

VANDERBILT UNIVERSITY
COST ACCOUNTING STANDARDS BOARD
DISCLOSURE STATEMENT

**COST ACCOUNTING STANDARDS BOARD
DISCLOSURE STATEMENT
REQUIRED BY PUBLIC LAW 100-679
EDUCATIONAL INSTITUTIONS**

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VANDERBILT UNIVERSITY**

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COST ACCOUNTING STANDARDS BOARD
DISCLOSURE STATEMENT
REQUIRED BY PUBLIC LAW 100-679
EDUCATIONAL INSTITUTIONS

GENERAL INSTRUCTIONS
VANDERBILT UNIVERSITY

1. This Disclosure Statement has been designed to meet the requirements of Public Law 100-679, and persons completing it are to describe the educational institution and its cost accounting practices. For complete regulations, instructions and timing requirements concerning submission of the Disclosure Statement, refer to Section 9903.202 of Chapter 99 of Title 48 CFR (48 CFR 9903).
2. Part I of the Statement provides general information concerning each reporting unit (e.g., segments, business units, and central system or group (intermediate administration) offices). Parts II through VI pertain to the types of costs generally incurred by the segment or business unit directly performing under Federally sponsored agreements (e.g., contracts, grants and cooperative agreements). Part VII pertains to the types of costs that are generally incurred by a Central or Group office and are allocated to one or more segments performing under Federally sponsored agreements.
3. Each segment or business unit required to disclose its cost accounting practices should complete the Cover Sheet, the Certification, and Parts I through VI.
4. Each central or group office required to disclose its cost accounting practices for measuring, assigning and allocating its costs to segments performing under Federally sponsored agreements should complete the Cover Sheet, the Certification, Part I and Part VII of the Disclosure Statement. Where a central or group office incurs the types of cost covered by Parts IV, V and VI, and the cost amounts allocated to segments performing under Federally sponsored agreements are material, such office(s) should complete Parts IV, V, or VI for such material elements of cost. While a central or group office may have more than one reporting unit submitting Disclosure Statements, only one Statement needs to be submitted to cover the central or group office operations.
5. The Statement must be signed by an authorized signatory of the reporting unit.
6. The Disclosure Statement should be answered by marking the appropriate line or inserting the applicable letter code which describes the segment's (reporting unit's) cost accounting practices.
7. A number of questions in this Statement may need narrative answers requiring more space than is provided. In such instances, the reporting unit should use the attached continuation sheet provided. The continuation sheet may be reproduced locally as needed. The number of the question involved should be indicated and the same coding required to answer the questions in the Statement should be used in presenting the answer on the continuation sheet. Continuation sheets should be inserted at the end of the pertinent Part of the Statement. On each continuation sheet, the reporting unit should enter the next sequential page number for that Part and, on the last continuation sheet used, the words "End of Part" should be inserted after the last entry.

8. Where the cost accounting practice being disclosed is clearly set forth in the institution's existing written accounting policies and procedures, such documents may be cited on a continuation sheet and incorporated by reference. In such cases, the reporting unit should provide the date of issuance and effective date for each accounting policy and/or procedures document cited. Alternatively, copies of the relevant parts of such documents may be attached as appendices to the pertinent Disclosure Statement Part. Such continuation sheets and appendices should be labeled and cross-referenced with the applicable Disclosure Statement item number. Any supplementary comments needed to fully describe the cost accounting practice being disclosed should also be provided.
9. Disclosure Statements must be amended when disclosed practices are changed to comply with a new CAS or when practices are changed with or without agreement to the Government (Also see 48 CFR 9903.202-3).
10. Amendments shall be submitted to the same offices to which submission would have to be made were an original Disclosure Statement being filed.
11. Each amendment should be accompanied by an amended cover sheet (indicating revision number and effective date of the change) and a signed certification. For all resubmissions, on each page, insert "Revision Number ____" and "Effective Date ____" in the Item Description block; and, insert "Revised" under each Item Number amended. Resubmitted Disclosure Statements must be accompanied by similar notations identifying the items which have been changed.

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS	COVER SHEET AND CERTIFICATION VANDERBILT UNIVERSITY
0.1	Educational Institution (a) Name Vanderbilt University (b) Street Address VU Station B #351591 (c) City, State and ZIP Code Nashville, TN 37235-1591 (d) Division or Campus of (if applicable) N/A
0.2	Reporting Unit is: (Mark one.) A. _____ Independently Administered Public Institution B. <u> X </u> Independently Administered Nonprofit Institution C. _____ Administered as Part of a Public System D. _____ Administered as Part of a Nonprofit System E. _____ Other (Specify) _____
0.3	Official to Contact Concerning this Statement: (a) Name and Title Jerry Fife, Assistant Vice Chancellor for Research Finance (b) Phone Number (include area code and extension) 615-343-6658
0.4	Statement Type and Effective Date: A. (Mark type of submission. If a revision, enter number) (a) <u> X </u> Original Statement (b) _____ Amended Statement; Revision No. _____ B. Effective Date of this Statement: (Specify) <u> October 9, 2006 </u>
0.5	Statement Submitted To (Provide office name, location and telephone number, include area code and extension): A. Cognizant Federal Agency: DHHS DCA Mid-Atlantic/Southeast Region Washington D.C. 20201 202-401-2808 B. Cognizant Federal Auditor: DHHS OIG Atlanta, GA 30323 404-331-2446

CERTIFICATION

I certify that to the best of my knowledge and belief this Statement, as amended in the case of a Revision, is the complete and accurate disclosure as of the date of certification shown below by the above-named organization of its cost accounting practices, as required by the Disclosure Regulations (48 CFR 9903.202) of the Cost Accounting Standards Board under 41 U.S.C. § 422.

Date of Certification: 10-9-06



(Signature)

Lauren Brisky

(Print or Type Name)

Vice-Chancellor for Administration
& Chief Financial Officer

(Title)

**THE PENALTY FOR MAKING A FALSE STATEMENT IN THIS DISCLOSURE IS
PRESCRIBED IN 18 U.S.C. § 1001**

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		PART I - GENERAL INFORMATION VANDERBILT UNIVERSITY
Item No.	Item Description	
	Part I	
1.1.0	<p><i>Description of Your Cost Accounting System</i> for recording expenses charged to Federally sponsored agreements (e.g., contracts, grants and cooperative agreements). (Mark the appropriate line(s) and if more than one is marked, explain on a continuation sheet.)</p> <p>A. _____ Accrual</p> <p>B. <input checked="" type="checkbox"/> Modified Accrual Basis¹</p> <p>C. _____ Cash Basis</p> <p>Y. _____ Other¹</p>	
1.2.0	<p><i>Integration of Cost Accounting with Financial Accounting.</i> The cost accounting system is: (Mark one. If B or C is marked, describe on a continuation sheet the costs which are accumulated on memorandum records.)</p> <p>A. _____ Integrated with financial accounting records (Subsidiary cost accounts are all controlled by general ledger control accounts.)</p> <p>B. _____ Not integrated with financial accounting records (Cost data are accumulated on memorandum records.)</p> <p>C. <input checked="" type="checkbox"/> Combination of A and B</p>	
1.3.0	<p><i>Unallowable Costs.</i> Costs that are not reimbursable as allowable costs under the terms and conditions of Federally sponsored agreements are: (Mark one)</p> <p>A. _____ Specifically identified and recorded separately in the formal financial accounting records.¹</p> <p>B. _____ Identified in separately maintained accounting records or workpapers.¹</p> <p>C. _____ Identifiable through use of less formal accounting techniques that permit audit verification.¹</p> <p>D. <input checked="" type="checkbox"/> Combination of A, B or C¹</p> <p>E. _____ Determinable by other means.¹</p>	

FORM CASB DS-2 (REV 10/94)

10/09/2006

¹ Describe on a Continuation Sheet.

**COST ACCOUNTING STANDARDS BOARD
DISCLOSURE STATEMENT
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EDUCATIONAL INSTITUTIONS**

**PART I - GENERAL INFORMATION
VANDERBILT UNIVERSITY**

Item No.	Item Description
1.3.1	<p><i>Treatment of Unallowable Costs.</i> (Explain on a continuation sheet how unallowable costs and directly associated costs are treated in each allocation base and indirect expense pool, e.g., when allocating costs to a major function or activity; when determining indirect cost rates; or, when a central office or group office allocates costs to a segment.)</p>
1.4.0	<p><i>Cost Accounting Period:</i> <u>7/1-6/30</u> (Specify the twelve month period used for the accumulation and reporting of costs under Federally sponsored agreements, e.g., 7/1 to 6/30. If the cost accounting period is other than the Institution's fiscal year used for financial accounting and reporting purposes, explain circumstances on a continuation sheet.)</p>
1.5.0	<p><i>State Laws or Regulations.</i> Identify on a continuation sheet any State laws or regulations which influence the institution's cost accounting practices, e.g., State administered pension plans, and any applicable statutory limitations or special agreements on allowance of costs.</p>

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET
		NAME OF REPORTING UNIT Vanderbilt University
Item No.	Item Description	
1.1.0	<p><u>Description of Cost Accounting System</u> Vanderbilt uses an accrual accounting system. However, items such as leave time are treated on a cash basis (i.e. vacation and sick leave are recorded at the time the leave is taken).</p>	
1.2.0	<p><u>Integration of Cost Accounting with Financial Accounting</u> Financial transactions are recorded and accumulated within the general ledger accounting system. For purposes of calculating the indirect cost rates for sponsored programs the following cost components are determined/adjusted using memorandum records.</p> <ul style="list-style-type: none"> - Departmental administration. - Fixed asset depreciation is calculated by the fixed asset sub-system. In addition, depreciation (on a component basis) for selected multi-functional buildings is calculated in memorandum records and recorded to the fixed asset sub-system and general ledger. - Interest expense applicable to buildings is accumulated on memorandum records. - Operations and maintenance costs are accumulated within the accounting system. The costs recorded are adjusted in memorandum records to incorporate cost accounting principles. - General administration expenses are accumulated within the accounting system. Memorandum entries are made to exclude/reclass selected costs for indirect cost purposes. 	
1.3.0	<p><u>Unallowable Costs</u> Unallowable costs as defined by OMB Circular A-21, Section J, are identified and accumulated in the formal accounting records of the University using designated center or account codes. Unallowable activities, such as Alumni and Development fund raising are accumulated in specific cost centers. An attribute is assigned to each cost center when the center is established that designates this entire activity as Other Institutional Activities within the facilities and administrative rate proposal. Unallowable expenses such as alcohol and entertainment are recorded in specific accounts within the accounting records. Specific accounts are flagged as unallowable within the F&A proposal. Costs charged to those accounts are treated as unallowable within the F&A proposal and are not normally allowed as direct charges to sponsored activities. Unallowable costs are described in Vanderbilt's Guidelines for Budgeting and Charging Direct Costs on Sponsored Projects and restrictions are noted on Vanderbilt's on-line Narrative Chart of Accounts.</p> <p>During the preparation of the facilities and administrative rate proposal, the formal accounting records are further reviewed to ensure that all unallowable costs have been properly identified and treated appropriately. For example, some administrative areas (e.g. Chancellor's Office, Dean's Offices, etc.) are reviewed at the transaction level to ensure the proper account coding and treatment within F&A. If a portion of those centers are deemed unallowable, memorandum records are utilized as documentation for exclusion of those costs within the F&A proposal.</p>	

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET
		NAME OF REPORTING UNIT Vanderbilt University
Item No.	Item Description	
1.3.1	<u>Treatment of Unallowable Costs</u> Unallowable costs are excluded from indirect cost pools before allocation. Costs which are normally included in an indirect cost allocation base will remain in that base for rate calculations and allocations, without regard to their allowability on sponsored agreements.	
1.5.0	<u>State Laws or Regulations</u> Vanderbilt is not aware of any state laws or regulations which influence the institution's cost accounting practices.	
	END OF PART.	

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS	PART II - DIRECT COSTS VANDERBILT UNIVERSITY
Item No.	Item Description
	<p style="text-align: center;">Instructions for Part II</p> <p>Institutions should disclose what costs are, or will be, charged directly to Federally sponsored agreements or similar cost objectives as Direct Costs. It is expected that the disclosed cost accounting practices (as defined at 48 CFR 9903.302-1) for classifying costs either as direct costs or indirect costs will be consistently applied to all costs incurred by the reporting unit.</p> <p>2.1.0 <i>Criteria for Determining How Costs are Charged to Federally Sponsored Agreements or Similar Cost Objectives.</i> (For all major categories of cost under each major function or activity such as instruction, organized research, other sponsored activities and other institutional activities, describe on a continuation sheet, your criteria for determining when costs incurred for the same purpose, in like circumstances, are treated either as direct costs only or as indirect costs only with respect to final cost objectives. Particular emphasis should be placed on items of cost that may be treated as either direct or indirect costs (e.g., Supplies, Materials, Salaries and Wages, Fringe Benefits, etc.) depending upon the purpose of the activity involved. Separate explanations on the criteria governing each direct cost category identified in this Part II are required. Also, list and explain if there are any deviations from the specified criteria.)</p> <p>2.2.0 <i>Description of Direct Materials.</i> All materials and supplies directly identified with Federally sponsored agreements or similar cost objectives. (Describe on a continuation sheet the principal classes of materials which are charged as direct materials and supplies.)</p> <p>2.3.0 <i>Method of Charging Direct Materials and Supplies.</i> (Mark the appropriate line(s) and if more than one is marked, explain on a continuation sheet.)</p> <p>2.3.1 Direct Purchases for Projects are Charged to Projects at:</p> <p>A. _____ Actual Invoiced Costs B. <input checked="" type="checkbox"/> Actual Invoiced Costs Net of Discounts Taken Y. _____ Other(s)¹ Z. _____ Not Applicable</p> <p>2.3.2 <i>Inventory Requisitions from Central or Common, Institution-owned Inventory.</i> (Identify the inventory valuation method used to charge projects):</p> <p>A. _____ First In, First Out B. _____ Last In, First Out C. _____ Average Costs¹ D. _____ Predetermined Costs¹ Y. _____ Other(s)¹ Z. <input checked="" type="checkbox"/> Not Applicable</p>

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10/09/2006

¹ Describe on a Continuation Sheet.

COST ACCOUNTING STANDARDS BOARD
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EDUCATIONAL INSTITUTIONS

PART II - DIRECT COSTS
VANDERBILT UNIVERSITY

Item No.	Item Description																																		
2.4.0	<i>Description of Direct Personal Services.</i> All personal services directly identified with Federally sponsored agreements or similar cost objectives. (Describe on a continuation sheet the personal services costs within each major institutional function or activity that are charged as direct personal services.)																																		
2.5.0	<p><i>Method of Charging Direct Salaries and Wages.</i> (Mark the appropriate line(s) for each Direct Personal Services Category to identify the method(s) used to charge direct salary and wage costs to Federally sponsored agreements or similar cost objectives. If more than one line is marked in a column, fully describe on a continuation sheet, the applicable methods used.)</p> <table border="1" data-bbox="332 668 1459 1315"> <thead> <tr> <th rowspan="2"></th> <th colspan="4" style="text-align: center;"><u>Direct Personal Services Category</u></th> </tr> <tr> <th style="text-align: center;"><u>Faculty</u> (1)</th> <th style="text-align: center;"><u>Staff</u> (2)</th> <th style="text-align: center;"><u>Students</u> (3)</th> <th style="text-align: center;"><u>Other</u>¹ (4)</th> </tr> </thead> <tbody> <tr> <td>A. Payroll Distribution Method (Individual time card/actual hours and rates)</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_X_</td> <td style="text-align: center;">_X_</td> <td style="text-align: center;">_____</td> </tr> <tr> <td>B. Plan - Confirmation (Budgeted, planned or assigned work activity, updated to reflect significant changes)</td> <td style="text-align: center;">_X_</td> <td style="text-align: center;">_X_</td> <td style="text-align: center;">_X_</td> <td style="text-align: center;">_____</td> </tr> <tr> <td>C. After-the-fact Activity Records (Percentage Distribution of employee activity)</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> <tr> <td>D. Multiple Confirmation Records (Employee Reports prepared each academic term, to account for employee's activities, direct and indirect charges are certified separately.)</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> <tr> <td>Y. Other(s)¹</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> </tbody> </table>		<u>Direct Personal Services Category</u>				<u>Faculty</u> (1)	<u>Staff</u> (2)	<u>Students</u> (3)	<u>Other</u> ¹ (4)	A. Payroll Distribution Method (Individual time card/actual hours and rates)	_____	_X_	_X_	_____	B. Plan - Confirmation (Budgeted, planned or assigned work activity, updated to reflect significant changes)	_X_	_X_	_X_	_____	C. After-the-fact Activity Records (Percentage Distribution of employee activity)	_____	_____	_____	_____	D. Multiple Confirmation Records (Employee Reports prepared each academic term, to account for employee's activities, direct and indirect charges are certified separately.)	_____	_____	_____	_____	Y. Other(s) ¹	_____	_____	_____	_____
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Y. Other(s) ¹	_____	_____	_____	_____																															

¹ Describe on a Continuation Sheet

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		PART II - DIRECT COSTS NAME OF REPORTING UNIT
Item No.	Item Description	
2.5.1	<p><i>Salary and Wage Cost Distribution Systems.</i></p> <p>Within each major function or activity, are the methods marked in Item 2.5.0 used by all employees compensated by the reporting unit? (If "NO", describe on a continuation sheet, the types of employees not included and describe the methods used to identify and distribute their salary and wage costs to direct and indirect cost objectives.)</p> <p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>	
2.5.2	<p><i>Salary and Wage Cost Accumulation System.</i></p> <p>(Within each major function or activity, describe, on a continuation sheet, the specific accounting records or memorandum records used to accumulate and record the share of the total salary and wage costs attributable to each employee's direct (Federally sponsored projects, non-sponsored projects or similar cost objectives) and indirect activities. Indicate how the salary and the wage cost distributions are reconciled with the payroll data recorded in the institution's financial accounting records.)</p>	
2.6.0	<p><i>Description of Direct Fringe Benefits Costs.</i> All fringe benefits that are attributable to direct salaries and wages and are charged directly to Federally sponsored agreements or similar cost objectives. (Describe on a continuation sheet all of the different types of fringe benefits which are classified and charged as direct costs, e.g., actual or accrued costs of vacation, holidays, sick leave, sabbatical leave, premium pay, social security, pension plans, post-retirement benefits other than pensions, health insurance, training, tuition, tuition remission, etc.)</p>	
2.6.1	<p><i>Method of Charging Direct Fringe Benefits.</i> (Describe on a continuation sheet, how each type of fringe benefit cost identified in item 2.6.0. is measured, assigned and allocated (for definitions, See 9903.302-1); first, to the major functions (e.g., instruction, research); and, then to individual projects or direct cost objectives within each function.)</p>	
2.7.0	<p><i>Description of Other Direct Costs.</i> All other items of cost directly identified with Federally sponsored agreements or similar cost objectives. (List on a continuation sheet the principal classes of other costs which are charged directly, e.g., travel, consultants, services, subgrants, subcontracts, malpractice insurance, etc.)</p>	

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		PART II - DIRECT COSTS VANDERBILT UNIVERSITY																										
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2.8.0	<p><i>Cost Transfers.</i> When Federally sponsored agreements or similar cost objectives are credited for cost transfers to other projects, grants or contracts, is the credit amount for direct personal services, materials, other direct charges and applicable indirect costs always based on the same amount(s) or rate(s) (e.g., direct labor rate, indirect costs) originally used to charge or allocate costs to the project (Consider transactions where the original charge and the credit occur in different cost accounting periods). (Mark one, if "No", explain on a continuation sheet how the credit differs from original charge.)</p> <p>_____ Yes</p> <p><u> X </u> No</p>																											
2.9.0	<p><i>Inter-organizational Transfers.</i> This item is directed only to those materials, supplies, and services which are, or will be transferred to you from other segments of the educational institution. (Mark the appropriate line(s) in each column to indicate the basis used by you as transferee to charge the cost or price of inter-organizational transfers or materials, supplies, and services to Federally sponsored agreements or similar cost objectives. If more than one line is marked in a column, explain on a continuation sheet.)</p> <table border="0" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;"></th> <th style="text-align: center; border-bottom: 1px solid black;"><u>Materials</u> (1)</th> <th style="text-align: center; border-bottom: 1px solid black;"><u>Supplies</u> (2)</th> <th style="text-align: center; border-bottom: 1px solid black;"><u>Services</u> (3)</th> </tr> </thead> <tbody> <tr> <td>A. At full cost <u>excluding</u> indirect costs attributable to group or central office expenses.</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> <tr> <td>B. At full cost <u>including</u> indirect costs attributable to group or central office expenses.</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> <tr> <td>C. At established catalog or market price or prices based on adequate competition.</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> <tr> <td>Y. Other(s)¹</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> <tr> <td>Z. Inter-organizational transfers are not applicable.</td> <td style="text-align: center;"><u> X </u></td> <td style="text-align: center;"><u> X </u></td> <td style="text-align: center;"><u> X </u></td> </tr> </tbody> </table>					<u>Materials</u> (1)	<u>Supplies</u> (2)	<u>Services</u> (3)	A. At full cost <u>excluding</u> indirect costs attributable to group or central office expenses.	_____	_____	_____	B. At full cost <u>including</u> indirect costs attributable to group or central office expenses.	_____	_____	_____	C. At established catalog or market price or prices based on adequate competition.	_____	_____	_____	Y. Other(s) ¹	_____	_____	_____	Z. Inter-organizational transfers are not applicable.	<u> X </u>	<u> X </u>	<u> X </u>
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¹ Describe on a Continuation Sheet

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET
		NAME OF REPORTING UNIT Vanderbilt University
Item No.	Item Description	
2.1.0	<p><u>Criteria for Determining How Costs are Charged to Federally Sponsored Agreements or Similar Cost Objectives</u></p> <p>In determining how costs are charged to federally sponsored projects, Vanderbilt University is guided by OMB Circular A-21, Section D. Costs are charged on a direct basis to federally sponsored agreements when the cost can be specifically identified to a particular sponsored project or can be assigned relatively easily with a high degree of accuracy and the cost is not specifically prohibited by the terms of the agreement. Identification with the sponsored work rather than the nature of the goods and services involved is the determining factor in distinguishing direct from indirect costs of federally sponsored agreements.</p> <p>Costs are normally treated as indirect costs when the cost cannot be identified readily and specifically with a particular sponsored project. For example, salary of staff performing routine administrative duties is treated as an indirect cost.</p> <p>Vanderbilt University has developed "Guidelines for Budgeting and Charging Direct Costs on Sponsored Projects" to ensure consistent application and to provide staff training (see sections "Direct Costs: Definition and List of Criteria", "Direct Costs: Consistency", and "Appendix B: OMB Guidance of Treatment of Administrative and Clerical Salaries" for specific guidance on direct and indirect practices). Costs incurred for the same purpose in like circumstances are treated consistently as either direct or indirect costs.</p> <p>Following are explanations for each major direct cost category:</p> <p><u>Salaries, Wages and Fringe Benefits</u></p> <p>Salaries, wages and fringe benefits of faculty, technicians, post docs, graduate research assistants, and other staff engaged in performing sponsored project's scope of work are treated as direct costs of projects. Salaries, wages and fringe benefits related to joint objectives that cannot be easily and specifically identified with a particular sponsored project are treated as indirect costs.</p> <p>Unlike circumstances may exist that may allow for certain costs to be charged differently from their normal treatment. For example, administrative and clerical salaries are normally charged indirectly to federally sponsored projects. However, circumstances when such administrative personnel are charged directly to federally sponsored agreements include (but are not limited to) the following:</p> <ol style="list-style-type: none"> 1. Large, complex programs that entail assembling and managing teams of investigators from a number of institutions. 2. Projects that involve extensive data accumulation, analysis and entry, surveying, tabulation, cataloging, searching literature and reporting. 3. Projects that require making travel and meeting arrangements for large numbers of participants. 	

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET
		NAME OF REPORTING UNIT Vanderbilt University
Item No.	Item Description	
2.1.0 cont.	<p>4. Projects whose principal focus is the preparation and production of manuals and large reports, books and monographs (excluding routine progress and technical reports).</p> <p>5. Projects that are geographically inaccessible to normal departmental administrative services.</p> <p>6. Individual projects requiring project-specific database management; individualized graphics or manuscript preparation; human or animal protocol; and multiple project-related investigator coordination and communications.</p> <p><u>Office/Project Supplies and Materials</u> Supplies and materials necessary for performing the project's scope of work are treated as direct costs of projects. Supplies and materials for routine departmental or administrative activities of the department that benefit all activities of the department (instruction, research, training, public service, etc.) are normally indirect costs.</p> <p><u>Other Direct Costs</u> Travel, subcontracts, fees and services, long distance telephone, and other costs necessary for performing the project's scope of work are treated as direct costs of projects. Other costs that are for routine departmental or administrative use are normally indirect costs.</p> <p><u>Capital Equipment</u> Capital equipment approved by the sponsor and/or reviewed and approved through Vanderbilt's approval process that is necessary for performing the project's scope of work is charged direct to projects.</p> <p><u>Patient Care/Hospital Services</u> There are instances where rates are negotiated with the government for patient care and/or Hospital services. These services that are necessary for performing the project's scope of work are charged direct to projects.</p> <p><u>Cost Sharing</u> Cost sharing represents that portion of the total project costs (direct or indirect) of a sponsored agreement borne by the University, rather than by the sponsor. Vanderbilt University has developed a cost sharing policy (Policy for Cost Sharing on Sponsored Projects) to ensure that cost sharing on sponsored projects is proposed, accounted for and reported in a manner consistent with the requirements set forth in federal regulations (Office of Management and Budget (OMB) Circulars A-110 and A-21), requirements of sponsoring agencies and the policies of Vanderbilt University.</p> <p>Cost sharing is identified and accumulated in the formal accounting records of the University using account codes. Specific instructions on the accounting treatment for cost sharing have been developed by the University (Accounting Treatment for Cost Share).</p>	

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET
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2.1.0 cont.	<p><u>NIH Salary Cap</u></p> <p>All salaries at Vanderbilt are initiated in the department that an individual works via a Personnel Action Form (PAF). This document is used for salary amounts, salary distributions, etc. If an individual is charged to a NIH Award in which a salary cap is in effect, the department charges the grant for the salary up to the salary cap as appropriate. Any amount over the cap is charged to a cost sharing job code, which is included in the base for the Facilities and Administrative Rate Agreement.</p> <p>In general, Vanderbilt is consistent in it's treatment of how costs are charged between federal, non-federal and institutionally supported projects or activities. However, there may be instances where they are inconsistent. For example, administrative and clerical salaries may be charged directly on a non-federal research project if allowed by the sponsor. In this instance, Vanderbilt may be technically violating the cost accounting standards rules, but the government actually benefits from this scenario, as those costs are included in the research base.</p>	
2.2.0	<p><u>Description of Direct Materials</u></p> <p>The principal classes of materials and supplies that are normally charged directly to federally sponsored agreements or similar cost objectives include:</p> <p>Laboratory supplies, chemicals, medical supplies, supplies for instructional sponsored programs, gas cylinders, radioisotopes, food (research and subject related), animals, technical supplies, non-capitalized minor equipment, service center charges, and other non-capital items.</p> <p>In general, Vanderbilt is consistent in it's treatment of how costs are charged between federal, non-federal and institutionally supported projects or activities. However, there may be instances where they are inconsistent, but only to the extent that the government would not be negatively impacted.</p>	
2.4.0	<p><u>Description of Direct Personal Services</u></p> <p>Direct personal services costs identified with Federally sponsored agreements include the following:</p> <ul style="list-style-type: none"> - Faculty salaries and associated fringe benefits - Staff salaries, wages and associated fringe benefits - Student salaries, wages and associated fringe benefits 	

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET
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2.4.0 (cont.)	In general, Vanderbilt is consistent in it's treatment of how costs are charged between federal, non-federal and institutionally supported projects or activities. However, there may be instances where they are inconsistent, but only to the extent that the government would not be negatively impacted.	
2.5.0	<u>Method of Charging Direct Salaries and Wages</u> <u>Staff</u> <ul style="list-style-type: none"> - Exempt Staff use the plan confirmation system. - Non-exempt staff use weekly or bi-weekly time sheets/effort reports. <u>Students</u> <ul style="list-style-type: none"> - Graduate students are generally exempt and use the plan confirmation system. Non-exempt graduate students use time sheets/effort reports. - Undergraduate students are generally non-exempt and use time sheets/effort reports. 	
2.5.2	<u>Salary and Wage Cost Accumulation System</u> <p>The salary and wage cost accumulation system specifically identifies salaries to the direct cost categories or indirect cost categories supported by the employee's activity. Exempt faculty/staff salary is distributed based on Payroll Action Forms (PAF), which indicate both the most recent salary distribution and the future planned salary distribution. The salary distributions on the PAF represent 100% of the employee's effort. If any part of the employee's effort is paid from a federal center, the effort certification statement on the PAF must be signed (please see Clarification of Effort Reporting Certifications dated March 17, 2003 for information as to who should sign the statement). If the most recent salary distribution on the PAF does not reflect effort that was actually performed, then a retroactive PAF must be completed and a journal entry processed to correct the salary distribution. The PAF is prepared and certified at least annually, but more frequently if a change in salary distribution occurs.</p> <p>Non-exempt staff/students complete weekly or bi-weekly time sheets/effort reports, which are used to distribute salary. Each time sheet is signed and that signature authorizes that the salary distribution for the prior week/two week period reflects actual work performed.</p> <p>In some instances, which the University believes to be immaterial, memorandum records are maintained to reclassify salary cost to a different function for indirect cost purposes only. For example, faculty salary funded by the Provost's office (an indirect function) is reclassified to instruction.</p> <p>Salary and wage cost distributions are reconcilable to the payroll system.</p>	

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET
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2.6.0	<p><u>Description of Direct Fringe Benefit Costs</u></p> <p>Fringe benefits attributable to salaries and wages and charged directly to Federally sponsored projects and similar cost objectives include the following:</p> <p><u>FICA</u> Vanderbilt is required by law to pay Federal Insurance Contributions Act (FICA) taxes on faculty/staff salary and wage costs. Student workers are exempt from FICA if they are enrolled full-time in classes and work 20 hours or less per week during any period of employment.</p> <p><u>Standard Retirement Programs</u> Vanderbilt offers a matching contribution for faculty/staff who contribute to the standard retirement programs.</p> <p><u>Salary Retirement Supplement</u> The salary retirement supplement is a supplemental payment made to all full time faculty and senior staff. The salary retirement supplement is a benefit paid to faculty and senior staff that may be used by them to make contributions to the retirement program.</p> <p><u>Faculty Early Retirement</u> Individuals who accept early retirement receive a negotiated settlement for a specified period of time.</p> <p><u>Union Pension</u> Certain Vanderbilt staff members belong to a union. Vanderbilt is required to make contributions to the union pension plan for these employees.</p> <p><u>Health</u> Vanderbilt is self insured for health care and offers several options so that employees can choose the plan that best fits their needs. In addition, Vanderbilt offers an employee wellness program, Health Plus, as part of the health care plan. The health care claims cost and administrative charge, administrative costs of the self-insurance program and costs associated with the Health Plus program are included in the fringe benefit cost pool.</p>	

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2.6.0 cont.	<p><u>Description of Fringe Benefit Costs (cont.)</u></p> <p><u>Flexible Reimbursement Account (FRA)</u> Vanderbilt contributes a monthly amount to a flexible reimbursement account (FRA) for faculty/staff that have been at the institution for 5 years. The money may be used by faculty/staff to pay for eligible medical expenses including deductibles, individual contributions to the health plan and other eligible medical expenses. Individuals who participate in the health plan are also provided an FRA. This plan is being phased out for any new hires after January 1, 2005.</p> <p><u>Life Insurance</u> Vanderbilt provides life insurance of one times annual salary.</p> <p><u>Long Term Disability Insurance</u> Vanderbilt provides disability insurance to faculty/staff.</p> <p><u>Worker's Compensation</u> Vanderbilt is self-insured for worker's compensation claims under a self insurance retention level. Vanderbilt is insured for claims in excess of this retention level through an excess coverage policy. The estimated total claims cost to be incurred related to incidents expected to occur during the fiscal year is actuarially determined. The total expected claims cost, excess coverage premiums, taxes and administrative costs associated with the self-insured program are included in the fringe benefit cost pool.</p> <p><u>Unemployment Compensation</u> Vanderbilt is self-insured for unemployment compensation claims. The program requires that Vanderbilt pay the state of Tennessee directly for claims incurred rather than pay an unemployment tax.</p> <p><u>Faculty/Staff Tuition Benefit Programs</u> Vanderbilt offers a tuition discount to faculty/staff for one course per semester at Vanderbilt. In addition, Vanderbilt offers a tuition discount to full-time staff for courses taken at Vanderbilt or at other institutions and approved by their supervisor. Additional benefits are available in the nursing program.</p>	

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2.6.0 cont.	<p><u>Description of Fringe Benefit Costs (cont.)</u></p> <p><u>Occupational Health Clinic (OHC)</u> The Vanderbilt Occupational Health Clinic has the basic mission of assisting employees with health problems directly relevant to their work. It functions as an entry clinic for minor health problems and as a referral source for more specialized care. It offers preventative care, such as immunizations, blood pressure checks, and chest x-rays; treatment for non-chronic ailments; and treatment for minor injuries, such as needle punctures or muscular or orthopedic injuries.</p> <p>Most cases are seen by nurse clinicians or practitioners. Physicians are available for consultation and medical supervision.</p> <p><u>Staff Awards Certificates</u> The Vanderbilt University Medical Center Staff Award Certificates Program is administered by an outside vendor. Gift certificates in varying denominations are awarded to Medical Center staff members or teams based on accomplishments related to institutional, departmental, or area strategic goals.</p> <p><u>Elevate</u> The Elevate program is intended to increase employee morale and improve employee retention in the Vanderbilt University Medical Center by adopting and applying certain work principles and values. Included in the nine principles of the Elevate program are: commitment to excellence, building a culture around service, creating and developing leaders, employee satisfaction, accountability and communication at all levels.</p> <p><u>Other</u> In addition to the above listed fringe benefits, Vanderbilt also treats sick leave, vacation leave, holiday leave and premium pay as direct costs. Leave time is charged when taken according to the person's usual salary distribution as described in Part 2.5.0.</p>	

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2.6.1	<p><u>Method of Charging Direct Fringe Benefit Costs</u> Vanderbilt uses a fringe benefit rate system (fixed with carry forwards) to allocate fringe benefit costs to benefiting salaries and wages. The fringe benefit rates and the methods used to measure, assign and allocate fringe benefit costs are reviewed and approved by the Department of Health and Human Services Division of Cost Allocation annually. The system is comprised of the following fringe benefit rate categories.</p> <ul style="list-style-type: none"> - Medical Center Non-Clinical Faculty/Senior Staff - Medical Center Faculty Clinical 1 – defined as annual compensation of less than \$170,000 - Medical Center Faculty Clinical 2 – defined as annual compensation greater than or equal to \$170,000 but less than \$300,000 - Medical Center Faculty Clinical 3 – defined as annual compensation equal to or greater than \$300,000 - University Central Faculty/Senior Staff/Summer Salary - Medical Center Staff (Medical Center Non-Hospital Staff and Medical Center Hospital Staff are tracked separately for internal purposes, but combined in the rate agreement with the government.) - University Central Staff - Part-time/Temporary - Supplemental Pay 	

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2.7.0	<p><u>Description of Other Direct Costs</u></p> <p>Other costs are treated as direct costs when they are specifically identified to a particular sponsored project or can be assigned relatively easily with a high degree of accuracy. Identification with the sponsored work rather than the nature of the goods and services involved is the determining factor in distinguishing direct from indirect costs of federally sponsored agreements. The principal classes of other direct costs include:</p> <ul style="list-style-type: none"> - Travel - Subcontracts - Consultants - Repairs and Maintenance - Long Distance Telephone - Capital Equipment specific to the project - Lease/Rental Agreements - Tuition Remission - Recharge and Service Center services - Off campus facility rental - Other miscellaneous services (consistent with circumstances described in 2.1.0) 	

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET
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2.8.0	<p><u>Cost Transfers</u></p> <p>Vanderbilt University has developed Cost Transfer Guidelines to provide consistent application, appropriate documentation, and reasonable time frames for transferring costs.</p> <p>When Federally sponsored agreements are credited for cost transfers to other projects, grants or contracts, the credit amount for direct personal services, materials and other direct charges are at the original cost, regardless if the credit occurred in a different cost accounting period. The indirect costs are at the rate applicable at the time of the transfer, therefore the only time a different rate would apply is if the transfer occurred in a different cost accounting period than the original charge and the agreement was not subject to the life of the award regulation in OMB Circular A-21. The University believes there is an immaterial effect on charges to sponsored agreements.</p> <p>END OF PART.</p>	

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS	PART III - INDIRECT COSTS VANDERBILT UNIVERSITY
Item No.	Item Description
	<p style="text-align: center;">Instructions for Part III</p> <p>Institution should disclose how the segment's total direct costs are identified and accumulated in specific indirect cost categories and allocated to applicable indirect cost pools and service centers within each major function or activity, how service center costs are accumulated and "billed" to users, and the specific indirect cost pools and allocation bases used to calculate the indirect cost rates that are used to allocate accumulated indirect costs to Federally sponsored agreements or similar final cost objectives. A continuation sheet should be used wherever additional space is required or when a response requires further explanation to ensure clarity and understanding.</p> <p>The following Allocation Base Codes are provided for use in connection with Items 3.1.0 and 3.3.0.</p> <ul style="list-style-type: none"> A. Direct Charge or Allocation B. Total Expenditures C. Modified Total Cost Basis D. Modified Total Direct Cost Basis E. Salaries and Wages F. Salaries, Wages and Fringe Benefits G. Number of Employees (head count) H. Number of Employees (full-time equivalent basis) I. Number of Students (head count) J. Number of Students (full-time equivalent basis) K. Student Hours—classroom and work performed L. Square Footage M. Usage N. Unit of Product O. Total Production P. More than one base (Separate Cost Groupings)¹ Y. Others¹ Z. Category or Pool not applicable

FORM CASB DS-2 (REV 10/94)

10/09/2006

¹ List on a continuation sheet, the category and subgrouping(s) of expense involved and the allocation base(s) used.

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		PART III - INDIRECT COSTS VANDERBILT UNIVERSITY																																																	
Item No.	Item Description																																																		
3.1.0	<p><i>Indirect Cost Categories - Accumulation and Allocation.</i> This item is directed at the identification, accumulation and allocation of all indirect costs of the institution. (Under the column heading, "Accumulation Method," insert "Yes" or "No" to indicate if the cost elements included in each indirect cost category are identified, recorded and accumulated in the institution's formal accounting system. If "No," describe on a continuation sheet, how the cost elements included in the indirect cost category are identified and accumulated. Under the column heading "Allocation Base," enter one of the allocation base codes A through P, Y, or Z, to indicate the basis used for allocating the accumulated costs of each indirect cost category to applicable indirect cost categories, indirect cost pools, other institutional activities, specialized service facilities and other service centers. Under the column heading "Allocation Sequence," insert 1, 2, or 3 next to each of the first three indirect cost categories to indicate the sequence of the allocation process. If cross-allocation techniques are used, insert "CA." If an indirect cost category listed in this section is not used, insert "NA.")</p> <table border="1"> <thead> <tr> <th><u>Indirect Cost Category</u></th> <th><u>Accumulation Method</u></th> <th><u>Allocation Base Code</u></th> <th><u>Allocation Sequence</u></th> </tr> </thead> <tbody> <tr> <td>(a) Depreciation/Use Allowance/Interest Building</td> <td><u>No</u></td> <td><u>L</u></td> <td><u>1</u></td> </tr> <tr> <td>Equipment</td> <td><u>Yes</u></td> <td><u>L</u></td> <td></td> </tr> <tr> <td>Capital Improvements to Land¹</td> <td><u>Yes</u></td> <td><u>A</u></td> <td></td> </tr> <tr> <td>Interest¹</td> <td><u>No</u></td> <td><u>L</u></td> <td></td> </tr> <tr> <td>(b) Operation and Maintenance</td> <td><u>No</u></td> <td>L, P (a)</td> <td><u>2</u></td> </tr> <tr> <td>(c) General Administration and General Expense</td> <td><u>No</u></td> <td><u>D</u></td> <td><u>3</u> CA</td> </tr> <tr> <td>(d) Departmental Administration</td> <td><u>No</u></td> <td><u>D</u></td> <td></td> </tr> <tr> <td>(e) Sponsored Projects Administration</td> <td><u>Yes</u></td> <td><u>D</u></td> <td></td> </tr> <tr> <td>(f) Library</td> <td><u>Yes</u></td> <td><u>P (a)</u></td> <td></td> </tr> <tr> <td>(g) Student Administration and Services</td> <td><u>Yes</u></td> <td><u>P (a)</u></td> <td></td> </tr> <tr> <td>(h) Other¹</td> <td><u>N/A</u></td> <td><u>N/A</u></td> <td></td> </tr> </tbody> </table> <p>(a) See 3.5.0 for an explanation of the allocation bases used.</p>			<u>Indirect Cost Category</u>	<u>Accumulation Method</u>	<u>Allocation Base Code</u>	<u>Allocation Sequence</u>	(a) Depreciation/Use Allowance/Interest Building	<u>No</u>	<u>L</u>	<u>1</u>	Equipment	<u>Yes</u>	<u>L</u>		Capital Improvements to Land ¹	<u>Yes</u>	<u>A</u>		Interest ¹	<u>No</u>	<u>L</u>		(b) Operation and Maintenance	<u>No</u>	L, P (a)	<u>2</u>	(c) General Administration and General Expense	<u>No</u>	<u>D</u>	<u>3</u> CA	(d) Departmental Administration	<u>No</u>	<u>D</u>		(e) Sponsored Projects Administration	<u>Yes</u>	<u>D</u>		(f) Library	<u>Yes</u>	<u>P (a)</u>		(g) Student Administration and Services	<u>Yes</u>	<u>P (a)</u>		(h) Other ¹	<u>N/A</u>	<u>N/A</u>	
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¹ Describe on a Continuation Sheet.

**COST ACCOUNTING STANDARDS BOARD
DISCLOSURE STATEMENT
REQUIRED BY PUBLIC LAW 100-679
EDUCATIONAL INSTITUTIONS**

**PART III - INDIRECT COSTS
VANDERBILT UNIVERSITY**

Item No.	Item Description																																																	
3.2.0	<p><i>Service Centers.</i> Service centers are departments or functional units which perform specific technical or administrative services primarily for the benefit of other units within a reporting unit. Service Centers include "recharge centers" and the "specialized service facilities" defined in Section J of Circular A-21. (The codes identified below should be inserted on the appropriate line for each service center listed. The column numbers correspond to the paragraphs listed below that provide the codes. Explain on a Continuation Sheet if any of the services are charged to users on a basis other than usage of the services. Enter "Z" in Column 1, if not applicable.)</p> <table border="0"> <thead> <tr> <th></th> <th align="center">(1)</th> <th align="center">(2)</th> <th align="center">(3)</th> <th align="center">(4)</th> <th align="center">(5)</th> <th align="center">(6)</th> </tr> </thead> <tbody> <tr> <td>(a) Scientific Computer Operations</td> <td align="center">_Z_</td> <td align="center">_Z_</td> <td align="center">_Z_</td> <td align="center">_Z_</td> <td align="center">_Z_</td> <td align="center">_Z_</td> </tr> <tr> <td>(b) Business Data Processing</td> <td align="center">_Z_</td> <td align="center">_Z_</td> <td align="center">_Z_</td> <td align="center">_Z_</td> <td align="center">_Z_</td> <td align="center">_Z_</td> </tr> <tr> <td>(c) Animal Care Facilities</td> <td align="center">_A_</td> <td align="center">_A_</td> <td align="center">_C_</td> <td align="center">_A_</td> <td align="center">_A_</td> <td align="center">_B_</td> </tr> <tr> <td>(d) Other Service Centers with Annual Operating Budgets exceeding \$1,000,000 or that generate significant charges to Federally sponsored agreements either as a direct or indirect cost. (Specify below; use a Continuation Sheet, if necessary)</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td align="center">_____</td> <td align="center">_____</td> <td align="center">_____</td> <td align="center">_____</td> <td align="center">_____</td> <td align="center">_____</td> </tr> <tr> <td></td> <td align="center">_____</td> <td align="center">_____</td> <td align="center">_____</td> <td align="center">_____</td> <td align="center">_____</td> <td align="center">_____</td> </tr> </tbody> </table> <p>(1) <u>Category Code</u>: Use code "A" if the service center costs are billed only as direct costs of final cost objectives; code "B" if billed only to indirect cost categories or indirect cost pools; code "C" if billed to both direct and indirect cost objectives.</p> <p>(2) <u>Burden Code</u>: Code "A" - center receives an allocation of all applicable indirect costs; Code "B" - partial allocation of indirect costs; Code "C" - no allocation of indirect costs.</p> <p>(3) <u>Billing Rate Code</u>: Code "A" - billing rates are based on historical costs; Code "B" - rates are based on projected costs; Code "C" - rates are based on a combination of historical and projected costs; Code "D" - billings are based on the actual costs of the billing period; Code "Y" - other (explain on a Continuation Sheet).</p> <p>(4) <u>User Charges Code</u>: Code "A" - all users are charged at the same billing rates; Code "B" - some users are charged at different rates than other users (explain on a Continuation Sheet).</p> <p>(5) <u>Actual Costs vs. Revenues Code</u>: Code "A" - billings (revenues) are compared to actual costs (expenditures) at least annually; Code "B" - billings are compared to actual costs less frequently than annually.</p> <p>(6) <u>Variance Code</u>: Code "A" - Annual variance between billed and actual cost are prorated to users (as credits or charges); Code "B" - variances are carried forward as adjustments to billing rate of future periods; Code "C" - annual variances are charged or credited to indirect costs; Code "Y" - other (explain on a Continuation Sheet).</p>		(1)	(2)	(3)	(4)	(5)	(6)	(a) Scientific Computer Operations	_Z_	_Z_	_Z_	_Z_	_Z_	_Z_	(b) Business Data Processing	_Z_	_Z_	_Z_	_Z_	_Z_	_Z_	(c) Animal Care Facilities	_A_	_A_	_C_	_A_	_A_	_B_	(d) Other Service Centers with Annual Operating Budgets exceeding \$1,000,000 or that generate significant charges to Federally sponsored agreements either as a direct or indirect cost. (Specify below; use a Continuation Sheet, if necessary)								_____	_____	_____	_____	_____	_____		_____	_____	_____	_____	_____	_____
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COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS	PART III - INDIRECT COSTS VANDERBILT UNIVERSITY																												
Item No.	Item Description																												
3.3.0	<p><i>Indirect Cost Pools and Allocation Bases</i></p> <p>(Identify all of the indirect costs pools established for the accumulation of indirect costs, excluding service centers, and the allocation bases used to distribute accumulated indirect costs to Federally sponsored agreements or similar cost objectives within each major function or activity. For all applicable indirect cost pools, enter the applicable Allocation Base Code A through P, Y, or Z, to indicate the basis used for allocating accumulated pool costs to Federally sponsored agreements or similar cost objectives.)</p> <table style="width: 100%; border: none;"> <thead> <tr> <th style="text-align: center;"><u>Indirect Cost Pools</u></th> <th style="text-align: center;"><u>Allocation Base Code</u></th> </tr> </thead> <tbody> <tr> <td colspan="2">A. Instruction</td> </tr> <tr> <td><input checked="" type="checkbox"/> On-Campus</td> <td style="text-align: center;">D</td> </tr> <tr> <td><input type="checkbox"/> Off-Campus</td> <td style="text-align: center;">_____</td> </tr> <tr> <td><input type="checkbox"/> Other¹</td> <td style="text-align: center;">_____</td> </tr> <tr> <td colspan="2">B. Organized Research</td> </tr> <tr> <td><input checked="" type="checkbox"/> On-Campus</td> <td style="text-align: center;">D</td> </tr> <tr> <td><input checked="" type="checkbox"/> Off-Campus</td> <td style="text-align: center;">D</td> </tr> <tr> <td><input type="checkbox"/> Other¹</td> <td style="text-align: center;">_____</td> </tr> <tr> <td colspan="2">C. Other Sponsored Activities</td> </tr> <tr> <td><input checked="" type="checkbox"/> On-Campus</td> <td style="text-align: center;">D</td> </tr> <tr> <td><input type="checkbox"/> Off-Campus</td> <td style="text-align: center;">_____</td> </tr> <tr> <td><input type="checkbox"/> Other¹</td> <td style="text-align: center;">_____</td> </tr> <tr> <td style="vertical-align: top;">3.4.0</td> <td> <p>D. Other Institutional Activities¹</p> <p style="text-align: center;">_____</p> <p><i>Composition of Indirect Cost Pools.</i> (For each pool identified under Items 3.1.0 and 3.2.0, describe on a continuation sheet the major organizational components, sub-groupings of expenses, and elements of cost included.)</p> </td> </tr> </tbody> </table>	<u>Indirect Cost Pools</u>	<u>Allocation Base Code</u>	A. Instruction		<input checked="" type="checkbox"/> On-Campus	D	<input type="checkbox"/> Off-Campus	_____	<input type="checkbox"/> Other ¹	_____	B. Organized Research		<input checked="" type="checkbox"/> On-Campus	D	<input checked="" type="checkbox"/> Off-Campus	D	<input type="checkbox"/> Other ¹	_____	C. Other Sponsored Activities		<input checked="" type="checkbox"/> On-Campus	D	<input type="checkbox"/> Off-Campus	_____	<input type="checkbox"/> Other ¹	_____	3.4.0	<p>D. Other Institutional Activities¹</p> <p style="text-align: center;">_____</p> <p><i>Composition of Indirect Cost Pools.</i> (For each pool identified under Items 3.1.0 and 3.2.0, describe on a continuation sheet the major organizational components, sub-groupings of expenses, and elements of cost included.)</p>
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¹ Describe on a Continuation Sheet.

Item No.	Item Description
3.5.0	<p><i>Composition of Allocation Bases.</i> (For each allocation base code used in Items 3.1.0 and 3.3.0, describe on a continuation sheet the makeup of the base. For example, if a modified total direct cost base is used, specify which of the elements of direct cost identified in Part II, Direct Costs, that are included, e.g., materials, salaries and wages, fringe benefits, travel costs, and excluded, e.g., subcontract costs over first \$25,000. Where applicable, explain if service centers are included or excluded. Specify the benefiting functions and activities included. If any cost objectives are excluded from the allocation base, such cost objectives and the alternate allocation method used should be identified. If an indirect cost allocation is based on Cost Analysis Studies, identify the study, and fully describe the study methods and techniques applied, the composition of the specific allocation base used, and the frequency of each recurring study.</p>
3.6.0	<p><i>Allocation of Indirect Costs to Programs That Pay Less Than Full Indirect Costs.</i> Are appropriate direct costs of all programs and activities included in the indirect cost allocation bases, regardless of whether allocable indirect costs are fully reimbursed by the sponsoring organizations?</p> <p>A. <input checked="" type="checkbox"/> Yes</p> <p>B. <input type="checkbox"/> No¹</p>

FORM CASB DS-2 (REV 10/94)

10/09/2006

¹ Describe on a Continuation Sheet.

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3.1.0	<p><u>Indirect Cost Categories – Accumulation and Allocation</u></p> <p><u>Building Depreciation</u> The building depreciation cost pool includes building depreciation and depreciation on capital improvements to land.</p> <p>Building depreciation is calculated and recorded in the fixed assets module of Vanderbilt’s accounting system. Building depreciation for selected multi-functional buildings (on a component basis) is calculated in memorandum records by an external consultant and recorded to the fixed asset sub-system and general ledger.</p> <p>Depreciation on land improvements is calculated and recorded in the fixed assets module of Vanderbilt’s accounting system. Generally, these assets are not attributable to a specific building and the depreciation is allocated either by total space or directly to Other Institutional Activities as appropriate.</p> <p><u>Interest</u> Interest incurred during building construction is capitalized and depreciated and included in the building cost pool. Interest incurred after the building is substantially complete is separately identified and accounted for within the accounting system and included in the interest cost pool. Some bond issues were used to fund multiple projects. In these cases, the interest is allocated to projects based on the portion of each project’s construction cost to the total construction costs funded by the bond issue. The amount of interest included in the F&A proposal is the actual interest expense net of any interest revenue.</p> <p><u>Operations & Maintenance</u> Operations & maintenance costs are accumulated within the accounting system. The costs recorded are adjusted in memorandum records to incorporate cost accounting principles as described in section 3.4.0.</p> <p><u>General Administration and General Expense</u> General Administration and general expense is accumulated within the accounting system. Memorandum entries are made to exclude/reclass selected costs for facility and administrative cost purposes.</p> <p><u>Departmental Administration</u> A portion of the departmental administration (DA) cost pool is separately identified and accounted for within the accounting system. The DA pool also includes costs that are not separately identified within the accounting system such as 3.6% of MTDC as faculty administrative allowance and a reclassification of expenses to departmental administration. These reclassified expenses are adjusted using a direct charge equivalent calculation. See section 3.4.0 for further discussion of the DA pool.</p>	

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3.4.0	<p><u>Composition of Indirect Cost Pools</u></p> <p><u>Building Cost</u> The building cost pool includes building and fixed equipment depreciation, capital improvements to land, and interest incurred during the construction of a project. Federally funded building costs are excluded from the capitalized building value. The net building value is used to calculate building depreciation expense in the facilities and administrative rate proposal. Building depreciation for major research buildings is componentized by an external consultant and recorded in Vanderbilt's accounting records.</p> <p>Building depreciation, capitalized interest and land improvements that are associated with a specific building are allocated on a building-by-building basis. Fixed equipment is allocated on a room-by-room basis. Land improvements not associated with a specific building are either allocated by total space or to Other Institutional Activities as appropriate.</p> <p><u>Equipment Cost</u> The equipment cost pool includes moveable equipment depreciation. The fixed asset system records the category, class, funding source, and capitalized value of items of equipment. Depreciation on equipment purchased with Federal funds and equipment purchased on non-federal sponsor funds (while such projects are active) is excluded from the facilities and administration rate proposal. Equipment subject to depreciation is calculated on a straight-line basis and is allocated on a room-by-room basis in the facilities and administrative rate proposal.</p> <p><u>Interest</u> Interest on debt instruments to fund specific construction projects and incurred during the construction period are capitalized as part of the cost of the building. Interest applicable to buildings incurred after the building is substantially complete is included in the interest cost pool. Interest expense is separately budgeted and accounted for within the accounting system. Some bond issues were used to fund multiple projects. In these cases, the interest is allocated to projects based on the portion of each project's construction cost to the total construction costs funded by the bond issue. The amount of interest included in the F&A proposal is the actual interest expense net of any interest revenue.</p> <p><u>Operations and Maintenance</u> The operations and maintenance (O&M) pool includes those costs incurred for the administration, supervision, operation, maintenance, preservation, and protection of the university's physical plant. The O&M function at Vanderbilt is organized in such a way that certain costs do not benefit all Vanderbilt organizational units equally. In the Facilities and Administrative cost proposal, O&M costs are segregated into the following sub-groupings of expenses, according to who benefits from the services provided:</p>	

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3.4.0 cont.	<p><u>Composition of Indirect Cost Pools (cont.)</u> <u>Operations and Maintenance (cont.)</u> <i>Building Specific Costs:</i> Building specific costs include all costs specifically identified with a building including utility, maintenance, custodial, allocated grounds keeping, pest control, repair and other similar costs. These costs are allocated internally to building cost centers within the general ledger based upon gross square feet. Rather than using an allocated cost for each building in the F&A proposal, these costs are reversed and costs for each building are based on actual consumption in the F&A proposal. These adjustments are maintained in memorandum records and support the cost accounting principles required by the F&A proposal. For example, electricity is metered at the building level, but each building center is charged in our accounting system based on the total electric bill (including a surcharge) allocated by gross square feet. For F&A purposes, the charge to the building center is adjusted to the actual electric cost (excluding the surcharge, which would be unallowable for F&A purposes) allocated to the building based on the meter readings of each building. Once the appropriate costs are determined for each building, those costs are then allocated to the functions in the F&A proposal based on square footage of the building.</p> <p><i>Other Operations and Maintenance:</i> Vanderbilt includes other costs incurred at the Institution/College/Departmental level in the O&M cost pool such as:</p> <ul style="list-style-type: none"> - Network operations and maintenance charges include costs related to updating and maintaining Vanderbilt's network, web, email, etc. These costs are accumulated in separate cost center for University Central and Medical Center and are allocated to each building (within each respective area) based on the number of ports. - Police and Security costs are accumulated in a separate cost center. In the F&A proposal that our current rates are based on, these costs are allocated to the buildings based on the square footage of the building that they patrol. In future F&A proposals, these costs will be allocated based on campus wide space. - Uncapitalized plant funds are accumulated in separate cost centers within the plant fund and generally include repairs and maintenance or other operations and maintenance expenses that will not be capitalized. These costs are allocated to the building or areas that they benefit. - Building insurance, plant incidental costs (work orders), rental costs of buildings and other college O&M expenses are accumulated in separate cost centers for each school. The cost for each school is allocated to the buildings the college occupies. - Consulting costs for the componentization study are accumulated in a separate cost center and allocated to the buildings componentized by the external consultant. - Certain operations and maintenance costs only benefit the Medical Center and are allocated to the buildings the Medical Center occupies. These costs include the Office of Medical Center Space and Facilities Planning, Medical Center maintenance shops, uncapitalized plant funds that benefit the entire Medical Center, operations and maintenance costs that are funded by departments in the Medical Center (including a 	

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3.4.0 cont.	<p><u>Composition of Indirect Cost Pools (cont.)</u> <u>Operations and Maintenance (cont.)</u></p> <p>direct charge equivalent adjustment so that only departmental O&M costs in excess of those included in the sponsored projects are included in the departmental O&M pool), and other miscellaneous O&M costs as appropriate.</p> <ul style="list-style-type: none"> - Certain operations and maintenance costs only benefit University Central and are allocated to buildings that University Central occupies. These costs include the Office of Campus Planning and Construction, University Central maintenance shops, uncapitalized plant funds that benefit University Central, operations and maintenance costs that are funded by departments in University Central (including a direct charge equivalent adjustment so that only departmental O&M costs in excess of those included in the sponsored projects are included in the departmental O&M pool), and other miscellaneous O&M costs as appropriate. - Certain plant operations costs, such as campus grounds, steam plant, co-generation plant, property insurance, etc. benefit the entire institution are accumulated in separate costs centers and are allocated to all buildings based on total space. - Medical Center housekeeping costs are accumulated in separate cost centers and are allocated to the buildings based on the square footage of the building that they service. - Environmental Health and Safety costs are allocated to the benefiting areas (Medical School, Hospital, and University Central) based on effort statistics provided by the Director of Environmental Safety. Costs attributable to the Hospital are allocated directly to the Hospital function. Environmental Health and Safety costs related to the Medical School and University Central were allocated to the functions based on the research lab space in the departments within each respective area. <p>Based on Section E2e(3) of OMB Circular A-21, the Operations and Maintenance pool also receives a cross allocation from General Administration. Due to Vanderbilt's structure, this cross allocation is necessary to provide a more equitable allocation of costs. Vanderbilt's accounting practice regarding this allocation has been included in all proposals since 1990.</p> <p><u>General Administration</u></p> <p>The general administration (GA) pool includes expenses incurred for the general executive and administrative offices of the University and other expenses of a general character which do not relate solely to any major function of the University. The general administration pool includes, but is not limited to, the following:</p> <ul style="list-style-type: none"> - Executive Administration – The costs of Vanderbilt's top executive officers and the related costs of their offices including the Chancellor, Provost, Vice-Chancellor for Health Affairs, Treasurer, Vice-Chancellor for Administration, Director of Internal Audit and Director of Opportunity Development. - University Relations and General Counsel – The cost of the Vice-Chancellor for University Relations and General Counsel's office. 	

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3.4.0 cont.	<p><u>Composition of Indirect Cost Pools (cont.)</u> <u>General Administration (cont.)</u></p> <ul style="list-style-type: none"> - University Services – The cost of university administrative functions including Human Resource Services, Accounting, Administrative Systems, Employee Relations, etc. <p><u>Departmental Administration</u> The departmental administration pool includes expenses incurred for administrative and supporting services that benefit common or joint departmental activities or objectives in academic dean’s offices, academic departments and divisions, and organized research institutes, study centers, and research centers.</p> <ul style="list-style-type: none"> - Deans office salaries, wages and supplies are identified directly to each Deans departmental administration cost pool when those costs have been separately budgeted and accounted. - Departmental administration costs that have not been separately budgeted and accounted for are calculated using a direct charge equivalent. A unique departmental cost pool is established for each academic department. Within each of these cost pools, five separate components are calculated: <ol style="list-style-type: none"> 1. 100% Administrative salaries and wages 2. DCE for General Support salaries and wages 3. 3.6% Faculty and Professional salaries and wages and benefits (FAA) 4. Prorated share of employee benefits 5. Prorated share of other operating supplies and expense <p>The first two components, Administrative and General Support salaries and wages are determined through a review of the institution’s payroll accounts within the general ledger. Accounts for each academic department that are defined as professional administrative are categorized as 100 percent departmental administration. Accounts per each academic department which are defined as General Support and Faculty and Professional and have been direct charged to sponsored agreements, are used to calculate a direct charge equivalent (DCE). The DCE ratio is defined as General Support salaries and wages charged to sponsored agreements, divided by Faculty and Professional salaries and wages charged to sponsored agreements. The DCE ratio is computed on a department-by-department basis. The DCE ratio is then compared against the actual General Support salaries and wages and the actual Faculty and Professional salaries and wages (less the 3.6 percent Faculty Administrative Allowance) which have been charged to each department’s general operating fund. When the DCE ratio is less than the ratio calculated for the general operating fund for a given department, an excess or residual of General Support salaries and wages exists within the general operating fund. This excess is treated as Departmental Administration and</p>	

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3.4.0 cont.	<p><u>Composition of Indirect Cost Pools (cont.)</u> <u>Departmental Administration (cont.)</u></p> <p>is transferred to the DA cost pool. When the DCE ratio is greater than the ratio calculated for the general operating fund, no excess General Support salaries and wages exists and no transfer is made to the DA cost pool.</p> <p>The next component, Faculty and Professional (F&P) salaries and wages is determined by taking the modified total direct costs (MTDC), less the Administrative salaries and wages, General Support salaries and wages, and all other DA items, and multiplying the result by the 3.6 percent Faculty Administrative Allowance (FAA). The resulting FAA is then transferred from the general operating fund to the DA cost pool.</p> <p>The final two components, Employee Benefits and Other Operating Supplies and Expense are determined by taking a prorated share of each. Benefits are determined by applying the department benefit rate to salaries that were reclassified to the DA pool. Other Operating Supplies and Expense are determined based on a ratio of total DA salaries divided by total non-sponsored salaries.</p> <p><u>Sponsored Projects Administration</u> The sponsored programs administration cost pool includes the operating costs of pre-award and post-award contract and grant administrative offices, the Institutional Review Board, Technology Transfer Office, and the cost of the human and animal subject committees.</p> <p><u>Library</u> The library pool includes the University library operating costs, including the cost of books and library materials, less library income that qualifies as applicable credits.</p> <p><u>Student Services</u> The majority of the student services pool includes costs that provide benefit to students such as counseling, admissions, financial aid, etc. and are allocated directly to instruction. Certain student services costs provide benefit to all students, including those working on research grants such as health services, etc. Those costs are allocated to instruction and research based on student FTE.</p> <p><u>Composition of Specialized Service Center Cost Pools</u> <u>Animal Care</u> These expenses include the cost of purchasing and the care and feeding of animals used for academic purposes, including supplies (food, bedding, etc.) and the salaries, wages and benefits of employees directly connected to the operation of the animal care facility. Facilities and administrative costs as applicable are also included.</p>	

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3.5.0	<p><u>Composition of Allocation Bases</u> <u>Modified Total Direct Cost (MTDC)</u> Includes salaries, fringe benefits, supplies, materials, services, travel and the first \$25,000 of subcontracts. MTDC excludes capital equipment, subcontract cost over \$25,000, patient care, student aid, cost of goods sold, scholarships, fellowships, and rental costs for off-site facilities.</p> <p><u>Square Footage</u> The net assignable square footage of buildings by function is based on a survey of occupying departments. For buildings where floor plans are not in computerized format, the net assignable square footage is estimated based on a percentage of the gross square footage.</p> <p><u>Direct Charge or Direct Allocation</u> The cost is directly assigned to a specific function. For example, depreciation for parking lots is directly assigned to the Other Institutional Activities function.</p> <p><u>Utility Cost Allocation Study</u> A utility cost allocation study was performed at Vanderbilt when it was allowable under OMB Circular A-21. In lieu of the utility cost allocation study, Vanderbilt adds the utility cost adjustment allowed under A-21.</p> <p><u>Operations and Maintenance Costs</u> The O&M function at Vanderbilt is organized in such a way that certain costs do not benefit all Vanderbilt organizational units equally. In the Facilities and Administrative cost proposal, O&M costs are segregated into sub-groupings of expenses, according to who benefits from the services provided. The basis used for allocation to the benefiting areas is as follows:</p> <ul style="list-style-type: none"> • Building specific costs (as described in 3.4.0) are accumulated in the accounting system or in memorandum records at the building level (or groups of buildings). • Network operations and maintenance charges include costs related to updating and maintaining Vanderbilt's network, web, email, etc. These costs are accumulated in separate cost center for University Central and Medical Center and are allocated to each building (within each respective area) based on the number of ports. • Police and Security costs are accumulated in a separate cost center. In the F&A proposal that our current rates are based on, these costs are allocated to the buildings based on the square footage of the building that they patrol. In future F&A proposals, these costs will be allocated based on campus wide space. • Uncapitalized plant funds are accumulated in separate cost centers within the plant fund and generally include repairs and maintenance or other operations and maintenance expenses that will not be capitalized. These costs are allocated directly to the building or areas that they benefit. 	

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3.5.0 cont.	<p><u>Composition of Allocation Bases (cont.)</u> <u>Operations and Maintenance (cont.)</u></p> <ul style="list-style-type: none"> • Building insurance, plant incidental costs (work orders), rental costs of buildings and other college O&M expenses are accumulated in separate cost centers for each school. The cost for each school is allocated to the buildings the college occupies. • Consulting costs for the componentization study are accumulated in a separate cost center and allocated to the buildings componentized by the external consultant. • Certain operations and maintenance costs only benefit the Medical Center and are allocated to the buildings the Medical Center occupies. These costs include the Office of Medical Center Space and Facilities Planning, Medical Center maintenance shops, uncapitalized plant funds that benefit the entire Medical Center, operations and maintenance costs that are funded by departments in the Medical Center (including a direct charge equivalent adjustment so that only departmental O&M costs in excess of those included in the sponsored projects are included in the departmental O&M pool), and other miscellaneous O&M costs as appropriate. • Certain operations and maintenance costs only benefit University Central and are allocated to buildings that University Central occupies. These costs include the Office of Campus Planning and Construction, University Central maintenance shops, uncapitalized plant funds that benefit University Central, operations and maintenance costs that are funded by departments in University Central (including a direct charge equivalent adjustment so that only departmental O&M costs in excess of those included in the sponsored projects are included in the departmental O&M pool), and other miscellaneous O&M costs as appropriate. • Certain plant operations costs, such as campus grounds, steam plant, co-generation plant, property insurance, etc. benefit the entire institution are accumulated in separate costs centers and are allocated to all buildings based on total space. • Medical Center housekeeping costs are accumulated in separate cost centers and are allocated to the buildings based on the square footage of the building that they service. • Environmental Health and Safety costs are allocated to the benefiting areas (Medical School, Hospital, and University Central) based on effort statistics provided by the Director of Environmental Safety. Costs attributable to the Hospital are allocated directly to the Hospital function. Environmental Health and Safety costs related to the Medical School and University Central were allocated to the functions based on the research lab space in the departments within each respective area. <p>Once each sub-grouping receives its fair share of the O&M cost, the costs are then allocated to the functions in the F&A proposal based on square feet of the benefiting area.</p>	

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3.5.0	<p><u>Composition of Allocation Bases (cont.)</u></p> <p><u>Library</u></p> <p>Allocated using the following allocation bases:</p> <ol style="list-style-type: none"> 1. Library circulation statistics were used to calculate the other users of Vanderbilt's libraries. A percentage of the other users to the total library circulation was calculated and applied to the total library expenditures, which was transferred from the library to other institutional activities. 2. The remaining balance of library cost is then allocated based on FTE to students working on research, students enrolled and faculty. 3. The amount allocated to students enrolled is allocated to instruction. The amount allocated to students working on research is allocated to research, and the amount allocated to faculty is allocated to functions based on the faculty salary. <p><u>Student Services</u></p> <ol style="list-style-type: none"> 1. The majority of student services costs are allocated to instruction. These costs are deemed to not significantly benefit students working on research and include activities such as Registrar, Admission and Recruitment, Psychology/Counseling, Financial Aid, Student Accounts, etc. 2. Remaining costs which include only those costs related to student employment or fringe benefit type costs (e.g. Student Health Services) are allocated to research and instruction based on student FTE. Student FTE of students working on research is allocated to research. All remaining cost is allocated to instruction. <p>END OF PART.</p>	

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Item No.	Item Description																																																				
4.1.0	<p style="text-align: center;">Part IV</p> <p><i>Depreciation Charged to Federally Sponsored Agreements or Similar Cost Objectives. (For each asset category listed below, enter a code from A through C in Column (1) describing the method of depreciation; a code from A through D in Column (2) describing the basis for determining useful life; a code from A through C in Column (3) describing how depreciation methods or use allowances are applied to property units; and Code A or B in Column (4) indicating whether or not the estimated residual value is deducted from the total cost of depreciable assets. Enter Code Y in each column of an asset category where another or more than one method applies. Enter Code Z in Column (1) only, if an asset category is not applicable.)</i></p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; width: 50%;"><u>Asset Category</u></th> <th style="text-align: center; width: 10%;">Depreciation Method (1)</th> <th style="text-align: center; width: 10%;">Useful Life (2)</th> <th style="text-align: center; width: 10%;">Property Unit (3)</th> <th style="text-align: center; width: 10%;">Residual Value (4)</th> </tr> </thead> <tbody> <tr> <td>(a) Land Improvements</td> <td style="text-align: center;">A</td> <td style="text-align: center;">C</td> <td style="text-align: center;">A</td> <td style="text-align: center;">B</td> </tr> <tr> <td>(b) Buildings</td> <td style="text-align: center;">A</td> <td style="text-align: center;">C</td> <td style="text-align: center;">A</td> <td style="text-align: center;">B</td> </tr> <tr> <td>(c) Building Improvements</td> <td style="text-align: center;">A</td> <td style="text-align: center;">C</td> <td style="text-align: center;">A</td> <td style="text-align: center;">B</td> </tr> <tr> <td>(d) Leasehold Improvements</td> <td style="text-align: center;">A</td> <td style="text-align: center;">C</td> <td style="text-align: center;">A</td> <td style="text-align: center;">B</td> </tr> <tr> <td>(e) Equipment</td> <td style="text-align: center;">A</td> <td style="text-align: center;">C</td> <td style="text-align: center;">Y</td> <td style="text-align: center;">B</td> </tr> <tr> <td>(f) Furniture and Fixtures</td> <td style="text-align: center;">A</td> <td style="text-align: center;">C</td> <td style="text-align: center;">Y</td> <td style="text-align: center;">B</td> </tr> <tr> <td>(g) Automobiles and Trucks</td> <td style="text-align: center;">A</td> <td style="text-align: center;">C</td> <td style="text-align: center;">A</td> <td style="text-align: center;">B</td> </tr> <tr> <td>(g) Tools</td> <td style="text-align: center;">A</td> <td style="text-align: center;">C</td> <td style="text-align: center;">A</td> <td style="text-align: center;">B</td> </tr> <tr> <td>(i) Enter Code Y on this line if other asset categories are used and enumerate on a continuation sheet each such asset category and the applicable codes. (Otherwise enter Code Z.)</td> <td style="text-align: center;">Z</td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <table style="width: 100%;"> <tr> <td style="width: 50%; vertical-align: top;"> <p><u>Column (1) - Depreciation Method Code</u></p> <p>A. Straight Line B. Expensed at Acquisition C. Use Allowance Y. Other or more than one method¹</p> <p><u>Column (3) - Property Unit Code</u></p> <p>A. Individual units are accounted for separately B. Applied to groups of assets with similar service lines C. Applied to groups of assets with varying service lives Y. Other or more than one method¹</p> </td> <td style="width: 50%; vertical-align: top;"> <p><u>Column (2) - Useful Life Code</u></p> <p>A. Replacement Experience B. Term of Lease C. Estimated service life D. As prescribed for use allowance by Office of Management and Budget Circular No. A-21 Y. Other or more than one method¹</p> <p><u>Column (4) - Residual Value Code</u></p> <p>A. Residual value is deducted B. Residual value is not deducted Y. Other or more than one method¹</p> </td> </tr> </table>	<u>Asset Category</u>	Depreciation Method (1)	Useful Life (2)	Property Unit (3)	Residual Value (4)	(a) Land Improvements	A	C	A	B	(b) Buildings	A	C	A	B	(c) Building Improvements	A	C	A	B	(d) Leasehold Improvements	A	C	A	B	(e) Equipment	A	C	Y	B	(f) Furniture and Fixtures	A	C	Y	B	(g) Automobiles and Trucks	A	C	A	B	(g) Tools	A	C	A	B	(i) Enter Code Y on this line if other asset categories are used and enumerate on a continuation sheet each such asset category and the applicable codes. (Otherwise enter Code Z.)	Z				<p><u>Column (1) - Depreciation Method Code</u></p> <p>A. Straight Line B. Expensed at Acquisition C. Use Allowance Y. Other or more than one method¹</p> <p><u>Column (3) - Property Unit Code</u></p> <p>A. Individual units are accounted for separately B. Applied to groups of assets with similar service lines C. Applied to groups of assets with varying service lives Y. 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¹ Describe on a Continuation Sheet.

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		PART IV – DEPRECIATION AND USE ALLOWANCES VANDERBILT UNIVERSITY
Item No.	Item Description	
4.1.1	<p><i>Asset Valuations and Useful Lives.</i> Are the asset valuations and useful lives used in your indirect cost proposal consistent with those used in the institution's financial statements? (Mark one.)</p> <p>A. <input checked="" type="checkbox"/> Yes B. <input type="checkbox"/> No¹</p>	
4.2.0	<p><i>Fully Depreciated Assets.</i> Is a usage charge for fully depreciated assets charged to Federally sponsored agreements or similar cost objectives? (Mark one. If yes, describe the basis for the charge on a continuation sheet.)</p> <p>A. <input type="checkbox"/> Yes B. <input checked="" type="checkbox"/> No</p>	
4.3.0	<p><i>Treatment of Gains and Losses on Disposition of Depreciable Property.</i> Gains and losses are: (Mark the appropriate line(s) and if more than one is marked, explain on a continuation sheet.)</p> <p>A. <input type="checkbox"/> Excluded from determination of sponsored agreements costs B. <input checked="" type="checkbox"/> Credited or charged currently to the same pools to which the depreciation of the assets was originally charged C. <input checked="" type="checkbox"/> Taken into consideration in the depreciation cost basis of the new items, where trade-in is involved D. <input type="checkbox"/> Not accounted for separately, but reflected in the depreciation reserve account Y. <input type="checkbox"/> Others¹ Z. <input type="checkbox"/> Not applicable</p>	
4.4.0	<p><i>Criteria for Capitalization.</i> (Enter (a) the minimum dollar amount of expenditures which are capitalized for acquisition, addition, alteration, donation and improvement of capital assets, and (b) the minimum number of expected life years of assets which are capitalized. If more than one dollar amount or number applies, show the information for the majority of your capitalized assets, and enumerate on a continuation sheet the dollar amounts and/or number of years for each category or subcategory of assets involved which differs from those for the majority of assets.)</p> <p>A. Minimum Dollar Amount <u> \$3,000 </u> B. Minimum Life Years <u> 2 </u></p>	
4.5.0	<p><i>Group or Mass Purchase.</i> Are group or mass purchases (initial complement) of similar items, which individually are less than the capitalization amount indicated above, capitalized? (Mark one.)</p> <p>A. <input checked="" type="checkbox"/> Yes¹ B. <input type="checkbox"/> No</p>	

FORM CASB DS-2 (REV 10/94)

10/09/2006

¹ Describe on a Continuation Sheet.

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET					
		NAME OF REPORTING UNIT Vanderbilt University					
Item No.	Item Description						
4.1.0	<u>Depreciation Charged to Federally Sponsored Agreements or Similar Cost Objectives</u> Column (3) – Property Unit Code The majority of assets are individual units that are accounted for separately. However, for all capital projects in excess of \$2 million that require specific approval by the Vanderbilt University Board of Trust, an exception allows for the capitalization of an original complement of low cost equipment for the initial outfitting of a tangible capital asset or operational unit, or an expansion or renovation to either. Moveable equipment/furnishings that are capitalized as part of a major new construction or renovation project is recorded on the fixed asset system as one asset for each major moveable equipment class with the appropriate useful life assigned.						
4.3.0	<u>Treatment of Gains and Losses on Disposition of Depreciable Property</u> If there is a trade-in, the University takes the gain or loss into consideration of the depreciable cost basis of the new items. If there is no trade-in, the gain or loss is included in the depreciation cost pool.						
4.4.0	<u>Criteria for Capitalization</u> Minimum Dollar Amount: <table style="margin-left: 100px; border: none;"> <tr> <td>Moveable Equipment</td> <td style="text-align: right;">\$3,000</td> </tr> <tr> <td>Renovations and Improvements to Buildings</td> <td style="text-align: right;">\$20,000</td> </tr> </table>			Moveable Equipment	\$3,000	Renovations and Improvements to Buildings	\$20,000
Moveable Equipment	\$3,000						
Renovations and Improvements to Buildings	\$20,000						
4.5.0	See 4.1.0 above.						
	END OF PART.						

COST ACCOUNTING STANDARDS BOARD
DISCLOSURE STATEMENT
REQUIRED BY PUBLIC LAW 100-679
EDUCATIONAL INSTITUTIONS

PART V –
OTHER COSTS AND CREDITS
VANDERBILT UNIVERSITY

Item No.	Item Description
Part V	
5.1.0	<p><i>Method of Charging Leave Costs.</i> Do you charge vacation, sick, holiday and sabbatical leave costs to sponsored agreements on the cash basis of accounting (i.e., when the leave is taken or paid), or on the accrual basis of accounting (when the leave is earned)? (Mark applicable line(s))</p> <p>A. <input checked="" type="checkbox"/> Cash B. <input type="checkbox"/> Accrual¹</p>
5.2.0	<p><i>Applicable Credits.</i> This item is directed at the treatment of “applicable credits” as defined in Section C of Circular A-21 and other incidental receipts (e.g., purchase discounts, insurance refunds, library fees and fines, parking fees, etc.). (Indicate how the principal types of credits and incidental receipts the institution receives are usually handled.)</p> <p>A. <input checked="" type="checkbox"/> The credits/receipts are offset against the specific direct or indirect costs to which they relate. B. <input type="checkbox"/> The credits/receipts are handled as a general adjustment to the indirect pool. C. <input type="checkbox"/> The credits/receipts are treated as income and are not offset against costs. D. <input type="checkbox"/> Combination of methods¹ Y. <input type="checkbox"/> Other¹</p>

FORM CASB DS-2 (REV 10/94)

10/09/2006

¹ Describe on a Continuation Sheet.

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		PART VI – DEFERRED COMPENSATION AND INSURANCE COSTS VANDERBILT UNIVERSITY									
Item No.	Item Description										
	Instructions for Part VI										
	<p>This part covers the measurement and assignment of costs for employee pensions, post retirement benefits other than pensions (including post retirement health benefits) and insurance. Some organizations may incur all of these costs at the main campus level or for public institutions at the governmental unit level, while others may incur them at subordinate organization levels. Still others may incur a portion of these costs at the main campus level and the balance at subordinate organization levels.</p> <p>Where the segment (reporting unit) does not directly incur such costs, the segment should, on a continuation sheet, identify the organizational entity that incurs and records such costs. When the costs allocated to Federally sponsored agreements are material, the reporting unit should require that entity to complete the applicable portions of this Part IV. (See item 4, page (i), General Instructions)</p>										
6.1.0	<i>Pension Plans.</i>										
6.1.1	<p><i>Defined-Contribution Pension Plans.</i> Identify the types and number of pension plans whose costs are charged to Federally sponsored agreements. (Mark applicable line(s) and enter number of plans.)</p> <table border="0" style="width: 100%;"> <thead> <tr> <th style="text-align: left;"><u>Type of Plan</u></th> <th style="text-align: right;"><u>Number of Plans</u></th> </tr> </thead> <tbody> <tr> <td>A. <input type="checkbox"/> Institution employees participate in State/Local Government Retirement Plan(s)</td> <td style="text-align: right;">_____</td> </tr> <tr> <td>B. <input checked="" type="checkbox"/> Institution uses TIAA/CREF plan or other defined contribution plan that is managed by an organization not affiliated with the institution</td> <td style="text-align: right;">_____ 1 _____</td> </tr> <tr> <td>C. <input type="checkbox"/> Institution has its own Defined-Contribution Plan(s)¹</td> <td style="text-align: right;">_____</td> </tr> </tbody> </table>			<u>Type of Plan</u>	<u>Number of Plans</u>	A. <input type="checkbox"/> Institution employees participate in State/Local Government Retirement Plan(s)	_____	B. <input checked="" type="checkbox"/> Institution uses TIAA/CREF plan or other defined contribution plan that is managed by an organization not affiliated with the institution	_____ 1 _____	C. <input type="checkbox"/> Institution has its own Defined-Contribution Plan(s) ¹	_____
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C. <input type="checkbox"/> Institution has its own Defined-Contribution Plan(s) ¹	_____										
6.1.2	<p><i>Defined-Benefit Pension Plan.</i> (For each defined-benefit plan (other than plans that are part of a State or Local government pension plan) describe on a continuation sheet the actuarial cost method, the asset valuation method, the criteria for changing actuarial assumptions and computations, the amortization periods for prior service costs, the amortization periods for actuarial gains and losses, and the funding policy.)</p>										

¹ Describe on a Continuation Sheet.

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		PART VI – DEFERRED COMPENSATION AND INSURANCE COSTS VANDERBILT UNIVERSITY
Item No.	Item Description	
6.2.0	<p><i>Post Retirement Benefits Other Than Pensions (including post retirement health care benefits) (PRBs).</i> (Identify on a continuation sheet all PRB plans whose costs are charged to Federally sponsored agreements. For each plan listed, state the plan name and indicate the approximate number and type of employees covered by each plan.)</p> <p>Z. [<input type="checkbox"/>] Not Applicable</p>	
6.2.1	<p><i>Determination of Annual PRB Costs.</i> (On a continuation sheet, indicate whether PRB costs charged to Federally sponsored agreements are determined on the cash or accrual basis of accounting. If costs are accrued, describe the accounting practices uses, including actuarial cost method, the asset valuation method, the criteria for changing actuarial assumptions and computations, the amortization periods for prior service costs, the amortization periods for actuarial gains and losses, and the funding policy.)</p>	
6.3.0	<p><i>Self-Insurance Programs (Employee Group Insurance).</i> Costs of the self-insurance programs are charged to Federally sponsored agreements or similar cost objectives: (Mark one.)</p> <p>A. <input checked="" type="checkbox"/> When accrued (book accrual only)</p> <p>B. <input type="checkbox"/> When contributions are made to a nonforfeitable fund</p> <p>C. <input type="checkbox"/> When contributions are made to a forfeitable fund</p> <p>D. <input type="checkbox"/> When the benefits are paid to employee</p> <p>E. <input type="checkbox"/> When amounts are paid to an employee welfare plan</p> <p>Y. <input type="checkbox"/> Other or more than one method¹</p> <p>Z. <input type="checkbox"/> Not Applicable</p>	
6.4.0	<p><i>Self-Insurance Programs (Worker's Compensation, Liability and Casualty Insurance.)</i></p>	
6.4.1	<p><i>Worker's Compensation and Liability.</i> Costs of such self-insurance programs are charged to Federally sponsored agreements or similar cost objectives: (Mark one.)</p> <p>A. <input type="checkbox"/> When claims are paid or losses are incurred (no provision for reserves)</p> <p>B. <input type="checkbox"/> When provisions for reserves are recorded based on the present value of the liability</p> <p>C. <input checked="" type="checkbox"/> When provisions for reserves are recorded based on the full or undiscounted value, as contrasted with present value, of the liability</p> <p>D. <input type="checkbox"/> When funds are set aside or contributions are made to a fund</p> <p>Y. <input type="checkbox"/> Other or more than one method¹</p> <p>Z. <input type="checkbox"/> Not Applicable</p>	

FORM CASB DS-2 (REV 10/94)

10/09/2006

¹ Describe on a Continuation Sheet.

COST ACCOUNTING STANDARDS BOARD
 DISCLOSURE STATEMENT
 REQUIRED BY PUBLIC LAW 100-679
 EDUCATIONAL INSTITUTIONS

PART VI –
 DEFERRED COMPENSATION
 AND INSURANCE COSTS
 VANDERBILT UNIVERSITY

Item No.	Item Description
6.4.2	<p><i>Casualty Insurance.</i> Costs of such self-insurance programs are charged to Federally sponsored agreements or similar cost objectives: (Mark one.)</p> <p>A. <input type="checkbox"/> When losses are incurred (no provision for reserves)</p> <p>B. <input checked="" type="checkbox"/> When provisions for reserves are recorded based on replacement costs</p> <p>C. <input type="checkbox"/> When provisions for reserves are recorded based on reproduction costs new less observed depreciation (market value) excluding the value of land and other indestructibles.</p> <p>D. <input type="checkbox"/> Losses are charged to fund balance with no charge to contracts and grants (no provision for reserves)</p> <p>Y. <input type="checkbox"/> Other or more than one method¹</p> <p>Z. <input type="checkbox"/> Not Applicable</p>

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET
		NAME OF REPORTING UNIT Vanderbilt University
Item No.	Item Description	
6.2.0	<p><u>Post Retirement Benefits Other Than Pensions</u> The University offers a Faculty Early Retirement plan on an individually negotiated basis to tenured faculty members nearing retirement. Costs of this plan are included in Vanderbilt's negotiated fringe benefit rates with the government. Costs can include retirement assistance payments as well as post-retirement medical coverage. As of June 30, 2005, approximately 44 retired faculty members are covered under such agreements.</p> <p>Vanderbilt also offers Post Retirement Benefit plans at the executive officer level, however, these costs will not be included as direct or indirect charges to the government.</p>	
6.2.1	<p><u>Determination of Annual PRB Costs</u> Post retirement benefit coverage for tenured faculty is charged to the faculty early retirement benefit of Vanderbilt's fringe benefit rates on a cash basis.</p> <p>END OF PART.</p>	

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		PART VII - CENTRAL SYSTEM OR GROUP EXPENSES
Item No.	NAME OF REPORTING UNIT	
	<p style="text-align: center;">DISCLOSURE BY CENTRAL SYSTEM OFFICE, OR GROUP (INTERMEDIATE ADMINISTRATION) OFFICE, AS APPLICABLE.</p> <p style="text-align: center;">Instructions for Part VII</p> <p>This part should be completed <u>only</u> by the central system office or a group office of an educational system when that office is responsible for administering two or more segments, where it allocates its costs to such segments and where at least one of the segments is required to file Parts I through VI of the Disclosure Statement.</p> <p>The reporting unit (central system or group office) should disclose how costs of services provided by the reporting unit are, or will be, accumulated and allocated to applicable segments of the institution. For a central system office, disclosure should cover the entire institution. For a group office, disclosure should cover all of the subordinate organizations administered by that group office.</p>	
7.1.0	<p><u>Organizational Structure.</u></p> <p>On a continuation sheet, list all segments of the university or university system, including hospitals, Federally Funded Research and Development Centers (FFRDC's), Government-owned Contractor-operated (GOCO) facilities, and lower-tier group offices serviced by the reporting unit.</p>	
7.2.0	<p><u>Cost Accumulation and Allocation.</u></p> <p>On a continuation sheet, provide a description of:</p> <ul style="list-style-type: none"> A. The services provided to segments of the university or university system (including hospitals, FFRDC's, GOCO facilities, etc.), in brief. B. How the costs of the services are identified and accumulated. C. The basis used to allocate the accumulated costs to the benefitting segments. D. Any costs that are transferred from a segment <u>to</u> the central system office or the intermediate administrative office, and which are reallocated to another segment(s). If none, so state. E. Any fixed management fees that are charged to a segment(s) in lieu of a prorata or allocation basis and the basis of such charges. If none, so state. 	

**COST ACCOUNTING STANDARDS BOARD
DISCLOSURE STATEMENT
REQUIRED BY PUBLIC LAW 100-679
EDUCATIONAL INSTITUTIONS**

CONTINUATION SHEET

NAME OF REPORTING UNIT

Item No.	Item Description