22,540	22,540
Special Education Tech & Media Services for Disabled		84.327			156,262	—	156,262
Total CFDA		84.327			156,262	—	156,262
National Assessment of Educational Program		84.902			59,667	—	59,667
Total CFDA		84.902			59,667	—	59,667
Total U.S. Department of Education					7,045,798	817,028	7,862,826

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U.S. Department of Energy:	Energy	81.000			\$ 3,501	—	3,501
		81.000	POEP5395		—	1,088	1,088
		81.000	POEP8663		—	87,292	87,292
	Total CFDA	81.000			3,501	88,380	91,881
University Laboratory Cooperative Program		81.004			—	—	—
		81.004	PO#4000036178	Battelle Memorial Institute	—	167,824	167,824
		81.004	4206304313; 4303	Tech-X Corporation	—	93,745	93,745
		81.004	4000045992	Lockheed Martin	—	16,066	16,066
		81.004	4000034961	Battelle Memorial Institute	—	32,735	32,735
		81.004	01P0896	Southeastern Univ Research Assoc.	—	(954)	(954)
	Total CFDA	81.004			—	309,416	309,416
Office of Energy Research Financial Assistance		81.000			1,935,118	—	1,935,118
		81.049	DEAC3698G010337	National Renewable Energy Lab	—	—	—
		81.049	4000021031/00OR22725	Battelle Memorial Institute	—	108,959	108,959
		81.049	4000007815/OR22725	Battelle Memorial Institute	—	—	—
		81.049	4000014045	Battelle Memorial Institute	—	186	186
		81.049	92656	Brookhaven	—	23,122	23,122
		81.049	4206364353	Brookhaven	—	—	—
		81.049	DE-AC0298CH10886	Brookhaven	—	267,893	267,893
		81.049	278573	Sandia National Laboratories	—	—	—
		81.049	PO# 31411	Sandia National Laboratories	—	—	—
		81.049	4224014263	Sandia National Laboratories	—	—	—
	Total CFDA	81.049			1,935,118	400,160	2,335,278
Technology Development Environmental Mgmt		81.104			—	—	—
		81.104	1198	Sandia National Laboratories	—	—	—
		81.104	229045	Sandia National Laboratories	—	114,391	114,391
		81.104	EW15336	University of Medicine & Dentistry	—	758,296	758,296
	Total CFDA	81.104			—	872,687	872,687
Total U.S. Department of Energy					1,938,619	1,670,643	3,609,262
Environmental Protection Agency	Greater Opportunities: Research Program	66.515			—	—	—
		66.515	05-CE-421146-VU	Auburn University	—	28,462	28,462
	Total CFDA	66.515			—	28,462	28,462
Pollution Prevention Grants Program		66.708			—	—	—
		66.708	RN04-0004	Upjohn Corporation	—	87,337	87,337
		66.708	RN04-0003	Upjohn Corporation	—	69,403	69,403
		66.708	D02-0014	Upjohn Corporation	—	10,421	10,421
	Total CFDA	66.708			—	167,161	167,161
Total Environmental Protection Agency					—	195,623	195,623
U.S. Department of Health & Human Services:	Center for Medicare and Medicaid Services:						
	Research on Healthcare Costs, Quality and Outcomes	93.226			577,457	—	577,457
	Total CFDA	93.226			577,457	—	577,457
Total Center for Medicare and Medicaid Services					577,457	—	577,457

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Agency for Healthcare Research and Quality:	Research on Healthcare Costs, Quality and Outcomes	93.226			\$ 1,184,910	—	1,184,910
		93.226	1R01HS11620	University of Pittsburgh	—	1,046	1,046
		93.226	R01HS13610	University of Wisconsin	—	49,826	49,826
	Total CFDA	93.226			1,184,910	50,872	1,235,782
	Total Agency for Healthcare Research and Quality				1,184,910	50,872	1,235,782
Substance Abuse and Mental Health Services:	Administration	93.000			—	—	—
		93.000	27020030006	Chestnut Health Systems	—	88	88
		93.000	4264600083	Westat, Inc.	—	65,625	65,625
		93.000	UDSM56111	Nat'l Ctr for Family Homelessness	—	9,696	9,696
	Total CFDA	93.000			—	75,409	75,409
Community Mental Health Services for Children		93.104			—	—	—
		93.104	GR-06-17166	TN Dept of MH/DD	—	13,015	13,015
		93.104	GR-05-16357-00	TN Dept of MH/DD	—	4,199	4,199
	Total CFDA	93.104			—	17,214	17,214
Consolidated Knowledge Development and Application Program		93.230			274,493	—	274,493
		93.230	SM53045	Policy Research Associates, Inc.	—	318,114	318,114
	Total CFDA	93.230			274,493	318,114	592,607
Mental Health Research Grants		93.242			—	—	—
		93.242	4262800863	Univ of California at Los Angeles	—	46	46
	Total CFDA	93.242			—	46	46
Projects of Regional & National Significance		93.243			—	—	—
		93.243	GR-06-17529-00	TN Dept of Finance & Admin	—	43,689	43,689
	Total CFDA	93.243			—	43,689	43,689
Total Substance Abuse and Mental Health Services Admin					274,493	454,472	728,965
Centers for Disease Control		93.000			62,599	—	62,599
	Total CFDA	93.000			62,599	—	62,599
Acquired Immunodeficiency Syndrome (AIDS) Activity		93.118			—	—	—
		93.118	AI32908	St. Jude Hospital	—	155,564	155,564
	Total CFDA	93.118			—	155,564	155,564
Immunization Research Demonstration		93.185			1,121,870	—	1,121,870
		93.185	UR6CCU41766703	Emory University	—	500	500
	Total CFDA	93.185			1,121,870	500	1,122,370
Immunization Grants		93.268			—	—	—
		93.268	GR-03-15515-00	TN Dept of Health	—	(27)	(27)
		93.268	U50CCU416123	TN Dept of Health	—	1,098,332	1,098,332
	Total CFDA	93.268			—	1,098,305	1,098,305

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Centers for Disease Control and Prevention Investigations		93.283			—	—	—
		93.283	TS-0825	Assoc of Teachers of Prev Med	\$ —	25,760	25,760
		93.283	U27CCU413185-10	University of North Carolina	—	12,102	12,102
Total CFDA		93.283			—	37,862	37,862
Microbiology & Infectious Diseases Research		93.283			—	—	—
		93.283	GR-00-12525-00	TN Dept of Health	—	380	380
Total CFDA		93.283			—	380	380
Total Centers for Disease Control					1,184,469	1,292,611	2,477,080
Food and Drug Administration:							
Food and Drug Administration Research		93.103			350,959	—	350,959
		93.103	FDA223-02-6003	CODA, Inc.	—	23,761	23,761
		93.103	FD-R25555-01	Massachusetts General Hospital	—	2,641	2,641
		93.103	4046060015	Dalhousie University	—	6,165	6,165
Total CFDA		93.103			350,959	32,567	383,526
Total Food and Drug Administration					350,959	32,567	383,526
Health Resource Services Administration		93.000			—	—	—
		93.000	H30MC05053-02	University of North Carolina	—	12,747	12,747
Total CFDA		93.000			—	12,747	12,747
Emergency Medical Services for Children		93.127			—	—	—
		93.127	H33MC068841	TN Dept of MH/DD	—	16,129	16,129
Total CFDA		93.127			—	16,129	16,129
Coordinated HIV Services & Access to Research for Children		93.153			80,394	—	80,394
Total CFDA		93.153			80,394	—	80,394
Healthy Communities Access Program Demonstration Authority		93.890			—	—	—
		93.890	D72CS4178	Meharry Medical College	—	16,180	16,180
Total CFDA		93.890			—	16,180	16,180
Total Health Resource Services Administration					80,394	45,056	125,450
National Institutes of Health		93.000			3,059,031	—	3,059,031
		93.000	5U10CA76001	Duke University	—	14,720	14,720
		93.000	R01AG21500	University of Maryland	—	19,660	19,660
		93.000	280-04-0112	Westat, Inc.	—	1,834	1,834
		93.000	U01AI47972	University of Alabama at B'ham	—	86,222	86,222
		93.000	N01MH90001	University of North Carolina	—	45,822	45,822
		93.000	R01AI53034	University of Iowa	—	3,349	3,349
		93.000	U54RR19192-01	Meharry Medical College	—	5,701	5,701
		93.000	N01C051106	University of Kentucky	—	53,640	53,640
		93.000	R01HD47447	Dartmouth University	—	247,891	247,891
		93.000	R01GM68786-01	University of Massachusetts	—	45,244	45,244
		93.000	P01CA10445	Washington Univ in St. Louis	—	294,436	294,436
		93.000	R01NS037912	Duke University	—	131	131
		93.000	5U54GM62114-03	University of Texas	—	79,619	79,619
		93.000	2U01NS38529-04	University of Texas	—	45,066	45,066

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		93.000	R01DK68261	University of Alabama	\$ —	17,433	17,433
		93.000	5R25CA10220	Meharry Medical College	—	2,707	2,707
		93.000	1R01MH64763-01	University of Illinois	—	(128)	(128)
		93.000	1U54GM69338	Univ of California San Diego	—	928,349	928,349
		93.000	U10CA98543	Children's Oncology Group	—	105,601	105,601
		93.000	HHSN261200533006C	Detroit R&D, Inc.	—	11,208	11,208
		93.000	R01MH61989	N Kline Inst of Psych Research	—	47,208	47,208
		93.000	U10EY14231	Jaeb Center for Health Rsch Fdn	—	5,134	5,134
		93.000	R01AG21094	University of Massachusetts	—	15,470	15,470
		93.000	1N01AI15444-01	John Hopkins University	—	317,851	317,851
		93.000	U01DK66579	Renal Research Institute, Inc	—	178	178
		93.000	U10CA98543	National Childhood Cancer Fdn	—	11,549	11,549
		93.000	BAA-RM-04-23	LDS Hospital	—	86,116	86,116
		93.000	U01CA69856	Memorial S Loan-Kettering Canc Ctr	—	15,257	15,257
		93.000	4046060353	Massachusetts General Hospital	—	(55,629)	(55,629)
		93.000	R01NS39987	Mayo Fdn for Medical Educ	—	1,478	1,478
		93.000	U54CA105296	Stanford University	—	264,103	264,103
		93.000	R01MH71260	Rosalind Franklin Univ of Med	—	112,987	112,987
		93.000	4042740023	Duke University	—	55,425	55,425
		93.000	020911IAG153	Meharry Medical College	—	55,998	55,998
		93.000	R01NS42372	Univ of California at San Fran	—	20,860	20,860
		93.000	U01HL63747	Duke University	—	7,348	7,348
		93.000	R44CA086604	Creare, Inc	—	93,900	93,900
		93.000	R01NS44876	Yale University	—	5,281	5,281
		93.000	R01CA98217	Ohio State University	—	67,415	67,415
		93.000	DA11697	University of Michigan	—	14,285	14,285
		93.000	R42EB004789	Intuitive Surgical, Inc.	—	101,350	101,350
		93.000	R43NS0551926	Acculight Corporation	—	58,895	58,895
		93.000	NORC290-040016	University of Chicago	—	334,829	334,829
		93.000	R01NS48503	University of Pennsylvania	—	9,787	9,787
		93.000	R01DK69322	Emory University	—	34,976	34,976
		93.000	IR01CA104818-01	Baylor College	—	15,998	15,998
		93.000	P01MD00516	Meharry Medical College	—	272,882	272,882
		93.000	R21AR52710	Jackson Laboratory	—	3,419	3,419
		93.000	P20RR11792	Meharry Medical College	—	12,024	12,024
		93.000	R25RR18490	Univ of Med & Dentistry of NJ	—	4,033	4,033
		93.000	R44CA92827	CFD Research Corporation	—	173,449	173,449
		93.000	R43CA107908	Spectros Corporation	—	93,995	93,995
		93.000	R01CA120097	Univ of Pittsburgh Medical Ctr	—	7,528	7,528
		93.000	P01HL76406	University of Texas	—	10,105	10,105
		93.000	P50NS44283	University of Cincinnati	—	12,124	12,124
		93.000	R01DC07660	University of Kansas	—	259,842	259,842
		93.000	CA29605	John Wayne Cancer Institute	—	118	118
		93.000	P01AI59443	University of North Carolina	—	300,542	300,542
		93.000	R01LM00800	H Lee Moffitt Cancer Ctr	—	20,152	20,152
		93.000	R01NS49477	Univ of Cal at San Francisco	—	310,183	310,183
		93.000	U01EY13272	Emory University	—	10,499	10,499
		93.000	R01HD41663	Magee Christian Education Fdn	—	52,065	52,065
		93.000	U01NS45719	Mount Sinai School of Medicine	—	22,287	22,287
		93.000	N01CP0100438	Research Triangle Institute	—	1,054	1,054
		93.000	U54RR19453	Children's National Med Ctr	—	199,821	199,821
		93.000	P50CA70907	Univ of Texas Southwestern Med Ctr	—	45,300	45,300
		93.000	R01EY016752	New York University	—	9,994	9,994
		93.000	U01AI410889	Social and Scientific Systems, Inc	—	20,166	20,166
		93.000	4045274763	University of North Carolina	—	(27)	(27)
		93.000	4348000203	Tufts University	—	208,025	208,025

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		93.000	U01DK72146	Children's Hosp of Philadelphia	\$ —	12,408	12,408
		93.000	N01AI45250	St Louis University	—	18,776	18,776
		93.000	R01CA22677	University of Chicago	—	20,542	20,542
		93.000	U54CA091408	Meharry Medical College	—	13,707	13,707
		93.000	NO1CN35153	University of Wisconsin	—	30,365	30,365
		93.000	2R01HL058856-05	Duke University	—	150,110	150,110
		93.000	P01DA12408	Cornell University	—	191,825	191,825
		93.000	N01MH90003	Univ of Texas Southwestern Med Ctr	—	124,576	124,576
	Total CFDA	93.000			3,059,031	6,318,443	9,377,474
Biological Response to Environmental Health Hazards		93.113			4,547,487	—	4,547,487
	Total CFDA	93.113			4,547,487	—	4,547,487
Applied Toxicological Research and Testing		93.114			1,932,052	—	1,932,052
	Total CFDA	93.114			1,932,052	—	1,932,052
Oral Diseases and Disorders Research		93.121			162,968	—	162,968
	Total CFDA	93.121			162,968	—	162,968
Human Genome Research		93.172			70,411	—	70,411
		93.172	R01HG02087	University of North Carolina	—	40,182	40,182
		93.172	HG002647	University of North Carolina	—	72,214	72,214
	Total CFDA	93.172			70,411	112,396	182,807
Research Related to Deafness and Communication Disorders		93.173			1,794,187	—	1,794,187
		93.173	R01DC04212	Mount Sinai School of Medicine	—	9,437	9,437
		93.173	1R01DC04544	Purdue University	—	1,687	1,687
	Total CFDA	93.173			1,794,187	11,124	1,805,311
Telehealth Network Grants		93.211			372,289	—	372,289
	Total CFDA	93.211			372,289	—	372,289
Research & Training in Complementary and Alternative Medicine		93.213			164,625	—	164,625
		93.213	R01AT002477		—	71,964	71,964
	Total CFDA	93.213			164,625	71,964	236,589
Mental Health Research Grants		93.242			11,385,884	—	11,385,884
		93.242	5P50MH54156	University of Pittsburgh	—	197,543	197,543
		93.242	U01MH61971	University of Tennessee	—	(14,784)	(14,784)
		93.242	R01MH075041	Purdue University	—	11,066	11,066
		93.242	R01MH062988	University of North Carolina	—	50,186	50,186
		93.242	4348000243	Penn State University	—	(4,025)	(4,025)
		93.242	MH055578	University of Illinois	—	(1,435)	(1,435)
		93.242	R01MH63852	Columbia University	—	49,154	49,154
	Total CFDA	93.242			11,385,884	287,705	11,673,589
Alcohol Research Programs		93.273			1,050,583	—	1,050,583
		93.273	R21AA13610	Wake Forest University	—	6,500	6,500
	Total CFDA	93.273			1,050,583	6,500	1,057,083

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Drug Abuse Research Programs		93.279			\$ 3,258,053	—	3,258,053
		93.279	R01DA016903	Duke University	—	37,050	37,050
Total CFDA		93.279			3,258,053	37,050	3,295,103
Mental Health Research Career/Scientist Development Award		93.281			75,801	—	75,801
Total CFDA		93.281			75,801	—	75,801
Biomedical Imaging Research		93.286			3,864,482	—	3,864,482
		93.286	4R33EB00672	Oakland University	—	40,142	40,142
Total CFDA		93.286			3,864,482	40,142	3,904,624
Nursing Research		93.361			135,018	—	135,018
Total CFDA		93.361			135,018	—	135,018
Biomedical Technology		93.371			451,880	—	451,880
		93.371	R43RR16124	Nanodelivery, Inc.	—	(6,037)	(6,037)
		93.371	R41RR20835	Alerion Biomedical, Inc.	—	67,383	67,383
Total CFDA		93.371			451,880	61,346	513,226
Minority Biomedical Research Support		93.375			—	—	—
		93.375	R25GM64319	Meharry Medical College	—	183,678	183,678
		93.375	K01HL03141	Meharry Medical College	—	903	903
		93.375	5K01HL03141	Meharry Medical College	—	42	42
Total CFDA		93.375			—	184,623	184,623
Research Infrastructure		93.389			8,702,863	—	8,702,863
Total CFDA		93.389			8,702,863	—	8,702,863
Cancer Cause and Prevention Research		93.393			16,996,355	—	16,996,355
		93.393	R01CA77290	A. Einstein Coll of Med Yeshiva Univ	—	16,215	16,215
		93.393	R01CA76049	Univ of Nebraska Medical Center	—	(1,043)	(1,043)
Total CFDA		93.393			16,996,355	15,172	17,011,527
Cancer Detection and Diagnosis Research		93.394			2,860,031	—	2,860,031
		93.394	R44CA115263	Pathfinder Therapeutics	—	83,063	83,063
Total CFDA		93.394			2,860,031	83,063	2,943,094
Cancer Treatment Research		93.395			3,453,981	—	3,453,981
		93.395	4045000615	Frontier Science and Technology	—	439	439
		93.395	4046250013	Saint Louis University	—	1,457	1,457
		93.395	4046500014	Amer Coll of Radiology Imag	—	253,575	253,575
		93.395	4046750144	American Coll of Radiology	—	18,815	18,815
		93.395	3U10CA37429	Southwest Oncology Group	—	1,054	1,054
		93.395	U10CA31946	University of Chicago	—	242,692	242,692
		93.395	4047750033	Southwest Oncology Group	—	4,885	4,885
		93.395	R21CA91352	Washington Univ in St Louis	—	176,630	176,630
Total CFDA		93.395			3,453,981	699,547	4,153,528
Cancer Biology Research		93.396			13,301,384	—	13,301,384
		93.396	U01CA70019	University of Alabama	—	3,826	3,826
		93.396	5U10CA32102	Southwest Oncology Group	—	18,857	18,857
Total CFDA		93.396			13,301,384	22,683	13,324,067

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Cancer Centers Support		93.397			\$ 12,745,811	—	12,745,811
Total CFDA		93.397			12,745,811	—	12,745,811
Cancer Research Manpower		93.398			879,848	—	879,848
Total CFDA		93.398			879,848	—	879,848
Cancer Research Manpower		93.399			3,711,636	—	3,711,636
		93.399	U01CA114641	Meharry Medical College	—	4,086	4,086
Total CFDA		93.399			3,711,636	4,086	3,715,722
Family Violence Prevention & Srvces/Grants for Battered Women's Shelter		93.671			572,512	—	572,512
Total CFDA		93.671			572,512	—	572,512
Cell Biology and Biophysics Research		93.821			45,564	—	45,564
		93.821	2S06GM08037	Meharry Medical College	—	10,983	10,983
		93.821	P01GM64676	Florida State University	—	73,613	73,613
Total CFDA		93.821			45,564	84,596	130,160
Heart and Vascular Research		93.837			17,655,643	—	17,655,643
		93.837	K01HL76623	Meharry Medical College	—	6,126	6,126
		93.837	P50HL61006	University of Washington	—	241	241
		93.837	U01HL72431	Meharry Medical College	—	37,145	37,145
		93.837	R01HL70938	Maine Medical Center	—	109,860	109,860
		93.837	P50HL56401	Children's Hospital of Philadelphia	—	308,315	308,315
		93.837	R01HL63349	University of Utah	—	2,715	2,715
		93.837	R01HL72427	University of Texas	—	7,426	7,426
		93.837	HL62494	University of Iowa	—	16,642	16,642
		93.837	P01HL74940	University of Virginia	—	(10,609)	(10,609)
		93.837	P01HL74940	Georgetown University	—	35,307	35,307
Total CFDA		93.837			17,655,643	513,168	18,168,811
Lung Diseases Research		93.838			8,419,735	—	8,419,735
		93.838	5U01HL64857	University of Colorado	—	25,865	25,865
		93.838	R01HL75770	Cincinnati Children's Hosp Rsrch	—	6,386	6,386
		93.838	P50HL56387	Cincinnati Children's Hosp Rsrch	—	37,466	37,466
		93.838	R42HL64530	Generx, Inc.	—	220,540	220,540
		93.838	R42HL61146	Generx, Inc.	—	(9)	(9)
		93.838	5R01HL61991	Cincinnati Children's Hosp Rsrch	—	14,886	14,886
		93.838	2P50HL56387	University of Cincinnati	—	2,906	2,906
Total CFDA		93.838			8,419,735	308,040	8,727,775
Blood Diseases and Resources Research		93.839			5,251,650	—	5,251,650
		93.839	R01HL65234	Darmouth College	—	21,799	21,799
		93.839	5K01HL67715	Meharry Medical College	—	9,783	9,783
Total CFDA		93.839			5,251,650	31,582	5,283,232
Arthritis, Muscularskeletal & Skin Diseases Research		93.846			2,130,991	—	2,130,991
		93.846	R01AR42659	Johns Hopkins University	—	(189)	(189)
		93.846	R21AR051945	Virginia Polytechnic Inst & State Univ	—	46,304	46,304
		93.846	1R01AR48529	University of Minnesota	—	26,228	26,228
Total CFDA		93.846			2,130,991	72,343	2,203,334

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Diabetes, Endocrinology and Metabolism Research		93.847			\$ 20,169,885	—	20,169,885
		93.847	1R01DK58356-01A1	University of Minnesota	—	72,157	72,157
		93.847	N01-DK-6-2203	Case Western University	—	129,900	129,900
		93.847	4043510024	Case Western University	—	63,921	63,921
Total CFDA		93.847			20,169,885	265,978	20,435,863
Digestive Diseases & Nutrition Research		93.848			9,409,334	—	9,409,334
		93.848	R01DK64592	Washington Univ in St Louis	—	80,005	80,005
		93.848	U01DK57132	Oregon Science & Health Univ	—	1,580	1,580
Total CFDA		93.848			9,409,334	81,585	9,490,919
Kidney Diseases, Urology and Hematology		93.849			12,552,285	—	12,552,285
		93.849	P01DK65123	University of Kansas	—	732,640	732,640
		93.849	U01DK58966	Maine Medical Center	—	100,288	100,288
Total CFDA		93.849			12,552,285	832,928	13,385,213
Clinical Research Related Neurological		93.853			11,900,666	—	11,900,666
		93.853	5R01NS39587	Ntl Jewish Medical & Rrsch Ctr	—	10,581	10,581
		93.853	NS052386	St Jude Hospital	—	359,935	359,935
		93.853	P01NS26630	Duke University	—	25,300	25,300
		93.853	K08NS44298	Darmouth University	—	14,298	14,298
		93.853	5R01NS39587	University of Colorado	—	—	—
Total CFDA		93.853			11,900,666	410,114	12,310,780
Biological Basics Research in Neuroscience		93.854			57,872	—	57,872
		93.854	1U54NS41071	Meharry Medical College	—	(332)	(332)
Total CFDA		93.854			57,872	(332)	57,540
Allergy, Immunology and Transplantation		93.855			12,253,701	—	12,253,701
		93.855	U54AI57157	Duke University	—	598,737	598,737
		93.855	U19AI57229	Stanford University	—	72,115	72,115
		93.855	N01AI30053	Vaxgen, Inc.	—	13,330	13,330
		93.855	U01AI46134	Mount Sinai School of Medicine	—	33	33
Total CFDA		93.855			12,253,701	684,215	12,937,916
Microbiology and Infectious Diseases Research		93.856			7,398,166	—	7,398,166
		93.856	U01AI41530	Univ of Alabama at Birmingham	—	34,836	34,836
		93.856	2U01AI38858	Social & Scientific Systems, Inc	—	278,388	278,388
		93.856	5U01AI46747	Fred Hutchinson Cancer Rsch Ctr	—	133,189	133,189
		93.856	U01AI01018	Cornell University	—	3,905	3,905
		93.856	U19AI48231	Columbus Children's Research Inst	—	160,453	160,453
		93.856	R01AI43279	Univ of California San Francisco	—	68,041	68,041
		93.856	N01AI25462	Stanford University	—	717,587	717,587
		93.856	4043440123	Social & Scientific Systems, Inc	—	6,232	6,232
		93.856	4043620074	Social & Scientific Systems, Inc	—	67,156	67,156
		93.856	4043620084	Social & Scientific Systems, Inc	—	97	97
		93.856	4043620053	Social & Scientific Systems, Inc	—	134,283	134,283
		93.856	5R01AI40350	Miriam Hospital	—	136,506	136,506
		93.856	R01AI49989	University of Virginia	—	215,238	215,238
		93.856	4043621464	Social & Scientific Systems, Inc	—	230	230
		93.856	R01AI47299	Massachusetts Inst of Technology	—	59,675	59,675
	Total CFDA		93.856			7,398,166	2,015,816

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Pharmacology, Physiology & Biological Chemistry Research		93.859			\$ 15,709,971	—	15,709,971
		93.859	R01GM66119	Scripps Research Institute	—	37,627	37,627
		93.859	R01GM068430	University of Pittsburgh	—	9,459	9,459
	Total CFDA	93.859			15,709,971	47,086	15,757,057
Genetics & Developmental Biology Research		93.862			1,895,478	—	1,895,478
	Total CFDA	93.862			1,895,478	—	1,895,478
Population Research		93.864			777,947	—	777,947
		93.864	U54HD31398	Stanford University	—	8,740	8,740
		93.864	R01HD42280	University of Illinois	—	30,871	30,871
Total CFDA	93.864			777,947	39,611	817,558	
Research For Mothers and Children		93.865			6,904,724	—	6,904,724
		93.865	2R01HD28160	University of Virginia	—	11,919	11,919
		93.865	5R01HD36069	Washington University	—	22,401	22,401
		93.865	P01HD046261	University of Houston	—	373,813	373,813
		93.865	R01HD43063	Kaiser Foundation	—	19,928	19,928
		93.865	1P01HD46261	University of Texas	—	445,651	445,651
		93.865	R01HD041653	Northwestern University	—	30,779	30,779
		93.865	5U54HD33994	University of Kansas	—	111,520	111,520
Total CFDA	93.865			6,904,724	1,016,011	7,920,735	
Aging Research		93.866			3,456,506	—	3,456,506
		93.866	1R01AG19757	Duke University	—	571,533	571,533
		93.866	R01AG24011	University of Washington	—	58,661	58,661
		93.866	1R01AG20135	Duke University	—	124,115	124,115
		93.866	R01AG06945	Cooper Institute	—	2,403	2,403
		93.866	P01AG010770	Univ of California at San Francc	—	25,898	25,898
Total CFDA	93.866			3,456,506	782,610	4,239,116	
Vision Research		93.867			6,763,426	—	6,763,426
		93.867	EY12118	Duke University	—	225,270	225,270
		93.867	R01EY015872	University of Massachusetts	—	85,229	85,229
		93.867	U10EY11751	Jaeb Ctr for Health Rsrch Fdn, Inc.	—	31,751	31,751
		93.867	1R24EY12894	Western Michigan University	—	93,827	93,827
Total CFDA	93.867			6,763,426	436,077	7,199,503	
Medical Library Assistance		93.879			1,223,597	—	1,223,597
Total CFDA	93.879			1,223,597	—	1,223,597	
Resource and Manpower Dev in Environmental Health Sciences		93.894			1,755,070	—	1,755,070
	Total CFDA	93.894			1,755,070	—	1,755,070
Senior International Fellowships		93.989			294,036	—	294,036
		93.989	U2RTW006901	Cornell University	—	44,158	44,158
Total CFDA	93.989			294,036	44,158	338,194	
Total National Institutes of Health					241,575,419	15,621,430	257,196,849
Total Department of Health and Human Services					245,228,101	17,497,008	262,725,109

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US Agency for International Development:	USAID Foreign Assistance for Prog Oversea	98.001			\$ 646,091	—	646,091
		98.001	4205304753	Carana Corporation	—	—	—
		98.001	HNEA00970005900	Assoc Liaison Office for Univ Coop	—	147,730	147,730
	Total CFDA	98.001			646,091	147,730	793,821
Global Development Alliance		98.011			437,419	—	437,419
	Total CFDA	98.011			437,419	—	437,419
	Total US Agency for International Development				1,083,510	147,730	1,231,240
Department of the Interior	Interior	15.000			—	—	—
		15.000	4224204943	East Tennessee Childrens Hosp	—	49,460	49,460
		15.000	4224204923	Sarnoff Corporation	—	380,083	380,083
	Total CFDA	15.000			—	429,543	429,543
Total Department of the Interior					—	429,543	429,543
U.S. Department of Justice	Juvenile Justice and Delinquency Prevention Allocation to States	16.540			—	—	—
		16.540	4348004913	State of North Carolina	—	59,728	59,728
		16.540	4348004903	State of North Carolina	—	55,062	55,062
	Total CFDA	16.540			—	114,790	114,790
National Institute Juvenile Justice & Delinquency Prevention		16.542			(1,991)	—	(1,991)
	Total CFDA	16.542			(1,991)	—	(1,991)
Justice Research, Development & Evaluation Project		16.560			—	—	—
		16.560	4251005003	Institute of Law and Justice	—	15,759	15,759
	Total CFDA	16.560			—	15,759	15,759
Violence Against Women Formula Grants		16.588			—	—	—
		16.588	4349004763	State of Florida	—	(3,909)	(3,909)
		16.588	4349004773	State of Florida	—	(155)	(155)
		16.588	4349005654	State of Florida	—	(16,034)	(16,034)
	Total CFDA	16.588			—	(20,098)	(20,098)
Total U.S. Department of Justice					(1,991)	110,451	108,460
National Aeronautics Space Administration:	NASA Research Grants	43.000			1,366,130	—	1,366,130
		43.000	HST-GO-09489.01-A	Space Telescope Science Inst.	—	1,817	1,817
		43.000	HST-GO-09898.01	Space Telescope Science Inst.	—	3,242	3,242
		43.000	HST-GO-10246-02 A	Space Telescope Science Inst.	—	25,685	25,685
		43.000	4224233503	CFD Research Corporation	—	17,814	17,814
		43.000	4224223533	Lockheed Martin Corporation	—	102,451	102,451
		43.000	NNL05AA37C	Georgia Institute of Technology	—	84,210	84,210
		43.000	NNL06AA29C	Georgia Institute of Technology	—	29,632	29,632
		43.000	HST-GO-10628.01-A	Space Telescope Science Inst.	—	6,509	6,509
		43.000	VAN-05-S-246	Muniz Engineering, Inc.	—	50,383	50,383
		43.000	HST-GO-10246-14-A	Space Telescope Science Inst.	—	26,319	26,319
		43.000	200975	BAE Systems, Inc.	—	47,345	47,345
		43.000	HST-GO-10636.03	Space Telescope Science Inst.	—	6,703	6,703
		43.000	4206313613	Magnesensors, Inc.	—	(96,135)	(96,135)
		43.000	4206303513	College of Charleston	—	9,002	9,002

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		43.000	NNA05CS29A	Univ of Southern California	\$ —	171,869	171,869
		43.000	HST-GO-0972709	Space Telescope Science Inst.	—	39,931	39,931
		43.000	NNJ05HB57C	Colorado School of Mines	—	8,752	8,752
		43.000	1000-G-DJ345	Univ of California Los Angeles	—	57,458	57,458
	Total CFDA	43.000			1,366,130	592,987	1,959,117
	Total National Aeronautics Space Administration				1,366,130	592,987	1,959,117
	National Endowment for the Humanities						
	Promotion of the Humanities Fellowship	45.160			79,636	—	79,636
	Total CFDA	45.160			79,636	—	79,636
	Promotion of the Humanities Research	45.161			34,024	—	34,024
	Total CFDA	45.161			34,024	—	34,024
	Total National Endowment for the Humanities				113,660	—	113,660
	National Science Foundation						
		47.000			37,605	—	37,605
	Total CFDA	47.000			37,605	—	37,605
	Engineering Grants	47.041			3,813,483	—	3,813,483
	Total CFDA	47.041			3,813,483	—	3,813,483
	Mathematical & Physical Sciences	47.049			2,382,053	—	2,382,053
		47.049	PHY0303702	Cornell University	—	8,056	8,056
		47.049	PHY0098746	Syracuse University	—	(26,086)	(26,086)
		47.049	DMS0504924	University of Maryland	—	17,091	17,091
		47.049	PHY0243614	Syracuse University	—	—	—
	Total CFDA	47.049			2,382,053	(939)	2,381,114
	Geosciences	47.050			303,381	—	303,381
		47.050	OCE0120453 #4-25018	Rutgers, The State Univ of New Jersey	—	13,468	13,468
	Total CFDA	47.050			303,381	13,468	316,849
	Computer and Info Sciences & Engineering	47.070			1,831,699	—	1,831,699
		47.070	CCR0225610	Univ of California, Berkley	—	851,905	851,905
		47.070	CCF0424422	Univ of California, Berkley	—	432,014	432,014
		47.070	CNS0509342	Univ of Alabama at Birmingham	—	21,691	21,691
		47.070	SA41043-10097PG	Univ of California, Berkley	—	66,106	66,106
	Total CFDA	47.070			1,831,699	1,371,716	3,203,415
	Biological Sciences	47.074			1,318,373	—	1,318,373
		47.074	MCB0114653	University of Tennessee	—	7,943	7,943
	Total CFDA	47.074			1,318,373	7,943	1,326,316
	Social, Behavioral & Economic Sciences	47.075			840,898	—	840,898
		47.075	SBE0350356	University of Minnesota	—	6,782	6,782
		47.075	SES0095943	Nat'l Bureau of Economic Rsrch	—	3,311	3,311
	Total CFDA	47.075			840,898	10,093	850,991
	Educational and Human Resources	47.076			1,106,379	—	1,106,379
		47.076	ESI0119732	University of Wisconsin	—	14,413	14,413
		47.076	EHR0456995	Brown University	—	75,326	75,326
		47.076	EPS0336647	University of Tennessee	—	470	470

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Program	Federal sponsor/project title	CFDA	Flow-through award number	Flow-through entity	Direct	Flow-through	Total
		47.076	EHR0227016	University of Wisconsin	\$ —	50,940	50,940
		47.076	ESI0454754	University of Massachusetts	—	118,516	118,516
		47.076	RR229-208	University of Georgia	—	(2,291)	(2,291)
		47.076	EHR0456995	Cosmos Corporation	—	80,143	80,143
	Total CFDA	47.076			1,106,379	337,517	1,443,896
	Polar Programs	47.078			24,567	—	24,567
	Total CFDA	47.078			24,567	—	24,567
	Total National Science Foundation				11,658,438	1,739,798	13,398,236
	U.S. Department of Transportation: Highway Planning and Construction	20.205			—	—	—
		20.205	DTFH61-98-X-00095	University of New Hampshire	—	8,170	8,170
		20.205	FA-06-16691-00	TN Dept of Transportation	—	57,871	57,871
		20.205	FA-06-16701-00	TN Dept of Transportation	—	41,590	41,590
		20.205	GR-04-16032-00	TN Dept of Transportation	—	256,942	256,942
	Total CFDA	20.205			—	364,573	364,573
	Federal Transit Grants for Universities	20.502			—	—	—
		20.502	DTRS95G0004	University of Tennessee	—	55,199	55,199
	Total CFDA	20.502			—	55,199	55,199
	University Transportation Centers Program	20.701			—	—	—
		20.701	DTRS95G0004	University of Tennessee	—	(1,003)	(1,003)
	Total CFDA	20.701			—	(1,003)	(1,003)
	Total U.S. Department of Transportation				—	418,769	418,769
	Tennessee Valley Authority: TVA Environmental Research Center	62.001			373,266	—	373,266
	Total CFDA	62.001			373,266	—	373,266
	Total Tennessee Valley Authority				373,266	—	373,266
	Veteran Affairs						
	Veteran Affairs	64.000			271,105	—	271,105
	Total CFDA	64.000			271,105	—	271,105
	Sharing Specialized Medical Resources	64.018			(30)	—	(30)
	Total CFDA	64.018			(30)	—	(30)
	Total Veteran Affairs				271,075	—	271,075
	Total Research				282,166,473	31,085,229	313,251,702
	Student Financial Aid:						
	U.S. Department of Education: Federal Supplemental ED Opportunity Grants	84.007			1,268,222	—	1,268,222
	Total CFDA	84.007			1,268,222	—	1,268,222
	Federal Family Education Loan Program	84.032			53,694,694	—	53,694,694
	Total CFDA	84.032			53,694,694	—	53,694,694
	Federal Work-Study Program	84.033			1,272,430	—	1,272,430
	Total CFDA	84.033			1,272,430	—	1,272,430

**THE VANDERBILT UNIVERSITY**  
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Program	Federal sponsor/project title	CFDA	Flow-through award number	Flow-through entity	Direct	Flow-through	Total
	Federal Perkins Loan Program	84.038			\$ 2,876,767	—	2,876,767
	Total CFDA	84.038			2,876,767	—	2,876,767
	Federal Pell Grant Program	84.063			1,880,883	—	1,880,883
	Total CFDA	84.063			1,880,883	—	1,880,883
	Total U.S. Department of Education				60,992,996	—	60,992,996
	U.S. Department of Health and Human Services: Nursing Student Loan Program	93.364			407,900	—	407,900
	Total CFDA	93.364			407,900	—	407,900
	Total U.S. Department of Health and Human Services				407,900	—	407,900
	Total Student Financial Aid				61,400,896	—	61,400,896
Other	U.S. Department of Agriculture: Child and Adult Care Food Program	10.558			—	—	—
		10.558	34764499001	TN Dept of Human Services	—	(2,277)	(2,277)
	Total CFDA	10.558			—	(2,277)	(2,277)
	Total U.S. Department of Agriculture				—	(2,277)	(2,277)
	Corporation For National Service: AmeriCorps	94.006			—	—	—
		94.006	4081105183	Greater Nashville Regional Coun	—	150	150
		94.006	GR-03-15171-00	TN Department of Finance	—	1,176	1,176
		94.006	Z-05-022881-00	TN Department of Finance	—	9,840	9,840
		94.006	04 AC40525	TN Department of Finance	—	130,711	130,711
	Total CFDA	94.006			—	141,877	141,877
	Training and Technical Assistance	94.009			—	—	—
		94.009	Z-04-025115	TN Department of Finance	—	10,994	10,994
	Total CFDA	94.009			—	10,994	10,994
	Total Corporation For National Service				—	152,871	152,871
	U.S. Department of Defense: Army	12.000			525,244	—	525,244
	Total CFDA	12.000			525,244	—	525,244
	Military Medical Research & Development	12.420			47,375	—	47,375
	Total CFDA	12.420			47,375	—	47,375
	Total Army				572,619	—	572,619
	Total U.S. Department of Defense				572,619	—	572,619
	U.S. Department of Education Department of Education	84.000			—	—	—
		84.000	4224302005; 4224302015	University of Connecticut	—	1,766	1,766
		84.000	4261002003	Temple University	—	123,059	123,059
		84.000	2-218740-02	Metro Nashville Davidson Co	—	139,625	139,625
		84.000	4264162033	Temple University	—	40,378	40,378
	Total CFDA	84.000			—	304,828	304,828

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<u>Program</u>	<u>Federal sponsor/project title</u>	<u>CFDA</u>	<u>Flow-through award number</u>	<u>Flow-through entity</u>	<u>Direct</u>	<u>Flow-through</u>	<u>Total</u>
National Resource Centers & Fellowship		84.015			\$ 93,214	—	93,214
Total CFDA		84.015			93,214	—	93,214
Special Education Grants to States		84.027			—	—	—
		84.027	4045705163	TN Dept. of MH/DD	—	223,629	223,629
		84.027	4045705153	TN Dept. of Education	—	280,414	280,414
		84.027	GR-05-16406-00	TN Dept. of Education	—	(10,469)	(10,469)
		84.027	GR-05-16690-00	TN Dept. of Education	—	317,111	317,111
		84.027	GR-04-15840-00	TN Dept. of Education	—	—	—
Total CFDA		84.027			—	810,685	810,685
Fund for the Improvement of Postsecondary Education		84.116			11,340	—	11,340
		84.116	4207202073	Howard University	—	29,643	29,643
Total CFDA		84.116			11,340	29,643	40,983
Rehabilitation Services – Vocational Rehab		84.126			—	—	—
		84.126	GR-05-16271	TN Dept of Human Services	—	(113)	(113)
		84.126	GR-00-12686	TN Dept of Human Services	—	80,078	80,078
Total CFDA		84.126			—	79,965	79,965
Javits Fellowships		84.170			40,677	—	40,677
Total CFDA		84.170			40,677	—	40,677
Special Education Grants For Infants & Families with Disabilities		84.181			—	—	—
		84.181	GR-05-16381-00	TN Dept of Education	—	189,115	189,115
		84.181	4045705173	TN Dept of Education	—	2,268,381	2,268,381
		84.181	4045705433	TN Dept of Education	—	(1,228)	(1,228)
		84.181	GR-05-16706-00	TN Dept. of Education	—	10,512	10,512
		84.181	GR-02-14382-00	TN Dept. of Education	—	45	45
		84.181	GR-04-15967	TN Dept. of Education	—	(6,098)	(6,098)
Total CFDA		84.181			—	2,460,727	2,460,727
Graduate Assistance In Areas Of National Need		84.200			108,526	—	108,526
Total CFDA		84.200			108,526	—	108,526
State Grants for Innovative Programs		84.298			—	—	—
					—	104,625	104,625
Total CFDA		84.298			—	104,625	104,625
National Institute on Student Achievement		84.305			758,675	—	758,675
Total CFDA		84.305			758,675	—	758,675
Special Education – State Personnel Development		84.323			—	—	—
		84.323	4261002173	TN Department of Education	—	313,685	313,685
Total CFDA		84.323			—	313,685	313,685
Special Education Research & Innovation		84.324			155,286	—	155,286
Total CFDA		84.324			155,286	—	155,286
Spec Ed – Personnel Prep to Improve Svcs for Disabled Children		84.325			3,396,239	—	3,396,239
		84.325	4262332893	Pennsylvania College of Optometry	—	41,077	41,077
Total CFDA		84.325			3,396,239	41,077	3,437,316

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Program	Federal sponsor/project title	CFDA	Flow-through award number	Flow-through entity	Direct	Flow-through	Total
Spec Ed – Technical Assistance & Dissemination to Improve Svcs		84.326			\$ 206,273	—	206,273
Total CFDA		84.326			206,273	—	206,273
Gaining Early Awareness & Readiness for Undergraduate Program		84.334			578,407	—	578,407
Total CFDA		84.334			578,407	—	578,407
Hurricane Education Recovery		84.938			18,181	—	18,181
Total CFDA		84.938			18,181	—	18,181
Total U.S. Department of Education					5,366,818	4,145,235	9,512,053
U.S. Department of Energy		81.000			—	—	—
		81.000	4581004252	Krell Institute, Inc.	—	56	56
Total CFDA		81.000			—	56	56
University-Laboratory Cooperative Program		81.004			—	—	—
		81.004			—	1,851	1,851
Total CFDA		81.004			—	1,851	1,851
Total U.S. Department of Energy					—	1,907	1,907
U.S. Department of Health & Human Services							
Centers for Medicare and Medicaid Services: Medical Assistance Program		93.778			—	—	—
		93.778	GR-04-15873-00	TN Bureau of TennCare	—	621,245	621,245
		93.778	4044255053; -5063	TN Bureau of TennCare	—	339,071	339,071
		93.778	GR-06-16995-00	TN Dept of Health	—	749,606	749,606
		93.778	4090135013	TN Dept of Finance & Admin	—	65,614	65,614
		93.778	GR-02-14482-00	TN Dept of Health	—	(8,422)	(8,422)
Total CFDA		93.778			—	1,767,114	1,767,114
Total Centers for Medicare and Medicaid Services					—	1,767,114	1,767,114
Administration for Children and Families							
Developmental Disabilities Basic Support		93.630			—	—	—
		93.630	GR-05-16700-00	TN Dept of MH/DD	—	(774)	(774)
		93.630	GR-06-17250-00	TN Dept of MH/DD	—	71,401	71,401
		93.630	GR-05-16699-00	TN Dept of MH/DD	—	10,801	10,801
		93.630	GR-06-17252-00	TN Dept of MH/DD	—	151,930	151,930
Total CFDA		93.630			—	233,358	233,358
Developmental Disabilities Projects		93.631			67,230	—	67,230
		93.631	GR-06-17652-00	TN Dept of MH/DD	—	21,990	21,990
		93.631	GR-05-16758-00	TN Dept of MH/DD	—	1,019	1,019
Total CFDA		93.631			67,230	23,009	90,239
Total Administration for Children and Families					67,230	256,367	323,597
Agency for Healthcare Research and Quality: National Research Service Awards Health		93.225			243,916	—	243,916
Total CFDA		93.225			243,916	—	243,916

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<u>Program</u>	<u>Federal sponsor/project title</u>	<u>CFDA</u>	<u>Flow-through award number</u>	<u>Flow-through entity</u>	<u>Direct</u>	<u>Flow-through</u>	<u>Total</u>
	Research on Healthcare Costs, Quality & Outcomes	93.226			\$ 190,433	—	190,433
	Total CFDA	93.226			190,433	—	190,433
	Total Agency for Healthcare Research and Quality				434,349	—	434,349
	Substance Abuse and Mental Health Services Administration						
		93.000			—	—	—
		93.000	H79SM54920	Nat'l Ctr on Family Homelessness	—	22,874	22,874
	Total CFDA	93.000			—	22,874	22,874
	Projects of Regional & National Significance	93.243			26,767	—	26,767
	Total CFDA	93.243			26,767	—	26,767
	Total Substance Abuse & Mental Health Services Admin				26,767	22,874	49,641
	Center for Disease Control:						
	Injury Prevention and Control Research	93.136			—	—	—
		93.136	4045785034	TN Department of Health	—	20,565	20,565
	Total CFDA	93.136			—	20,565	20,565
	CDC and Prevention – Investigations and Technical Assistance	93.283			—	—	—
		93.283	U27CCU413185	University of North Carolina	—	3,661	3,661
		93.283	U50CCU422173	Matthew Walker Comp Health Ctr	—	124,349	124,349
	Total CFDA	93.283			—	128,010	128,010
	Total Center for Disease Control				—	148,575	148,575
	Health Resource Services Administration						
		93.000			—	—	—
		93.000	H33MC16503	East Tennessee Children's Hosp	—	9,669	9,669
		93.000	D36HP10050	Meharry Medical College	—	249	249
		93.000	GR-06-17179-00	TN Department of MH/DD	—	67,996	67,996
	Total CFDA	93.000			—	77,914	77,914
	Public Health & Social Services Emergency Fund	93.003			—	—	—
		93.003	4016015034	TN Department of Health	—	7,839	7,839
		93.003	4016015044; 4096015034;-5044	TN Department of Health	—	25,141	25,141
		93.003	GR-05-16617-00	TN Department of Health	—	8,469	8,469
		93.003	GR-05-16692-00	TN Department of Health	—	144,705	144,705
		93.003	Z-04-019661-00	TN Department of Health	—	69,144	69,144
	Total CFDA	93.003			—	255,298	255,298
	Medical Reserve Corps Small Grant Program	93.008			55,208	—	55,208
	Total CFDA	93.008			55,208	—	55,208
	Mental Health Planning and Demo Projects	93.110			538,565	—	538,565
		93.110	H84MC00004	Tennessee Disability Coalition	—	19,287	19,287
	Total CFDA	93.110			538,565	19,287	557,852
	Emergency Medical Services for Children	93.127			—	—	—
		93.127	GR-06-17942	TN Department of MH/DD	—	1,286	1,286
	Total CFDA	93.127			—	1,286	1,286

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<u>Program</u>	<u>Federal sponsor/project title</u>	<u>CFDA</u>	<u>Flow-through award number</u>	<u>Flow-through entity</u>	<u>Direct</u>	<u>Flow-through</u>	<u>Total</u>
Advanced Education Nursing Grant Program		93.247			\$ 1,062,309	—	1,062,309
		93.247	5D36HP100060	Meharry Medical College	—	—	—
		93.247	1D31HP80004	Meharry Medical College	—	39,995	39,995
	Total CFDA	93.247			1,062,309	39,995	1,102,304
National Poison Control Systems Stabilization		93.253			354,009	—	354,009
	Total CFDA	93.253			354,009	—	354,009
Professional Nurse Traineeships		93.358			197,550	—	197,550
	Total CFDA	93.358			197,550	—	197,550
Basic Nurse Education & Practice Grants		93.359			928,755	—	928,755
	Total CFDA	93.359			928,755	—	928,755
Maternal and Child Health Services Block		93.994			—	—	—
		93.994	4045905393	TN Dept of Health	—	771,338	771,338
		93.994	4045905413	TN Dept of Health	—	752	752
		93.994	GR-05-16535	TN Dept of Mental Hlth & DD	—	14,733	14,733
	Total CFDA	93.994			—	786,823	786,823
Bioterrorism Training and Curriculum Development Program		93.996			139,269	—	139,269
	Total CFDA	93.996			139,269	—	139,269
Total Health Resource Services Administration					3,275,665	1,180,603	4,456,268
National Institutes of Health		93.000			68,565	—	68,565
		93.000	U10CA16001	Duke University	—	7,483	7,483
		93.000	PO#184382	Batelle Memorial Institute	—	145,382	145,382
	Total CFDA	93.000			68,565	152,865	221,430
Research Related To Deafness and Communication Disorders		93.173			43,111	—	43,111
	Total CFDA	93.173			43,111	—	43,111
Mental Health Research Grants		93.242			563,092	—	563,092
	Total CFDA	93.242			563,092	—	563,092
Alcohol National research Service Awards		93.272			5,648	—	5,648
	Total CFDA	93.272			5,648	—	5,648
Drug Abuse National Research Service Awd		93.278			11,738	—	11,738
	Total CFDA	93.278			11,738	—	11,738
Drug Abuse Research Programs		93.279			12,662	—	12,662
	Total CFDA	93.279			12,662	—	12,662
Mental Health Research Career/Scientist Development Awards		93.281			169,842	—	169,842
	Total CFDA	93.281			169,842	—	169,842
Mental Health National Research Service Awards		93.282			1,458,176	—	1,458,176
		93.282	1R25MH63306	Meharry Medical College	—	(6,643)	(6,643)
	Total CFDA	93.282			1,458,176	(6,643)	1,451,533

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	Biomedical Imaging Research	93.286			\$ 618,125	—	618,125
	Total CFDA	93.286			618,125	—	618,125
	Minority Biomedical Research Support	93.375			491,746	—	491,746
		93.375	R25GM64319	Meharry Medical School	—	18,809	18,809
	Total CFDA	93.375			491,746	18,809	510,555
	Research Infrastructure	93.389			1,097,759	—	1,097,759
	Total CFDA	93.389			1,097,759	—	1,097,759
	Cancer Cause and Prevention Research	93.393			39,720	—	39,720
	Total CFDA	93.393			39,720	—	39,720
	Cancer Detection and Diagnosis Research	93.394			205,675	—	205,675
	Total CFDA	93.394			205,675	—	205,675
	Cancer Research Manpower	93.398			2,942,951	—	2,942,951
	Total CFDA	93.398			2,942,951	—	2,942,951
	Family Violence Prevention & Services/Grants for Battered Women	93.671			44,833	—	44,833
	Total CFDA	93.671			44,833	—	44,833
	Cell Biology and Biophysics Research	93.821			596,267	—	596,267
	Total CFDA	93.821			596,267	—	596,267
	Heart and Vascular Diseases Research	93.837			1,523,846	—	1,523,846
	Total CFDA	93.837			1,523,846	—	1,523,846
	Lung Diseases Research	93.838			384,441	—	384,441
	Total CFDA	93.838			384,441	—	384,441
	Blood Diseases and Resources Research	93.839			489,602	—	489,602
	Total CFDA	93.839			489,602	—	489,602
	Arthritis, Muscularskeletal & Skin	93.846			195,438	—	195,438
	Total CFDA	93.846			195,438	—	195,438
	Diabetes, Endocrinology and Metabolism Research	93.847			809,996	—	809,996
	Total CFDA	93.847			809,996	—	809,996
	Digestive Diseases & Nutrition Research	93.848			358,386	—	358,386
	Total CFDA	93.848			358,386	—	358,386
	Kidney Diseases, Urology and Hematology	93.849			249,904	—	249,904
	Total CFDA	93.849			249,904	—	249,904
	Clinical Research Related Neurological Disorders	93.853			606,374	—	606,374
	Total CFDA	93.853			606,374	—	606,374
	Allergy, Immunology and Transplantation	93.855			164,680	—	164,680
	Total CFDA	93.855			164,680	—	164,680

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Microbiology and Infectious Diseases Research		93.856			\$ 921,264	—	921,264
		93.856	4045980423	University of North Carolina	—	16,411	16,411
		93.856	N01AI24562	Stanford University	—	157,391	157,391
Total CFDA		93.856			921,264	173,802	1,095,066
Pharmacology, Physiology & Biological Chemistry Research		93.859			2,779,352	—	2,779,352
Total CFDA		93.859			2,779,352	—	2,779,352
Research For Mothers and Children		93.865			1,212,548	—	1,212,548
		93.865	T32HD44328	Stanford University	—	9,186	9,186
Total CFDA		93.865			1,212,548	9,186	1,221,734
Vision Research		93.867			662,683	—	662,683
Total CFDA		93.867			662,683	—	662,683
Medical Library Assistance		93.879			888,033	—	888,033
		93.879	4086950023	University of Maryland	—	1,943	1,943
Total CFDA		93.879			888,033	1,943	889,976
Resource and Manpower Dev in Environmental Health Sciences		93.894			836,927	—	836,927
Total CFDA		93.894			836,927	—	836,927
Senior International Fellowships		93.989			164,859	—	164,859
		93.989	2D43TW00018	Cornell University	—	70,650	70,650
Total CFDA		93.989			164,859	70,650	235,509
Total National Institutes of Health					20,618,243	420,612	21,038,855
Total U.S. Department of Health & Human Services					24,422,254	3,796,145	28,218,399
Housing and Urban Development:							
Community Outreach Partnership Center Program		14.511			67,137	—	67,137
Total CFDA		14.511			67,137	—	67,137
Total Housing and Urban Development					67,137	—	67,137
U.S. Aid for International Development:							
USAID Foreign Assistance for Prog Overseas		98.001			—	—	—
		98.001	176C000500001	Carana Corporation	—	38,320	38,320
Total CFDA		98.001			—	38,320	38,320
Total U.S. Aid for International Development					—	38,320	38,320
National Aeronautics Space Administration:							
NASA Grants		43.000			541,097	—	541,097
		43.000	HST-EO-09857.04-A	Space Telescope Science Institute	—	5,855	5,855
		43.000	4206303503	Fisk University	—	45,798	45,798
		43.000	HST-EO-10246-17-A	Space Telescope Science Institute	—	33,231	33,231
		43.000	HST-ED-90249-01-A	Space Telescope Science Institute	—	—	—
Total CFDA		43.000			541,097	84,884	625,981
Total National Aeronautics Space Administration					541,097	84,884	625,981

**THE VANDERBILT UNIVERSITY**  
 Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2006

<u>Program</u>	<u>Federal sponsor/project title</u>	<u>CFDA</u>	<u>Flow-through award number</u>	<u>Flow-through entity</u>	<u>Direct</u>	<u>Flow-through</u>	<u>Total</u>
National Foundation for the Arts and Humanities: National Endowment For The Humanities Promotion of The Humanities Division of Preservation and Access		45.149			\$ 178,296	—	178,296
Total CFDA		45.149			178,296	—	178,296
Promotion of The Humanities Educ: Collabora		45.161			—	—	—
Total CFDA		45.161	8502-86884	John Hopkins University	—	15,694	15,694
Promotion of The Humanities – Professional Development		45.163			2,041	—	2,041
Total CFDA		45.163			2,041	—	2,041
Total National Endowment for the Humanities					180,337	15,694	196,031
Institute of Museum Services: Institute of Museum and Library Services		45.313			40,883	—	40,883
Total CFDA		45.313			40,883	—	40,883
Total Institute of Museum Services					40,883	—	40,883
Total National Foundation for the Arts and Humanities					221,220	15,694	236,914
National Science Foundation: Engineering Grants		47.041			418,653	—	418,653
Total CFDA		47.041	8602-55014	Johns Hopkins University	—	4,100	4,100
Mathematical & Physical Sciences		47.049			52,895	—	52,895
Total CFDA		47.049	PO#560435	Fermi Nat'l Accelerator Lab	—	1,979	1,979
Geosciences		47.050			23,876	—	23,876
Total CFDA		47.050			23,876	—	23,876
Computer and Info Sciences & Engineering		47.070			42,400	—	42,400
Total CFDA		47.070	CCR0225610	University of California Berkley	—	6,669	6,669
Biological Sciences		47.074			6,557	—	6,557
Total CFDA		47.074			6,557	—	6,557
Social, Behavioral and Economic Sciences		47.075			40,854	—	40,854
Total CFDA		47.075	968264	University of Washington	—	18,680	18,680
Educational and Human Resources		47.076			1,617,639	—	1,617,639
Total CFDA		47.076	HRD0217629-VU-01 4224303353	Tennessee State University Tennessee State University	—	118,338 13,296	118,338 13,296
Polar Programs		47.078			6,128	—	6,128
Total CFDA		47.078			6,128	—	6,128
Total National Science Foundation					2,209,002	163,062	4,744,128

**THE VANDERBILT UNIVERSITY**  
 Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2006

<u>Program</u>	<u>Federal sponsor/project title</u>	<u>CFDA</u>	<u>Flow-through award number</u>	<u>Flow-through entity</u>	<u>Direct</u>	<u>Flow-through</u>	<u>Total</u>
U.S. Department of Transportation:	Highway Training and Education	20.215			\$ 42,014	—	42,014
	Total CFDA	20.215			42,014	—	42,014
State And Community Highway Safety		20.600	Z-00-096566	TN Dept of Transportation	—	—	—
	Total CFDA	20.600			—	(228)	(228)
	Total U.S. Department of Transportation				42,014	(228)	83,572
Tennessee Valley Authority:	TVA Environmental Research Center	62.001			87,399	—	87,399
	Total CFDA	62.001			87,399	—	87,399
	Total Tennessee Valley Authority				87,399	—	87,399
Other Federal Agencies:	Homeland Security	99.000			—	—	—
		99.000	4060800023; 0033, 0043	Batelle Memorial Institute	—	(103,076)	(103,076)
	Total CFDA	99.000			—	(103,076)	(103,076)
	Total Other Federal Agencies				—	(103,076)	(103,076)
	Total Other				33,529,560	8,292,537	41,822,097
	Total Federal Awards				\$ 377,096,929	39,377,766	416,474,695

\*Indicates major program.

The accompanying notes are an integral part of the schedule.

# THE VANDERBILT UNIVERSITY

## Notes to the Schedule of Expenditures of Federal Awards

Year ended June 30, 2006

### (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, 2006. 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, 2006 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, 2006

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, 2006 are summarized as follows:

Grant and work-study based programs:

FWS	\$	1,272,430
Pell		1,880,883
FSEOG		1,268,222
Total	\$	<u>4,421,535</u>

Direct loans disbursed:

Federal Perkins	\$	2,876,767
Health Profession Student Loan		—
Primary Care Loan		—
Federal Nursing Student Loan		407,900
Loans for Disadvantaged Students		—
Total	\$	<u>3,284,667</u>

Guaranteed loans disbursed:

Federal Stafford	\$	19,593,451
Federal Unsubsidized Stafford		24,176,705
Federal Parent Loans for Undergraduate Students		9,924,538
	\$	<u>53,694,694</u>

**THE VANDERBILT UNIVERSITY**

Notes to the Schedule of Expenditures of Federal Awards

Year ended June 30, 2006

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, 2006 are as follows:

Perkins	\$	15,015,276
HPSL		486,050
PCL		322,792
NSL		1,277,649
LDS		1,779
		<hr/>
	\$	<u>17,103,546</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, 2006. 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, 2006, and have issued our report thereon dated September 5, 2006. That report refers to the adoption of Financial Accounting Standards Board Interpretation No. 47, *Accounting for Conditional Asset Retirement Obligations*. 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**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*.

We noted certain matters that we reported to management of The Vanderbilt University in a separate letter dated September 5, 2006.



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 5, 2006



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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 program for the year ended June 30, 2006. The Vanderbilt University's major federal program is 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 program 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 its major federal program for the year ended June 30, 2006. 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 06-01.

### **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

December 11, 2006

**THE VANDERBILT UNIVERSITY**  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2006

**(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 06-01**
- (g) Major program:

<b>CFDA#</b>	<b>Grantor</b>	<b>Program</b>
Various	Various	Research and Development Cluster
- (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, 2006

**(3) Findings and Questioned Costs Relating to Federal Awards**

**Finding 06-01: Salary Cap Limitations for Research Personnel**

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

Program: Various

CFDA #: Various

Award number: Various

Award year: 2005-2006

Specific Criteria

OMB Circular A-21 section C.1 requires that charges for work performed on sponsored agreements by faculty members during the academic year will be based on an individual faculty member's regular compensation for the continuous period which, under the policy of the institution concerned, constitutes the basis of his salary. By a mandate of Congress, salaries paid under grants, cooperative agreements, or other applicable contracts funded by the National Institutes of Health (NIH), a division of the Department of Health and Human Services, are subject to salary limitations. For FY06, the limitation in effect from July 1, 2005 to December 31, 2005 was \$180,100; the limitation in effect from January 1, 2006 to June 30, 2006 was \$183,500.

Finding and Perspective

In July 2006, joint internal/external audit procedures discovered through specific testwork performed on NIH salary cap requirements that certain employees in the sample had been paid in excess of salary cap limitations. As a result, the University performed a detailed review of 100% of the population of employees paid out of NIH grants or contracts during FY06 to determine the extent of noncompliance. This review included a recalculation of each employee's allowable earned payroll per NIH salary limitations compared to actual payroll expenditures charged to NIH.

The results of the investigation found that 30 out of 212 University employees in the total population of individuals paid from NIH grants or agreements were paid amounts in excess of the salary cap during FY06.

Questioned Costs

The total questioned costs which were determined to be in excess of the established salary limitation were \$156,991. This amount was calculated including total salary, fringe, and facilities and administrative (F&A) expenditures charged to any grant for each employee during the period from July 1, 2005 to June 30, 2006. The University began the process of returning these costs to the NIH through adjustments to draws and/or reimbursements to subcontractors in August 2006.

**THE VANDERBILT UNIVERSITY**

Schedule of Findings and Questioned Costs

Year ended June 30, 2006

Recommendation

The University should develop enhanced internal controls and a monitoring policy for federal salary cap limitations. There should be specified personnel that monitor NIH salary, fringe, and facilities and administrative (F&A) expenditures on a monthly basis to ensure that all University employees are compliant. In addition, designated departmental personnel should be appropriately trained on how to calculate whether an employee has exceeded the salary limitation threshold and continuously monitor the results to ensure all employees are compliant at the end of each fiscal year.

Management's Response

The issue referenced above relating to the NIH imposed salary cap has been addressed. The University performed a 100% review for FY 2006 of all persons over the salary cap that were paid from NIH monies, and will have corrected any grants which had been inadvertently overcharged by making the appropriate adjusting journal entries in order to reimburse the difference by December 31, 2006. The University has developed procedures within the central accounting offices to monitor the NIH salary cap on a quarterly basis and is working closely with departmental administrators to ensure they understand the salary limitations on NIH awards.