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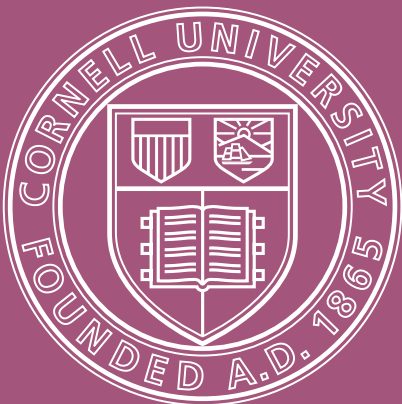
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# Financial Plan

## Year-End Variance Report

November 2007



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# INTRODUCTION

## To the Cornell University Board of Trustees:

This document presents a variance analysis of the university's 2006-07 financial plan, which was approved by the Board of Trustees in May 2006. Cornell ended the fiscal year on June 30, 2007, having exceeded its operating revenue projections and enjoyed a positive net from operations. There are several observations to be made about the fiscal year that just closed.

- Cornell has a freshman enrollment target of 3,050, which will permit us to maintain an on-campus undergraduate enrollment of 13,000 and allow us to accommodate all freshmen in North Campus housing. While we enrolled 3,188 first-time freshmen in the fall of 2006, 138 over target, total on-campus undergraduate enrollment averaged 12,970 for the academic year, reasonably close to our goal. Ithaca campus graduate and professional enrollments were up slightly (1.2 percent on average for the academic year) from 2005-06 levels.
- Support for sponsored research decreased 3.2 percent in 2006-07, which we believe to be a temporary fluctuation. We are undertaking a number of significant initiatives to support research and scholarship across the university that will foster expanded external support of this key component of our academic mission.
- The Physician Organization's overall revenues of \$431.8 million were greater than planned and 12 percent more than recorded in 2005-06. These revenues remain a vital source of support for the Weill Cornell Medical College, representing 46 percent of the College's total operating income.
- The university raised \$406.9 million in cash gifts in 2006-07, an amount comparable to that of the prior year. Counting new pledges made during the year, total gifts reached a record \$754.8 million. We remain indebted to our alumni and other benefactors for their continued support.
- Cornell's investments provided \$282.3 million in funding for the operating plan in 2006-07, representing 10.7 percent of total revenues. Most of this support came from the Long Term Investment Pool, which contains 97 percent of the endowment. The fair value of our overall investment portfolio increased by 21.1 percent during the fiscal year, driven primarily by the strong performance of long-term investments.

- Academic programs (schools, colleges, centers, programs, and libraries) represented 71.6 percent of all expenditures, accounting for \$1.81 billion in cost. Academic program expenditures grew 5 percent from their 2005-06 levels, driven largely by salary and benefits costs.
- Nonacademic programs (student services, administrative and support, physical plant) represented 21.8 percent of all expenditures, accounting for \$550.4 million in cost. This category experienced a 6.9 percent increase from 2005-06. Fifty-three percent of this growth was centered in the Medical College—related primarily to the medical college in Qatar. Also, we increased spending on administrative systems and shifted some prior-year risk management costs into the operating budget.
- Centrally recorded financial aid, which accounted for the remaining 6.6 percent, or \$166.9 million, in cost, grew 7.1 percent from 2005-06.
- Cornell recorded a \$29.7 million net from operations (representing 1.1 percent of revenues), which was added to operating fund balances.

Progress in our capital plan for 2006-07 included: the opening of the third West Campus Residential Initiative facility—Hans Bethe House—and the Noyes Community and Recreation Center, demolition of the original Noyes Center and the remaining Class Halls to allow the start of the two remaining West Campus residences, major progress in the construction of the East Campus Research Facility and Weill Hall (the Life Sciences Technology Building) and renovation of Mann Library, completion of the Lynah Rink project and upgrades to Hoy Baseball Field, and the opening of the Weill Greenberg Center at the Medical College.

In addition to detailed budget variance reports for the university's two primary financial divisions, we have included analyses of four topics—investments, government appropriations, financial aid, and gifts—that should be of interest. We appreciate your thoughts and comments on this report and stand ready to answer your questions about Cornell's finances.



C. Biddy Martin  
Provost

# OPERATING PLAN REPORT – HIGHLIGHTS

## 2006-07 OPERATING PLAN

The university's 2006-07 composite operating plan was predicated on revenues of \$2.618 billion and expenditures of \$2.521 billion.

### Revenues

Revenues totaled \$2.647 billion, an increase of 1.1 percent from the plan and 5.7 percent greater than recorded in 2005-06. There were several significant revenue changes that resulted in positive variances.

- **Tuition and fees** were \$11.5 million greater than budgeted due to enrollment increases.
- **Distributions from investments** exceeded the plan by \$33.6 million due to a greater use of gains from intermediate-term funds to support financial-aid and academic initiative costs.
- **Unrestricted gift** revenues were \$6.2 million more than anticipated, reflecting growth in the College of Arts and Sciences and the Johnson School.
- Revenues associated with the **Physician Organization (PO)** exceeded the plan by \$24.3 million due to Strategic Plan clinical initiatives and the mid-year opening of the Weill Greenberg Center.
- Income from **other sources**, which includes sales and services in academic units such as the Hospital for Animals and funding from the Qatar Foundation, were \$16.5 million more than planned.

Partially offsetting these positive variances were declines in two areas:

- **Restricted gift** revenues were \$19.8 million less than planned and 9.1 percent lower than recorded in 2005-06 due to timing differences in the receipt of planned gifts and delays in Strategic Plan II gifts at the Weill Cornell Medical College.
- **Direct costs of sponsored programs** and the **indirect recovery of facilities and administrative (F&A) costs** related to those programs were \$42.6 million less than planned and \$17.1 million lower than recorded in 2005-06, with declines at both the Ithaca and Medical College campuses.

A total of \$24.1 million was transferred from **funds functioning as endowment** and \$6.2 million from **plant funds**. Both amounts were less than planned.

### Expenditures

Expenditures totaled \$2.528 billion, an increase of 0.2 percent from the plan and 5.6 percent greater than in 2005-06. Within this overall change in the plan there were major positive and negative variances.

- **College** expenditures were \$19 million more than planned. Significant positive variances occurred in the Medical College (\$27.2 million), the Johnson School (\$3.9 million), and the College of Veterinary Medicine (\$6.7 million). The primary driver in this increase was the expansion of Physician Organization practices in the Medical College. Offsetting this growth partially were declines from plan in several colleges—due most notably to lower research activity and fewer than anticipated faculty hires.
- **Research center** expenditures were \$1.1 million less than budgeted as a result of the above-described decline in sponsored programs funding in a number of areas.
- **Administrative and support** costs were \$3.7 million less than planned, but 9.6 percent greater than recorded in 2005-06. Additional Ithaca campus administrative expenditures (reflecting institutional decisions to support growth in administrative systems and a \$4.5 million shift of prior-year risk management costs that were accumulated in non-operating accounts into current operations) were more than offset by a decrease in planned administrative and support costs for the Medical College in Qatar. Almost two-thirds of the growth in administrative and support costs from 2005-06 was related to the Qatar initiative.
- Current fund **physical plant** expenditures were \$14.3 million less than budgeted due to lower than anticipated utility costs and the deferral of some planned facility improvements.

A total of \$17.3 million was transferred from current funds to **funds functioning as endowment**. Also, \$103 million was transferred to **plant funds** for renovation and maintenance projects.

### Net from Operations

The year ended with a **net from operations** of \$29.7 million (\$17.6 million more than planned), which was added to **current fund balances** in both divisions.

OPERATING PLAN REPORT – HIGHLIGHTS

<b>University Operating Plan – Summary</b>						
(dollars in thousands)						
	<b>04-05</b>	<b>05-06</b>	<b>06-07</b>	<b>06-07</b>	<b>Change from</b>	
<b>Resources</b>	<b>Actual</b>	<b>Actual</b>	<b>Plan</b>	<b>Actual</b>	<b>06-07</b>	<b>05-06</b>
					<b>Plan</b>	<b>Actual</b>
1. Tuition & Fees	\$558,098	\$590,658	\$619,258	\$630,749	\$11,491	6.8%
2. Investment Distributions	196,904	233,942	248,632	282,252	33,620	20.7%
3. Unrestricted Gifts	48,287	48,661	40,414	46,596	6,182	(4.2%)
4. Restricted Gifts	126,928	116,618	125,751	105,964	(19,787)	(9.1%)
5. Sponsored Programs (direct)	399,277	408,649	426,939	394,730	(32,209)	(3.4%)
6. Sponsored Programs (F&A)	114,624	120,441	127,652	117,286	(10,366)	(2.6%)
7. Institutional Allowances	20,653	21,818	22,438	23,063	625	5.7%
8. State Appropriations	138,892	146,083	156,802	156,593	(209)	7.2%
9. Federal Appropriations	16,300	16,754	17,245	16,766	(479)	0.1%
10. Physician Organization (PO)	382,155	385,440	407,455	431,788	24,333	12.0%
11. NYPH (purchased services)	76,478	79,175	83,226	79,716	(3,510)	0.7%
12. Enterprise Sales & Services	126,231	124,691	129,292	132,758	3,466	6.5%
13. Other Sources	<u>182,856</u>	<u>211,098</u>	<u>212,588</u>	<u>229,112</u>	<u>16,524</u>	8.5%
14. <b>Subtotal In-Year Revenues</b>	<b>2,387,683</b>	<b>2,504,028</b>	<b>2,617,692</b>	<b>2,647,373</b>	<b>29,681</b>	<b>5.7%</b>
15. Transfers From Endowment	28,091	32,762	42,597	24,142	(18,455)	
16. Transfers From Plant	<u>4,791</u>	<u>680</u>	<u>8,281</u>	<u>6,240</u>	<u>(2,041)</u>	
17. <b>Subtotal Transfers In</b>	<b>32,882</b>	<b>33,442</b>	<b>50,878</b>	<b>30,382</b>	<b>(20,496)</b>	
18. <b>Total Resources</b>	<b>2,420,565</b>	<b>2,537,470</b>	<b>2,668,570</b>	<b>2,677,755</b>	<b>9,185</b>	<b>5.5%</b>
<b>Uses of Resources</b>						
19. Agriculture & Life Sciences	218,099	231,012	238,771	233,600	(5,171)	1.1%
20. Architecture, Art, & Planning	16,716	18,507	20,293	21,154	861	14.3%
21. Arts & Sciences	160,497	165,529	171,352	169,581	(1,771)	2.4%
22. Engineering	113,166	117,924	127,735	121,376	(6,359)	2.9%
23. Hotel Administration	43,934	45,734	43,781	43,022	(759)	(5.9%)
24. Human Ecology	46,687	50,510	54,749	52,681	(2,068)	4.3%
25. Industrial & Labor Relations	39,299	41,693	44,738	40,466	(4,272)	(2.9%)
26. Johnson School	38,272	41,846	44,820	48,687	3,867	16.3%
27. Law School	22,085	23,083	24,592	25,323	731	9.7%
28. Medical College (academic/clinical)	656,218	670,128	694,626	721,853	27,227	7.7%
29. Veterinary Medicine	89,765	97,643	98,721	105,439	6,718	8.0%
30. Research Centers	95,441	100,901	99,993	98,892	(1,101)	(2.0%)
31. Other Academic Programs	112,507	119,452	123,594	128,365	4,771	7.5%
32. Centrally Recorded Financial Aid	141,486	155,808	166,391	166,866	475	7.1%
33. Student Services	92,797	96,990	102,015	100,995	(1,020)	4.1%
34. Administrative & Support	230,958	266,436	295,769	292,060	(3,709)	9.6%
35. Physical Plant	132,738	144,453	162,939	148,659	(14,280)	2.9%
36. All Other	<u>8,266</u>	<u>6,874</u>	<u>6,582</u>	<u>8,718</u>	<u>2,136</u>	26.8%
37. <b>Subtotal Expenditures</b>	<b>2,258,931</b>	<b>2,394,523</b>	<b>2,521,461</b>	<b>2,527,737</b>	<b>6,276</b>	<b>5.6%</b>
38. Transfers To Endowment	26,986	15,697	26,534	17,343	(9,191)	
39. Transfers To Plant	<u>121,278</u>	<u>105,117</u>	<u>108,502</u>	<u>103,000</u>	<u>(5,502)</u>	
40. <b>Subtotal Transfers Out</b>	<b>148,264</b>	<b>120,814</b>	<b>135,036</b>	<b>120,343</b>	<b>(14,693)</b>	
41. <b>Total Uses of Resources</b>	<b>2,407,195</b>	<b>2,515,337</b>	<b>2,656,497</b>	<b>2,648,080</b>	<b>(8,417)</b>	<b>5.3%</b>
42. <b>Net From Operations</b>	<b>13,370</b>	<b>22,133</b>	<b>12,073</b>	<b>29,675</b>	<b>17,602</b>	

**University Operating Plan – Divisional Detail**

(dollars in thousands)

Resources	Ithaca Campus	Medical College	06-07 Actual	06-07 Plan	Change from Plan to Actual	
					Dollars	Percent
1. Tuition & Fees	\$611,910	\$18,839	\$630,749	\$619,258	\$11,491	1.9%
2. Investment Distributions	241,672	40,580	282,252	248,632	33,620	13.5%
3. Unrestricted Gifts	44,795	1,801	46,596	40,414	6,182	15.3%
4. Restricted Gifts	48,000	57,964	105,964	125,751	(19,787)	(15.7%)
5. Sponsored Programs (direct)	281,718	113,012	394,730	426,939	(32,209)	(7.5%)
6. Sponsored Programs (F&A)	74,738	42,548	117,286	127,652	(10,366)	(8.1%)
7. Institutional Allowances	57	23,006	23,063	22,438	625	2.8%
8. State Appropriations	156,403	190	156,593	156,802	(209)	(0.1%)
9. Federal Appropriations	16,766		16,766	17,245	(479)	(2.8%)
10. Physician Organization (PO)		431,788	431,788	407,455	24,333	6.0%
11. NYPH (purchased services)		79,716	79,716	83,226	(3,510)	(4.2%)
12. Enterprise Sales & Services	115,569	17,189	132,758	129,292	3,466	2.7%
13. Other Sources	<u>122,753</u>	<u>106,359</u>	<u>229,112</u>	<u>212,588</u>	<u>16,524</u>	7.8%
14. <b>Subtotal In-Year Revenues</b>	<b>1,714,381</b>	<b>932,992</b>	<b>2,647,373</b>	<b>2,617,692</b>	<b>29,681</b>	<b>1.1%</b>
15. Transfers From Endowment	24,142		24,142	42,597	(18,455)	
16. Transfers From Plant	<u>5,261</u>	<u>979</u>	<u>6,240</u>	<u>8,281</u>	<u>(2,041)</u>	
17. <b>Subtotal Transfers In</b>	<b>29,403</b>	<b>979</b>	<b>30,382</b>	<b>50,878</b>	<b>(20,496)</b>	
18. <b>Total Resources</b>	<b>1,743,784</b>	<b>933,971</b>	<b>2,677,755</b>	<b>2,668,570</b>	<b>9,185</b>	<b>0.3%</b>
<b>Uses of Resources</b>						
19. Agriculture & Life Sciences	233,600		233,600	238,771	(5,171)	(2.2%)
20. Architecture, Art, & Planning	21,154		21,154	20,293	861	4.2%
21. Arts & Sciences	169,581		169,581	171,352	(1,771)	(1.0%)
22. Engineering	121,376		121,376	127,735	(6,359)	(5.0%)
23. Hotel Administration	43,022		43,022	43,781	(759)	(1.7%)
24. Human Ecology	52,681		52,681	54,749	(2,068)	(3.8%)
25. Industrial & Labor Relations	40,466		40,466	44,738	(4,272)	(9.5%)
26. Johnson School	48,687		48,687	44,820	3,867	8.6%
27. Law School	25,323		25,323	24,592	731	3.0%
28. Medical College (academic/clinical)		721,853	721,853	694,626	27,227	3.9%
29. Veterinary Medicine	105,439		105,439	98,721	6,718	6.8%
30. Research Centers	98,892		98,892	99,993	(1,101)	(1.1%)
31. Other Academic Programs	128,365		128,365	123,594	4,771	3.9%
32. Centrally Recorded Financial Aid	154,273	12,593	166,866	166,391	475	0.3%
33. Student Services	100,995		100,995	102,015	(1,020)	(1.0%)
34. Administrative & Support	163,191	128,869	292,060	295,769	(3,709)	(1.3%)
35. Physical Plant	97,246	51,413	148,659	162,939	(14,280)	(8.8%)
36. All Other	8,718		8,718	6,582	2,136	32.5%
37. Cost Redistribution	<u>(1,700)</u>	<u>1,700</u>				
38. <b>Subtotal Expenditures</b>	<b>1,611,309</b>	<b>916,428</b>	<b>2,527,737</b>	<b>2,521,461</b>	<b>6,276</b>	<b>0.2%</b>
39. Transfers To Endowment	17,343		17,343	26,534	(9,191)	
40. Transfers To Plant	<u>96,319</u>	<u>6,681</u>	<u>103,000</u>	<u>108,502</u>	<u>(5,502)</u>	
41. <b>Subtotal Transfers Out</b>	<b>113,662</b>	<b>6,681</b>	<b>120,343</b>	<b>135,036</b>	<b>(14,693)</b>	
42. <b>Total Uses of Resources</b>	<b>1,724,971</b>	<b>923,109</b>	<b>2,648,080</b>	<b>2,656,497</b>	<b>(8,417)</b>	<b>(0.3%)</b>
43. <b>Net From Operations</b>	<b>18,813</b>	<b>10,862</b>	<b>29,675</b>	<b>12,073</b>	<b>17,602</b>	

# OPERATING PLAN REPORT – DETAILS

## ITHACA CAMPUS

### Revenues and Transfers In

Revenues for 2006-07 totaled \$1.714 billion, an increase of \$16.7 million, or 1 percent, from the plan and 4.5 percent higher than in 2005-06.

- **Tuition and fee** revenues were 1.8 percent greater than planned due to growth in undergraduate enrollments in the Colleges of Agriculture and Life Sciences and Human Ecology and the School of Hotel Administration combined with increases in graduate and professional school enrollments and growth in continuing education programs.
- **Investment distributions** exceeded the plan by \$30.8 million, or 14.6 percent, due to greater than expected earnings and subsequent payout for Pooled Balances Investment Funds (PBIF) combined with higher than anticipated levels of invested funds balances. The increased PBIF payout was used to support undergraduate financial aid and academic program expansion, most notably in biomedical engineering, computer and information sciences, and cell and molecular biology.
- **Unrestricted gifts** totaled \$44.8 million, an increase of \$6.5 million over the plan, reflecting an increase in gift receipts in the College of Arts and Sciences and the Johnson School. **Restricted gifts** were \$48 million, \$16.4 million less than budgeted, due partially to the timing of gift receipts. (See analysis of overall gift receipts for 2006-07 on page 26.)
- **Direct costs of sponsored programs** and the **indirect recovery of facilities and administrative (F&A) costs** related to those programs totaled \$356.5 million in 2006-07, \$25.1 million less than planned. Declines in direct support for sponsored programs in the Colleges of Agriculture and Life Sciences, Arts and Sciences, and Engineering and in the Theory Center were only partially offset by growth in the Colleges of Human Ecology and Veterinary Medicine. Indirect cost recoveries were less than planned due to the reduction in direct costs.

**Transfers from funds functioning as endowment** totaled \$24.1 million, a decrease of \$18.5 million that reflected the above-described change in the use of PBIF payout to fund financial-aid costs. **Transfers from plant reserves** were \$3 million less than planned.

### Expenditures and Transfers Out

Expenditures in 2006-07 totaled \$1.611 billion, a decrease of \$4.2 million, or 0.3 percent, from the plan but 4 percent higher than recorded in 2005-06.

- **College** expenditures were \$8.2 million less than planned due primarily to slower than anticipated programmatic expansion, new faculty hires, and equipment purchases in the Colleges of Agriculture and Life Sciences, Engineering, Human Ecology and the School of Industrial and Labor Relations, offset partially by growth in these costs in the College of Veterinary Medicine.
- **Research center** expenditures totaled \$98.9 million, 1.1 percent less than planned, as declines in the areas of radiophysics and space research, nanobiotechnology, and elementary-particle physics were only partially offset by growth in materials research, nanoscale science, and atomic and solid-state physics.
- **Other academic program** costs were \$128.4 million, 3.9 percent more than planned, reflecting start-up costs for the Institute for Cell and Molecular Biology and increased support for graduate students.
- **Administrative and support** expenditures were \$10.6 million more than budgeted due to increased investment management costs of \$5.4 million and a \$4.5 million shift to current operations of risk management expenses that were accumulated over several prior fiscal years in non-operating accounts.
- **Physical plant** expenditures were 10.5 percent less than budgeted due to lower than anticipated utility costs and the deferral of some planned facility improvements.

**Transfers to funds functioning as endowment** totaled \$17.3 million as gifts were invested for academic initiatives. **Transfers to plant funds**, which were recorded at \$96.3 million, reflected the use of current fund resources for various capital projects and facility renovations.

### Net from Operations

The combination of these changes yielded a **net from operations** of \$18.8 million, with additions to designated, enterprise, and college general purpose fund balances being offset partially by reductions in restricted funds.

<b>Ithaca Campus</b>						<b>Change from</b>	
(dollars in thousands)		<b>04-05</b>	<b>05-06</b>	<b>06-07</b>	<b>06-07</b>	<b>06-07</b>	<b>05-06</b>
		<b>Actual</b>	<b>Actual</b>	<b>Plan</b>	<b>Actual</b>	<b>Plan</b>	<b>Actual</b>
<b>Resources</b>							
1. Tuition & Fees		\$541,466	\$573,390	\$601,047	\$611,910	\$10,863	6.7%
2. Investment Distributions		167,643	201,152	210,828	241,672	30,844	20.1%
3. Unrestricted Gifts		46,620	46,541	38,305	44,795	6,490	(3.8%)
4. Restricted Gifts		71,394	60,425	64,375	48,000	(16,375)	(20.6%)
5. Sponsored Programs (direct)		291,376	291,264	303,832	281,718	(22,114)	(3.3%)
6. Sponsored Programs (F&A)		72,256	75,235	77,698	74,738	(2,960)	(0.7%)
7. Institutional Allowances		33	20	38	57	19	185.0%
8. State Appropriations		138,713	145,920	156,616	156,403	(213)	7.2%
9. Federal Appropriations		16,300	16,754	17,245	16,766	(479)	0.1%
10. Enterprise Sales & Services		111,291	109,975	113,876	115,569	1,693	5.1%
11. Other Sources		<u>109,268</u>	<u>119,871</u>	<u>113,871</u>	<u>122,753</u>	<u>8,882</u>	<u>2.4%</u>
12. <b>Subtotal In-Year Revenues</b>		<b>1,566,360</b>	<b>1,640,547</b>	<b>1,697,731</b>	<b>1,714,381</b>	<b>16,650</b>	<b>4.5%</b>
13. Transfers From Endowment		28,091	32,762	42,597	24,142	(18,455)	
14. Transfers From Plant		<u>4,791</u>	<u>680</u>	<u>8,281</u>	<u>5,261</u>	<u>(3,020)</u>	
15. <b>Subtotal Transfers In</b>		<b>32,882</b>	<b>33,442</b>	<b>50,878</b>	<b>29,403</b>	<b>(21,475)</b>	
16. <b>Total Resources</b>		<b>1,599,242</b>	<b>1,673,989</b>	<b>1,748,609</b>	<b>1,743,784</b>	<b>(4,825)</b>	<b>4.2%</b>
<b>Uses of Resources</b>							
17. Agriculture & Life Sciences		218,099	231,012	238,771	233,600	(5,171)	1.1%
18. Architecture, Art, & Planning		16,716	18,507	20,293	21,154	861	14.3%
19. Arts & Sciences		160,497	165,529	171,352	169,581	(1,771)	2.4%
20. Engineering		113,166	117,924	127,735	121,376	(6,359)	2.9%
21. Hotel Administration		43,934	45,734	43,781	43,022	(759)	(5.9%)
22. Human Ecology		46,687	50,510	54,749	52,681	(2,068)	4.3%
23. Industrial & Labor Relations		39,299	41,693	44,738	40,466	(4,272)	(2.9%)
24. Johnson School		38,272	41,846	44,820	48,687	3,867	16.3%
25. Law School		22,085	23,083	24,592	25,323	731	9.7%
26. Veterinary Medicine		89,765	97,643	98,721	105,439	6,718	8.0%
27. Research Centers		95,441	100,901	99,993	98,892	(1,101)	(2.0%)
28. Other Academic Programs		112,507	119,452	123,594	128,365	4,771	7.5%
29. Centrally Recorded Financial Aid		130,140	143,545	154,172	154,273	101	7.5%
30. Student Services		92,797	96,990	102,015	100,995	(1,020)	4.1%
31. Administrative & Support		132,255	153,654	152,628	163,191	10,563	6.2%
32. Physical Plant		92,384	95,938	108,679	97,246	(11,433)	1.4%
33. Ithaca Campus All Other		8,266	6,874	6,582	8,718	2,136	26.8%
34. Cost Redistribution		<u>(1,576)</u>	<u>(1,625)</u>	<u>(1,700)</u>	<u>(1,700)</u>		<u>4.6%</u>
35. <b>Subtotal Expenditures</b>		<b>1,450,734</b>	<b>1,549,210</b>	<b>1,615,515</b>	<b>1,611,309</b>	<b>(4,206)</b>	<b>4.0%</b>
36. Transfers To Endowment		26,986	15,697	26,534	17,343	(9,191)	
37. Transfers To Plant		<u>119,120</u>	<u>104,406</u>	<u>105,927</u>	<u>96,319</u>	<u>(9,608)</u>	
38. <b>Subtotal Transfers Out</b>		<b>146,106</b>	<b>120,103</b>	<b>132,461</b>	<b>113,662</b>	<b>(18,799)</b>	
39. <b>Total Uses of Resources</b>		<b>1,596,840</b>	<b>1,669,313</b>	<b>1,747,976</b>	<b>1,724,971</b>	<b>(23,005)</b>	<b>3.3%</b>
40. <b>Net From Operations</b>		<b>2,402</b>	<b>4,676</b>	<b>633</b>	<b>18,813</b>	<b>18,180</b>	

## MEDICAL COLLEGE

### Revenues and Transfers In

Revenues for 2006-07 for the Joan and Sanford I. Weill Medical College and Graduate School of Medical Sciences totaled \$933 million, an increase of \$13 million, or 1.4 percent, from the plan and 8.1 percent over the amount recorded in 2005-06.

- **Gifts** received for **unrestricted** or internally designated purposes were recorded at \$1.8 million, \$308 thousand less than planned. **Restricted gifts**, including monies received for purposes specified by the donors, were recorded at \$58 million, \$3.4 million less than anticipated. These changes reflect a reduction in Strategic Plan II gifts that support clinical operating activities.
- **Sponsored programs direct cost** revenues totaled \$113 million in 2006-07, a \$10.1 million, or 8.2 percent, decrease from the plan. **Facilities and administrative (indirect cost) recoveries** dropped to \$42.5 million in 2006-07, a \$7.4 million, or 14.8 percent, decline from the plan. Both changes were attributable to an unanticipated decrease in federal grant and contract support, offset only partially by a growth in non-federal sponsored programs funding.
- The **Physician Organization (PO)** reported revenues of \$431.8 million; representing a \$24.3 million, or 6 percent, increase from the plan and a 12 percent increment over the amount received in 2005-06. The maturation of clinical specialties under new leadership, the successful recruitment of new faculty, and the mid-year opening of the Weill Greenberg Center fueled this growth.
- Revenues for services purchased by the **New York-Presbyterian Hospital (NYPH)**, while less than budgeted, were 0.7 percent greater than recorded in 2005-06. These revenues represent payments for the supervision and training of NYPH residents and other hospital-related professional services.
- By agreement, revenues received from the **Qatar Foundation** in support of the operation of the Weill Cornell Medical College in Qatar must equal the level of in-year expenditure, with unexpended funds being returned to the Foundation at the end of the fiscal year. During 2006-07, Cornell received

\$66.9 million from the Foundation. While the College in Qatar continues to grow, the level of expenditures was lower than anticipated, resulting in an unexpended balance of \$16 million. (See line 20.)

### Expenditures and Transfers Out

Expenditures in 2006-07 were \$916.4 million, an increase of \$10.5 million, or 1.2 percent, from the plan and 8.4 percent more than recorded in 2005-06.

- Expenditures for **academic and clinical departments**, including the PO, increased 8.4 percent over the prior year, to \$705.8 million. This growth was due primarily to greater expenses in Physician Organization practices, including Strategic Plan programs, and increased departmental teaching, research, and training costs. Partially offsetting this expansion was a decrease in sponsored programs expenditures.
- **Administrative and support** costs for the Weill Medical College increased \$1.7 million, or 2.3 percent, from the plan, to \$78 million. These costs included operating expenses for student services and academic and administrative support units. Administrative and support costs for the **Medical College in Qatar** decreased \$16 million from the plan, to \$50.8 million. These costs were 22.5 percent more than recorded in 2005-06.
- **Physical plant** expenditures totaled \$51.4 million, a 6 percent increase from the prior year, reflecting greater space rental costs, debt service payments, and utility usage.

Transfers to **plant funds** of \$6.7 million reflected funding of capital acquisitions and renovations by the Physician Organization.

### Net from Operations

The combination of these factors yielded a **net from operations** of \$10.9 million—which represents a total of \$14.3 million surplus that was retained for future use in unrestricted, designated, and restricted fund groups offset partially by an operating loss of \$3.4 million incurred in enterprise and service funds by Housing and Ancillary Operations.

<b>Medical College</b> (dollars in thousands)		<b>04-05</b>	<b>05-06</b>	<b>06-07</b>	<b>06-07</b>	<b>Change from</b>	
	<b>Actual</b>	<b>Actual</b>	<b>Plan</b>	<b>Actual</b>	<b>06-07</b>	<b>05-06</b>	
					<b>Plan</b>	<b>Actual</b>	
<b>Resources</b>							
1. Tuition & Fees	\$16,632	\$17,268	\$18,211	\$18,839	\$628	9.1%	
2. Investment Distributions	29,261	32,790	37,804	40,580	2,776	23.8%	
3. Unrestricted Gifts	1,667	2,120	2,109	1,801	(308)	(15.0%)	
4. Restricted Gifts	55,534	56,193	61,376	57,964	(3,412)	3.2%	
5. Sponsored Programs (direct)	107,901	117,385	123,107	113,012	(10,095)	(3.7%)	
6. Sponsored Programs (F&A)	42,368	45,206	49,954	42,548	(7,406)	(5.9%)	
7. Institutional Allowances	20,620	21,798	22,400	23,006	606	5.5%	
8. State Appropriations	179	163	186	190	4	16.6%	
9. Physician Organization (PO)	382,155	385,440	407,455	431,788	24,333	12.0%	
10. NYPH (purchased services)	76,478	79,175	83,226	79,716	(3,510)	0.7%	
11. Enterprise Sales & Services	14,940	14,716	15,416	17,189	1,773	16.8%	
12. Qatar	51,593	60,373	66,865	66,865		10.8%	
13. Other Sources	<u>21,995</u>	<u>30,854</u>	<u>31,852</u>	<u>39,494</u>	<u>7,642</u>	28.0%	
14. <b>Subtotal In-Year Revenues</b>	<b>821,323</b>	<b>863,481</b>	<b>919,961</b>	<b>932,992</b>	<b>13,031</b>	<b>8.1%</b>	
15. Transfers From Endowment							
16. Transfers From Plant				<u>979</u>	<u>979</u>		
17. <b>Subtotal Transfers In</b>				<b>979</b>	<b>979</b>		
18. <b>Total Resources</b>	<b>821,323</b>	<b>863,481</b>	<b>919,961</b>	<b>933,971</b>	<b>14,010</b>	<b>8.2%</b>	
<b>Uses of Resources</b>							
19. Medical College (academic/clinical)	636,433	651,252	694,626	705,837	11,211	8.4%	
20. Return to Qatar Foundation	19,785	18,876		16,016	16,016	(15.2%)	
21. Centrally Recorded Financial Aid	11,346	12,263	12,219	12,593	374	2.7%	
22. Administrative & Support	66,895	71,285	76,276	78,020	1,744	9.4%	
23. Administrative & Support (Qatar)	31,808	41,497	66,865	50,849	(16,016)	22.5%	
24. Physical Plant	40,354	48,515	54,260	51,413	(2,847)	6.0%	
25. Cost Redistribution	<u>1,576</u>	<u>1,625</u>	<u>1,700</u>	<u>1,700</u>		4.6%	
26. <b>Subtotal Expenditures</b>	<b>808,197</b>	<b>845,313</b>	<b>905,946</b>	<b>916,428</b>	<b>10,482</b>	<b>8.4%</b>	
27. Transfers To Endowment							
28. Transfers To Plant	<u>2,158</u>	<u>711</u>	<u>2,575</u>	<u>6,681</u>	<u>4,106</u>		
29. <b>Subtotal Transfers Out</b>	<b>2,158</b>	<b>711</b>	<b>2,575</b>	<b>6,681</b>	<b>4,106</b>		
30. <b>Total Uses of Resources</b>	<b>810,355</b>	<b>846,024</b>	<b>908,521</b>	<b>923,109</b>	<b>14,588</b>	<b>9.1%</b>	
31. <b>Net From Operations</b>	<b>10,968</b>	<b>17,457</b>	<b>11,440</b>	<b>10,862</b>	<b>(578)</b>		

# CAPITAL PLAN REPORT

## 2006-07 CAPITAL PLAN

The schedule of capital expenditure activity examines the actual expenditures as compared to the planned activity during the 2006-07 fiscal year for individual projects included in the capital plan. It is not an analysis of all capital project expenditures, and excludes smaller projects and consolidated groupings of projects (e.g., maintenance, transportation, utilities, and other infrastructure activities). Expenditures on projects that were not included in the plan—either because they were not anticipated in the planning process or were substantially completed prior to the fiscal year—are shown in summary at the end of the schedule.

The prevalence of actual expenditures below expected levels is due to the fact that plans do not typically account for the delays in project schedules that happen during the planning-to-construction process, nor do they necessarily factor in the lag between project work and subsequent billing and payment. Expenditures on the projects included in this schedule were 77 percent of the planned amount for the Ithaca campus and 57 percent at the Weill Cornell Medical College campus. Nearly 70 percent of the variance from plan was due to changes from the anticipated project schedule (delay or acceleration) and the remaining 30 percent was

due to either the timing of costs for projects that were otherwise essentially on schedule or changes in scope. Fifty percent of the total variance was attributable to the timing of the Life Science Technology Building in Ithaca and the redistribution of the budget for fit-out of an additional floor of the Weill Greenberg Center at the Medical College to fit-out projects for the Departments of Medicine and Ophthalmology.

Significant milestones on the Ithaca campus during 2006-07 include: (a) the opening of the Hans Bethe House and the Noyes Community and Recreation Center at West Campus, the completion of the renovation and addition to Lynah Rink, upgrades to Hoy Baseball Field, and the renovation of Mann Library; (b) the continued construction of the East Campus Research Facility and Weill Hall (the Life Sciences Technology Building); and (c) the demolition of the original Noyes Center and the remaining Class Halls to allow the start of construction of the two remaining West Campus residences.

Medical College capital activity included the completion of the Weill Greenberg Center (Ambulatory Care) and renovation of laboratories for cell and developmental biology, the Children's Blood Center, and stem cell research.

2006-07 Capital Activity (dollars in thousands)	Estimated Budget from Plan	Current Estimated Budget	Project Expenditures in 06-07		
			Plan	Actual	Change From Plan
<b>Approved Capital Activity</b>					
1. West Campus Residential Initiative	\$224,400	\$225,900	\$45,000	\$41,336	(\$3,664) <i>T</i>
2. Lynah Rink Enhancements	7,315	7,315	3,375	4,550	1,175 <i>T</i>
3. Hoy Field Upgrade	<u>3,250</u>	<u>3,415</u>	<u>3,250</u>	<u>2,709</u>	<u>(541)</u> <i>T</i>
4. <b>Subtotal Student</b>	<b>234,965</b>	<b>236,630</b>	<b>51,625</b>	<b>48,595</b>	<b>(3,030)</b>
5. Life Sciences Technology Facility	162,714	162,714	78,000	57,893	(20,107) <i>S</i>

Notes: *C* Cancelled or combined with another project.  
*E* Expanded scope.  
*M* Minimal variance.  
*P* Total project costs less than authorized budget.  
*S* Revised schedule (either intentional or due to unforeseen circumstances). Positive variance = acceleration during 2006-07; negative variance = delay beyond 2006-07.  
*T* Timing of payment to contractor or vendor different than that anticipated. Positive variance = delay of payment from a prior fiscal year into 2006-07; negative variance = delay of payment beyond 2006-07.

2006-07 Capital Activity (cont.) (dollars in thousands)	Estimated Budget from Plan	Current Estimated Budget	Project Expenditures in 06-07		
			Plan	Actual	Change From Plan
6. Physical Sciences Facility	135,400	141,900		4,444	4,444 T
7. Animal Health Diagnostic Center	80,000	80,000	4,000	1,626	(2,374) S
8. East Campus Research Facility	55,000	55,000	28,000	21,331	(6,669) T
9. Energy Recovery Linac Planning	12,000	12,000	4,000	90	(3,910) T
10. Uris Hall Animal Facility	7,200	7,200	5,100	971	(4,129) T
11. Veterinary Molecular Medicine Lab	<u>\$3,000</u>	<u>\$3,109</u>	<u>\$2,800</u>	<u>\$2,586</u>	<u>(\$214)</u> M
<b>12. Subtotal Research</b>	<b>455,314</b>	<b>461,923</b>	<b>121,900</b>	<b>88,941</b>	<b>(32,959)</b>
13. Computing & Info. Sci. Bldg. – Phase I	50,000	62,700	4,000	421	(3,579) S
14. Milstein Hall	34,000	49,000	1,550	2,551	1,001 E
15. Mann Library Renovation	33,000	33,618	10,690	10,331	(359) M
16. Johnson Museum Expansion	9,000	13,900	460	321	(139) T
17. Plantations Fac. Upgrades/Expansion	8,640	8,640	1,250	102	(1,148) S
18. Civ./Env. Engineering Teaching Labs	6,205	5,590	1,585	632	(953) T
19. Bailey Plaza	<u>4,500</u>	<u>4,500</u>	<u>2,445</u>	<u>1,106</u>	<u>(1,339)</u> T
<b>20. Subtotal Program</b>	<b>145,345</b>	<b>177,948</b>	<b>21,980</b>	<b>15,464</b>	<b>(6,516)</b>
21. North MVR Replacement/Garage	62,746	77,670	2,552	569	(1,983) T
22. Stocking Hall Renovation	35,000	89,000	100	1	(99) T
23. Bailey Hall Renovation	17,300	17,300	2,900	3,057	157 M
24. MVR Exterior/Systems Upgrades	16,000	22,000	5,000	4,325	(675) S
25. Ives Faculty Building	13,000	16,000	3,500	1,148	(2,352) S
26. Geneva Food Science Renovation	6,739	6,740	739		(739) S
27. Vet Waste Management System	6,263	7,000	4,763		(4,763) S
28. Fernow Hall Rehab and Roof Repairs	6,000	6,000	1,300		(1,300) S
29. Ward Lab Decommissioning	5,467	5,467	668	2,221	1,553 T
30. Plant Science Renovations	4,000	4,000	500	1,394	894 S
31. Animal Facility Improvements	4,000	4,000	1,500	991	(509) S
32. Sigma Phi Fraternity House	3,900	4,400	945	786	(159) T
33. Myron Taylor Tower Masonry	3,527	3,527	2,027	844	(1,183) T
34. Schoellkopf Crescent Repairs	3,500	3,500	700	687	(13) M
35. Risley Mech./Elect./Plumbing Systems	3,500	6,104	3,295	2,318	(977) P
36. Bruckner Lab Systems Upgrades/Repairs	3,300	3,300	1,700	102	(1,598) S
37. Geneva Hedrick Hall Roof, Systems	3,293	3,293	293		(293) C
38. Barton Hall Roof/Exterior Repairs	3,000	4,034	1,000	57	(943) S
39. Boiler Emissions Control Technology	2,460	2,395	2,000	280	(1,720) S
40. Bradfield Rehab/Systems Upgrades	2,000	2,000	500		(500) S
41. Riley Robb Repairs, Upgrades	2,000	2,000	500		(500) S
42. Swine Farm Facility Replacement	<u>2,000</u>	<u>5,000</u>	<u>400</u>		<u>(400)</u> S
<b>43. Subtotal Renovation/Renewal</b>	<b>208,995</b>	<b>294,730</b>	<b>36,882</b>	<b>18,780</b>	<b>(18,102)</b>

Notes: C Cancelled or combined with another project.

E Expanded scope.

M Minimal variance.

P Total project costs less than authorized budget.

S Revised schedule (either intentional or due to unforeseen circumstances). Positive variance = acceleration during 2006-07; negative variance = delay beyond 2006-07.

T Timing of payment to contractor or vendor different than that anticipated. Positive variance = delay of payment from a prior fiscal year into 2006-07; negative variance = delay of payment beyond 2006-07.

CAPITAL PLAN REPORT

2006-07 Capital Activity (cont.) (dollars in thousands)	Estimated Budget from Plan	Current Estimated Budget	Project Expenditures in 06-07		
			Plan	Actual	Change From Plan
44. Campus Network Wiring Upgrade	84,740	84,740	5,780	4,020	(1,760) S/T
45. CHP Steam/Electric Expansion	53,390	67,000	5,250	4,712	(538) T
46. Administrative Systems	50,000	73,334	4,296	13,122	8,826 E
47. Milstein Parking Garage	11,525	13,500		53	53 M
48. LambdaRail – Ithaca/NYC Fiber Link	\$9,400	\$11,591	\$1,170	\$22	(\$1,148) T
49. Olin Hall HVAC, Power, Fire Suppression	9,000	13,000	2,764	610	(2,154) S
50. Hoy Garage Expansion	4,467	4,467	3,960	3,530	(430) T
51. Redundant Fiber Loop	<u>2,300</u>	<u>2,300</u>	<u>500</u>	<u>11</u>	<u>(489)</u> S
52. <b>Subtotal Infrastructure</b>	<b>224,822</b>	<b>269,932</b>	<b>23,720</b>	<b>26,080</b>	<b>2,360</b>
<b>53. Total Ithaca Campus</b>	<b>1,269,441</b>	<b>1,441,163</b>	<b>256,107</b>	<b>197,860</b>	<b>(58,247)</b>
54. Ambulatory Care Building	232,122	229,803	51,436	62,834	11,398 T
55. Ambulatory Care Bldg. Additional Floor	35,000		35,000		(35,000) C
56. Lasdon House Renovation	31,895	31,895	4,186	4,626	440 T
57. RARC A-7 & C-7 Renovation	21,826	21,826	9,050	2,812	(6,238) S
58. Hematology & Med. Oncol. Center	21,000	21,000	19,000	3,650	(15,350) S
59. RARC E Building	16,446	16,446	9,593	5,396	(4,197) S
60. Cosmetic Center	14,726		400		(400) S
61. RARC S-3	8,487	8,487		163	163 T
62. Surgery Renovations	8,000	8,000	4,000	2,191	(1,809) S
63. Urology Renovation	6,500	9,300	6,500	423	(6,077) S
64. Expansion OAC Server Facility	5,260	5,260	1,920	1,327	(593) T
65. Tri-Institutional Stem Cell Lab	4,519	4,519	3,000	303	(2,697) S
66. Ophthalmology Renovation	3,574	14,126	3,574	347	(3,227) S
67. Lasdon House Chiller	<u>3,561</u>	<u>3,561</u>	<u>596</u>	<u>514</u>	<u>(82)</u> T
68. <b>Total Medical College</b>	<b>412,916</b>	<b>374,223</b>	<b>148,255</b>	<b>84,586</b>	<b>(63,669)</b>
<b>69. Total Approved Projects</b>	<b>1,682,357</b>	<b>1,815,386</b>	<b>404,362</b>	<b>282,446</b>	<b>(121,916)</b>
<b>Additional Capital Activity</b>					
70. Previous-Year Projects				3,301	3,301
71. New Projects				<u>2,338</u>	<u>2,338</u>
72. <b>Subtotal Not in Original Plan – Ithaca</b>				<b>5,639</b>	<b>5,639</b>
73. New Projects				<u>5,902</u>	<u>5,902</u>
74. <b>Subtotal Not in Original Plan – Medical</b>				<b>5,902</b>	<b>5,902</b>
<b>75. Total Additional Projects</b>				<b>11,541</b>	<b>11,541</b>
<b>76. Total Capital Activity</b>	<b>1,682,357</b>	<b>1,815,386</b>	<b>404,362</b>	<b>293,987</b>	<b>(110,375)</b>

Notes: C Cancelled or combined with another project.  
E Expanded scope.  
M Minimal variance.  
P Total project costs less than authorized budget.  
S Revised schedule (either intentional or due to unforeseen circumstances). Positive variance = acceleration during 2006-07; negative variance = delay beyond 2006-07.  
T Timing of payment to contractor or vendor different than that anticipated. Positive variance = delay of payment from a prior fiscal year into 2006-07; negative variance = delay of payment beyond 2006-07.

# INVESTMENTS

## Investments at Fair Value

The fair value of Cornell's investments (based on quoted market prices, exchange rates, and current estimates for nonmarketable securities) totaled \$6.369 billion as of June 30, 2007. (See table below.)

- The total fair value of investments increased \$1.109 billion, or 21.1 percent, during 2006-07.
- The Long-Term Investment Pool (LTIP) constituted 81.5 percent, or \$5.198 billion, of total invested funds. Intermediate-term funds and separately invested securities represented 9.6 percent and 7.5 percent respectively, while other categories accounted for the remainder.
- The university maintains a pool of working capital and a line of credit that are used to meet daily cash disbursements. The intermediate-term category represents primarily the assets of general operating (or current) fund balances. Previously, both working capital and intermediate-term funds were invested with a shorter time horizon than the LTIP, based on the premise that their principals might be expended within three years. Because intermediate-term funds were actually being held for longer periods, this investment approach limited earnings. In 2002-03, the Board of Trustees modified the investment strategy for intermediate-term funds, investing such assets for the longer term. The trustees have approved the expanded use of the line of credit to minimize the level of working capital (funds that historically yield a lower return than long-term investments).

## Long-Term Investments

Cornell's Investment Office manages the university's portfolio of long-term investments, which includes the LTIP as well as portions of separately invested and general operating fund balances. This office oversees more than 200 investment accounts and partnerships with external investment fund managers.

- The university's long-term investment results for 2006-07 were consistent with general market conditions, outperforming some component market benchmarks and lagging others:

<b>Domestic Equity (unhedged/opportunistic)</b>	<b>24.4%</b>
<i>Russell 3000</i>	20.1%
<i>S&amp;P 500</i>	20.6%
<i>NASDAQ Composite</i>	20.7%
<b>Non-U.S. Equity (developed markets)</b>	<b>26.3%</b>
<i>MSCI EAFE Index</i>	27.5%
<b>Non-U.S. Equity (emerging markets)</b>	<b>43.9%</b>
<i>MSCI Emerging Markets Free</i>	45.5%
<b>Hedged Equity</b>	<b>18.2%</b>
<i>50% (MSCI World + 3 mo LIBOR) + 3%</i>	17.9%
<b>Private Equity</b>	<b>45.0%</b>
<i>Cambridge VC &amp; LBO 50/50 Q Lag</i>	n/a
<b>Real Estate</b>	<b>51.4%</b>
<i>NCREIF Q Lag</i>	n/a
<b>REITs</b>	<b>6.4%</b>
<i>Wilshire REIT Index</i>	11.6%
<b>Resource Related</b>	<b>2.9%</b>
<i>Dow Jones-AIG Commodity Index</i>	2.9%
<b>Core Fixed Income</b>	<b>4.8%</b>
<i>Lehman Aggregate</i>	6.1%
<b>Absolute Return</b>	<b>13.9%</b>
<i>T-Bills + 5%</i>	10.4%
<b>Enhanced Fixed Income</b>	<b>18.2%</b>
<i>T-Bills + 5%</i>	10.4%

## Investments at Fair Value

(dollars in thousands at year end)

	<b>6/30/06</b>	<b>Percent</b>	<b>6/30/07</b>	<b>Percent</b>	<b>Change</b>
	<b>Total</b>	<b>of Total</b>	<b>Total</b>	<b>of Total</b>	<b>from</b>
					<b>6/30/06</b>
1. Working Capital	\$22,735	0.4%	\$3,807	0.1%	(\$18,928)
2. Intermediate-Term (PBIF)	540,290	10.3%	609,353	9.6%	69,063
3. Long-Term Investment Pool (LTIP)	4,180,389	79.5%	5,197,503	81.5%	1,017,114
4. Separately Invested Portfolio	360,682	6.9%	478,902	7.5%	118,220
5. Pooled Life Income Funds	17,712	0.3%	16,935	0.3%	(777)
6. Other *	<u>138,641</u>	<u>2.6%</u>	<u>62,725</u>	<u>1.0%</u>	<u>(75,916)</u>
7. <b>Total</b>	<b>5,260,449</b>	<b>100.0%</b>	<b>6,369,225</b>	<b>100.0%</b>	<b>1,108,776</b>

Note: \* A major portion of *other investments* are DASNY (Dormitory Authority of the State of New York) holdings, which include bond proceeds held at custodial banks and certain debt service reserves.

## INVESTMENTS

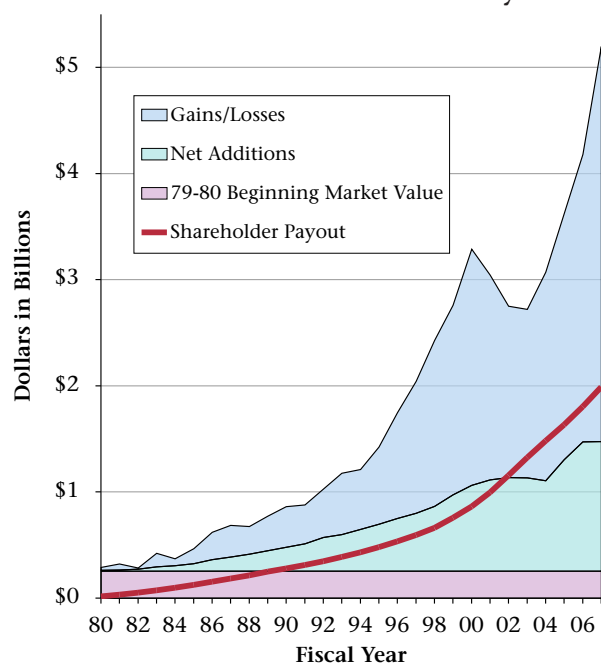
- Overall, long-term investments experienced a 26.15 percent annualized gross return in 2006-07 (25.9 percent when adjusted for investment management fees), which was greater than the 18.4 percent return of the Russell/Mellon Endowment and Foundations Median for the same period. Cornell's long-term investments have averaged an annual gross return of 13.21 percent since 1979-80.
- A key factor in Cornell's strategy for long-term investments is the maintenance of a diversified portfolio (shown below as of June 30, 2007).

Domestic Equity (unhedged/opportunistic)	18.9%
Non-U.S. Equity (developed/emerging)	18.9%
Hedged Equity	14.8%
Private Equity	12.2%
Cash & Other	0.4%
Real Estate/REITs	11.5%
Resource Related	6.6%
Fixed Income/Absolute Return	16.7%
Total	100.0%

The trustees have established short- and long-term targets for the long-term investment portfolio's asset classes, delineating upper and lower ranges for each. The portfolio is rebalanced periodically to maintain asset classes within these limits.

Within the aggregate of long-term investments, the value of an LTIP share increased \$11.20, or 20.2 percent, during 2006-07, reflecting the total return noted above less payout to shareholders and investment management and service charges. (See table below.) The market value of the LTIP has increased \$4.941

**Cumulative Change in LTIP Market Value and Amount of Shareholder Payout**



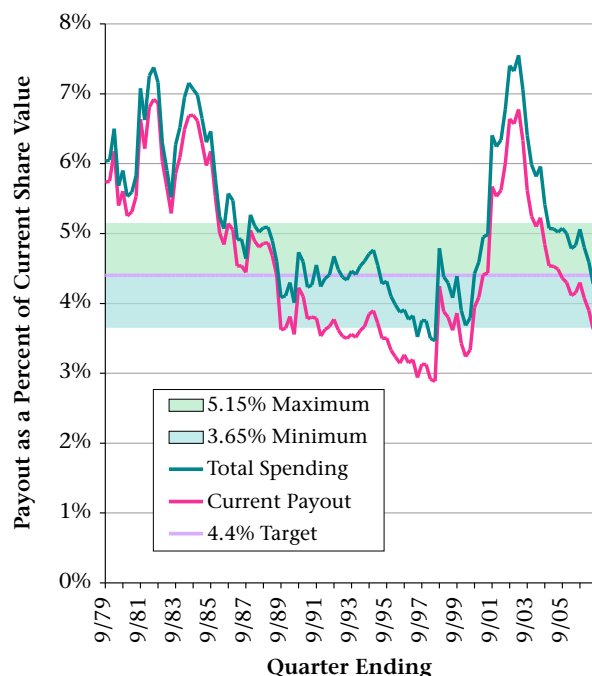
billion over the past 28 years, to \$5.198 billion. (See graph above.) Realized and unrealized gains (net of losses) on the initial market value and all net additions have accounted for 75 percent of the cumulative growth; additions net of withdrawals have accounted for the remaining quarter. The combination of investment performance and the inflow of new principal have allowed the LTIP to pay out a total of \$1.989 billion to shareholders over this period.

### Long-Term Investment Pool

	6/30/02	6/30/03	6/30/04	6/30/05	6/30/06	6/30/07
	Actual	Actual	Actual	Actual	Actual	Actual
1. Market Value (per share)	\$44.95	\$42.65	\$46.51	\$50.11	\$55.42	\$66.62
2. Annualized Total Gross Return †	(7.5%)	2.1%	16.3%	13.9%	16.4%	26.2%
3. Number of Shares (in millions)	61.2	63.8	66.0	72.3	75.4	78.0
4. <b>Payout per Share</b>	<b>\$2.70</b>	<b>\$2.70</b>	<b>\$2.43</b>	<b>\$2.25</b>	<b>\$2.30</b>	<b>\$2.42</b>
5. Shareholder Payout (in millions)	\$160.55	\$167.55	\$157.09	\$153.46	\$168.95	\$185.51
6. Payout as a % of 6/30 Market Value	6.0%	6.3%	5.2%	4.5%	4.1%	3.6%
7. <b>Total Spending per Share</b>	<b>\$3.05</b>	<b>\$3.01</b>	<b>\$2.77</b>	<b>\$2.52</b>	<b>\$2.68</b>	<b>\$2.85</b>
8. Total Spending (in millions)	\$186.49	\$192.01	\$183.00	\$181.87	\$201.88	\$222.32
9. Spending as a % of 6/30 Market Value	6.8%	7.1%	6.0%	5.0%	4.8%	4.3%

Note: † Total returns net of investment management fees for 2001-02, 2002-03, 2003-04, 2004-05, 2005-06, and 2006-07 were (7.7%), 1.9%, 16.12%, 13.6%, 16.1%, and 25.9% respectively.

### LTIP Payout & Total Spending – Current \*



\* Payout and total spending per share as a percent of the unit share market value at the end of each quarter.

### Investment Strategy and Payout Policy

The LTIP was created in 1979, when the trustees combined the assets of the Endowment Fund (containing true endowments) and the Capital Fund (holding funds that functioned as endowments). The initial investment strategy for the LTIP was aimed at ensuring sufficient income for annual payout. Through the early 1980's, LTIP payout was relatively high, averaging 6 percent of current market values. (See the graph above, which displays the payout and total spending for each quarter as a percent of the unit share market value at the end of that quarter.) In 1988-89, the trustees revised their approach for the LTIP, focusing on maximizing total return and establishing a steady growth in payout (as long as it remained within a pre-determined range). The current version of the trustees' payout policy (which took effect in 1998-99) has the following provisions:

- Payout is set in advance by the trustees as part of the budget approval process.
- The proposed payout for a coming fiscal year is normally 5 percent greater than the prior fiscal year as

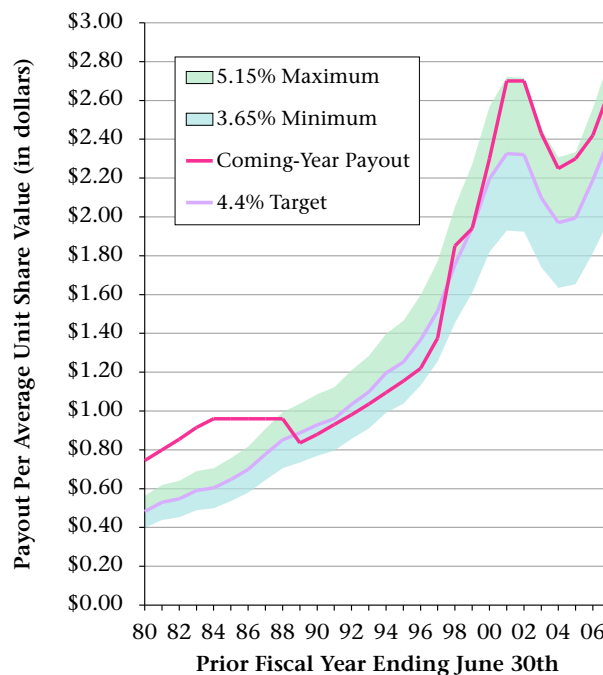
long as that increase allows the payout to remain within a defined target-range of 4.4 percent of a twelve-quarter rolling average of LTIP unit share values, plus or minus 75 basis points. As the rolling average of unit share values extends through the end of the prior fiscal year and the trustees declare the payout in January, the final two quarters of the average are estimated.

- In lieu of the normal 5 percent annual increase in payout, the trustees occasionally make step adjustments—both incremental and decremental, based on prior investment performance and current market conditions—to maintain the payout within its target boundaries.

Total spending, which includes payout as well as investment expense and service charges, is normally about 70 basis points above a given year's payout.

The LTIP's payout policy is illustrated in the graph below, which tracks the annual payout per unit share value and contrasts it with the payout's acceptable tar-

### LTIP Payout Versus Payout Policy †



† Payout per share for a coming year measured against a 4.4% target (and a range of ±75 basis points) of a 12-quarter rolling average of unit share market values through the end of the prior fiscal year.

## INVESTMENTS

get range. (This illustration applies the current payout policy and guidelines to all prior years, even those in which payout was set under different policies.) Negative returns in 2000-01 and 2001-02 coupled with several stepped increases in payout at the end of the 1990's forced the payout level to rise to the maximum of the payout policy's acceptable range and track that ceiling. The trustees made step adjustments in payout based on these conditions, and continue to evaluate the payout level to ensure that it is sized correctly.

### The LTIP and the Endowment

Cornell's endowment is composed of funds controlled and invested by the university and a set of resources that are managed externally. (See table below.) Ninety-seven percent of all of the endowment that Cornell actively manages is invested in the LTIP. (The other 3 percent is separately invested or temporarily held in an intermediate-term investment vehicle.) In turn, the LTIP is almost totally composed of endowment—96.5 percent as of June 30, 2007. (The other 3.5 percent is made up of funds held in trust for others and deferred benefits for faculty and staff.) The table at right shows the distribution of payout from the LTIP by campus and function, more or less reflecting the endowment support that has been made during the years shown.

- Over the past thirteen years, payout from the LTIP has almost quadrupled. While 27 percent of this increase was due to growth in the payout rate, 73 percent was attributable to the additions of new principal, mostly from gifts.

### LTIP Payout Distribution

(dollars in millions)

	<u>94-95</u>	<u>06-07</u>	<u>Change</u>
Endowed Positions	\$9.83	\$31.72	\$21.89
Instruction	5.89	21.59	15.70
Research	0.55	1.66	1.11
Public Service	0.43	1.38	0.95
Academic Support	0.37	1.65	1.28
Library	1.05	3.94	2.89
Student Services	0.56	3.48	2.92
Administrative/Support	0.14	1.40	1.26
Physical Plant	1.02	3.89	2.87
Financial Aid/Loan	11.01	41.30	30.29
Other Activities	1.60	8.97	7.37
University-Wide	<u>5.44</u>	<u>21.44</u>	<u>16.00</u>
<b>Subtotal Ithaca Campus</b>	<b>37.89</b>	<b>142.42</b>	<b>104.53</b>
Weill Medical College	7.83	35.11	27.28
Non-University Funds *	2.92	7.98	5.06
<b>Total</b>	<b>48.64</b>	<b>185.51</b>	<b>136.87</b>

Note: \* Funds managed but not owned by Cornell.

- Taken together, position and financial-aid endowments account for 51 percent of the LTIP payout distributed to Ithaca Campus programs.
- The Weill Medical College's endowments invested in the LTIP have more than quadrupled since 1994-95, a growth due in part to a series of successful fund-raising initiatives to support the College's Strategic Plans.

### Endowment – Net Assets

(dollars in thousands at year end)

	<u>05-06</u>	<u>06-07</u>	<u>Change</u>	<u>Percent Change</u>
1. True Endowment & Unspent Earnings	2,794,297	3,455,906	661,609	23.7%
2. Funds Functioning as Endowment	<u>1,357,907</u>	<u>1,652,213</u>	<u>294,306</u>	21.7%
3. Subtotal Under Cornell Investment Management	4,152,204	5,108,119	955,915	23.0%
4. True Endowment – Contributions Receivable †	63,962	138,923	74,961	117.2%
5. Funds Held in Trust by Others *	<u>168,995</u>	<u>177,691</u>	<u>8,696</u>	5.1%
6. Subtotal Funds External to Cornell	232,957	316,614	83,657	35.9%
<b>7. Total University Endowment</b>	<b>4,385,161</b>	<b>5,424,733</b>	<b>1,039,572</b>	<b>23.7%</b>

Notes: † Unconditional written or oral promises to donate funds in the future that will be treated as endowment.

\* Funds that the university neither possesses nor controls but which provide Cornell income or in which the university has a residual interest in the assets.

# GOVERNMENT APPROPRIATIONS

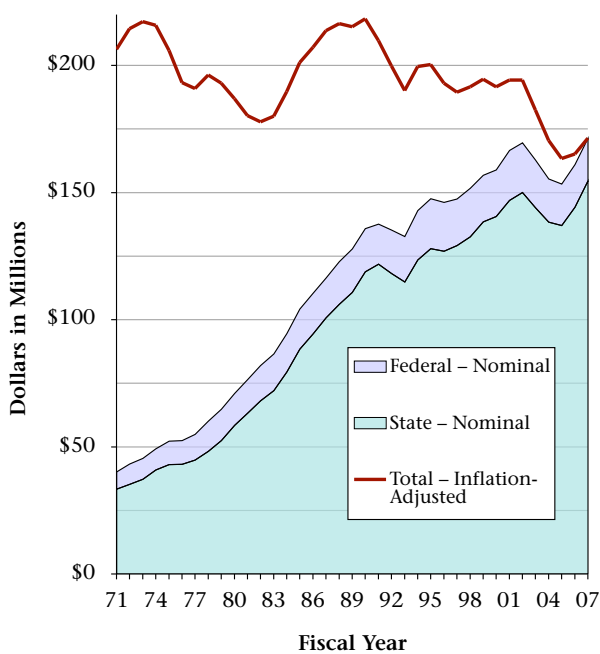
## Government Appropriations

In 2006-07, Cornell received \$173.4 million in federal and state operating appropriations, a 6.5 percent increase from 2005-06. *Excluded from this total are appropriations to Cornell for capital acquisitions as well as funding for debt service on state-owned facilities at Cornell and certain employee benefits and financial-aid costs that are recorded by the state rather than the university.*

- While appropriations benefit all of Cornell's programs, 98.9 percent of this funding supports the contract colleges. Contract college appropriations have grown at an average annual rate of 4.1 percent since 1970-71, but have declined, in inflation-adjusted terms, from \$206 million to \$171 million over the same period. (See graph below.)
- Appropriations that funded 67 percent of the contract colleges' operating budget in 1970-71 now support 30 percent of the total. (See graph at right.) Other revenues—tuition and fees, grants and contracts, gifts, investment income, and sales and services of academic departments—have together supplanted government appropriations as the major sources of operating support.

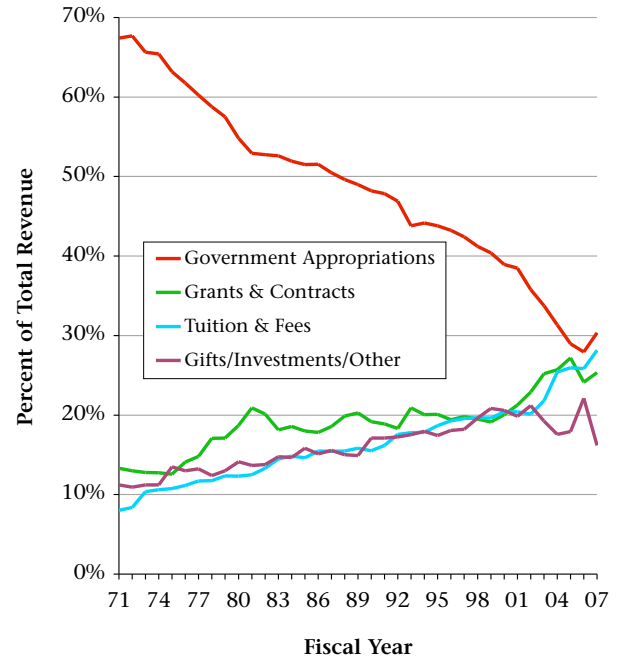
### Government Operating Appropriations for the Contract Colleges

(excludes funding for costs not recorded by Cornell)



### Contract College Operating Revenues

(excludes funding for costs not recorded by Cornell)



## Appropriations Through SUNY

Cornell received \$154.6 million in state appropriations administered through the State University of New York (SUNY) in 2006-07. (See table on page 20, line 12.) For eight years prior to 2006-07, Cornell's base allocation was established through a SUNY resource allocation methodology that generally treated the university unfavorably because increases in student populations at other SUNY campuses effectively reduced Cornell's funding. This methodology also provided no inflation for Cornell's land-grant mission and its provision of instruction for contract college students in endowed Ithaca colleges (so called accessory instruction). Beginning in 2006-07, Cornell's overall state operating support—while still flowing through SUNY—has been separated from SUNY's regular campus resource allocation process. Within that total, the portion of state operating support attributable to land-grant activities is being provided through discrete line-item funding in the governor's executive budget. This partition appropriately recognizes that Cornell's land grant responsibilities as well as the organizational and financial structures associated with instructional activities are unique and should not be commingled with other SUNY campus resource allocations.

GOVERNMENT APPROPRIATIONS

**New York State Appropriations**

(dollars in thousands)

	<b>04-05</b>	<b>05-06</b>	<b>06-07</b>	<b>06-07</b>
<b>Ithaca Campus</b>	<b>Actual</b>	<b>Actual</b>	<b>Plan</b>	<b>Actual</b>
1. Original Base Appropriation Through SUNY	\$129,502	\$130,810	\$136,402	\$136,477
<b>SUNY/Cornell Negotiated/Planned Increases</b>				
2. For inflation and fixed costs	<u>4,582</u>	<u>4,411</u>	<u>11,466</u>	<u>11,412</u>
3. Subtotal Base Appropriation (prior to legislative actions)	134,084	135,221	147,868	147,889
4. SUNY-Initiated Adjustments	(3,000)	1,256		
5. Other Adjustments/Reclassifications	<u>(285)</u>			<u>1,144</u>
6. Revised Base Appropriation	130,799	136,477	147,868	149,033
<b>Additional Planned State Funding Through SUNY</b>				
7. Cooperative Extension (support for County Associations)	3,670	3,670	3,670	3,670
8. Institute for Community College (ICCD)	300	300	300	300
9. SUNY Program Support (academic equipment/fellowships)	1,650	1,601	1,599	1,664
10. SUCF Critical Maintenance In-Year Funds	688	2,274	1,567	2,082
11. SUCF Critical Maintenance Returned to Capital Plan				<u>(2,140)</u>
12. Subtotal of Additional State Funding	<u>6,308</u>	<u>7,845</u>	<u>7,136</u>	<u>5,576</u>
13. Total State Appropriations Through SUNY	137,107	144,322	155,004	154,609
<b>Other State Appropriations</b>				
14. Bundy Aid (based on degrees granted)	<u>1,606</u>	<u>1,598</u>	<u>1,612</u>	<u>1,794</u>
15. Total Ithaca Campus	138,713	145,920	156,616	156,403
<b>Medical College</b>				
16. Bundy Aid (based on degrees granted)	<u>179</u>	<u>163</u>	<u>186</u>	<u>190</u>
17. Total Medical College	179	163	186	190
18. Total State Appropriations	138,892	146,083	156,802	156,593

- Notes:
- Cornell receives New York State appropriations through the State University of New York (SUNY) and directly from the state. Most appropriations flow through SUNY.
  - Not represented in this schedule are certain student financial-aid funds, grants and contracts from state agencies, and appropriations for capital acquisitions. The schedule also excludes the value of employee benefits provided by New York State and debt service on facilities provided through SUNY, neither of which is recorded by Cornell.
  - In 2005-06, Cornell received a \$1.256 million in-year allocation (line 4) to offset rising utility commodity costs.
  - Since 2004-05, funding for the Institute for Community College (line 8) has been disbursed through the SUNY U-Wide Programs.
  - In 2006-07, \$2.14 million of SUCF critical maintenance funding (line 11) was reallocated to support Cornell capital plan activities, and was recorded in non-operating (plant) funds.

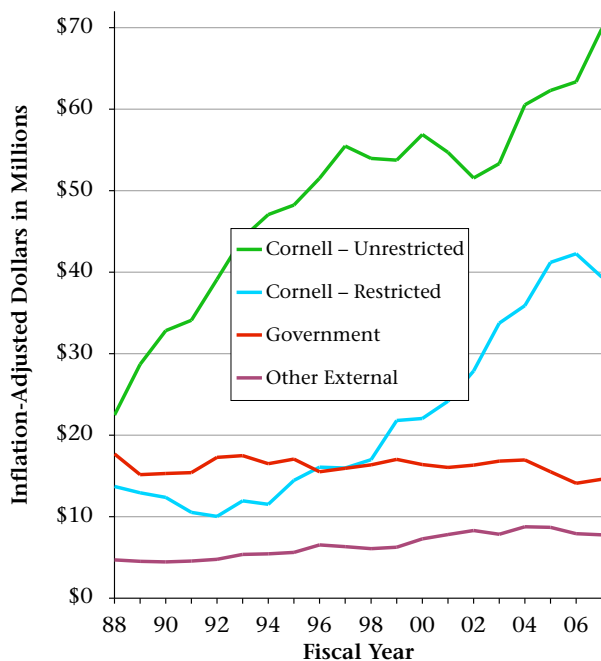
# FINANCIAL AID

## Undergraduate Financial Aid

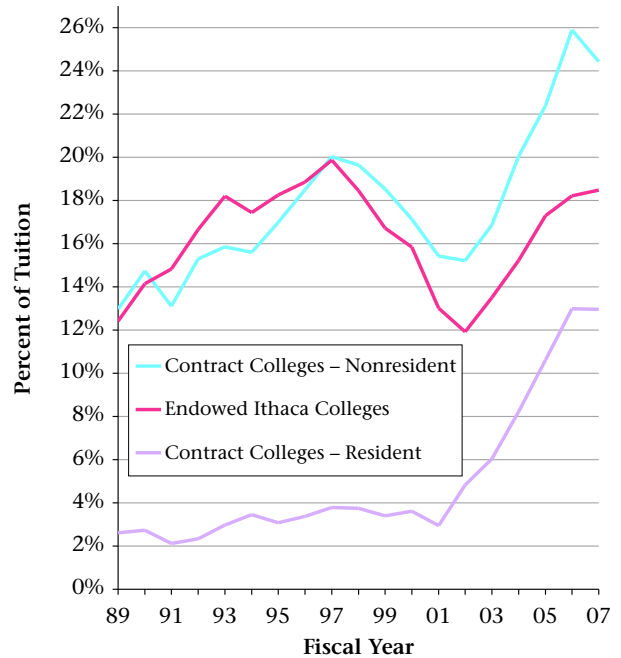
Grant-aid expenditures from all sources (federal, state, external, and Cornell) averaged \$22,439 per grant-aided student in 2006-07, 4.5 percent less than planned. Overall grant-aid expenditures were only 0.1 percent below budget as the number of grant-aid recipients was 4.6 percent more than expected.

- General purpose (unrestricted) grant-aid expenditures, which have grown at an average annual rate of 9.5 percent since 1987-88, totaled \$68.7 million in 2006-07, an increase of 17.8 percent from the prior year. (See table on page 23.) This recent growth reflects partially the impact of the implementation of the “consensus approach” in determining the financial need of students and the ability of their families to help support educational costs. This approach, which was adopted by a number of peer institutions and takes into account circumstances such as a family having more than one dependent in college simultaneously or a significant loss suffered by a family-owned business, provides a more favorable treatment for middle-income families. The more consistent treatment of parental assets among participating

**Sources of Support for Grant Aid**  
(in inflation-adjusted, 2006-07 dollars in millions)



**Unrestricted Grant Aid per Student as a Percent of Tuition Revenues**



institutions also increased demand for grant aid at Cornell. Also, Cornell had a substantial, limited-term gift that allowed the university to contain what would have been the predicted growth in unrestricted financial-aid support. That gift, spent over several years, has been consumed.

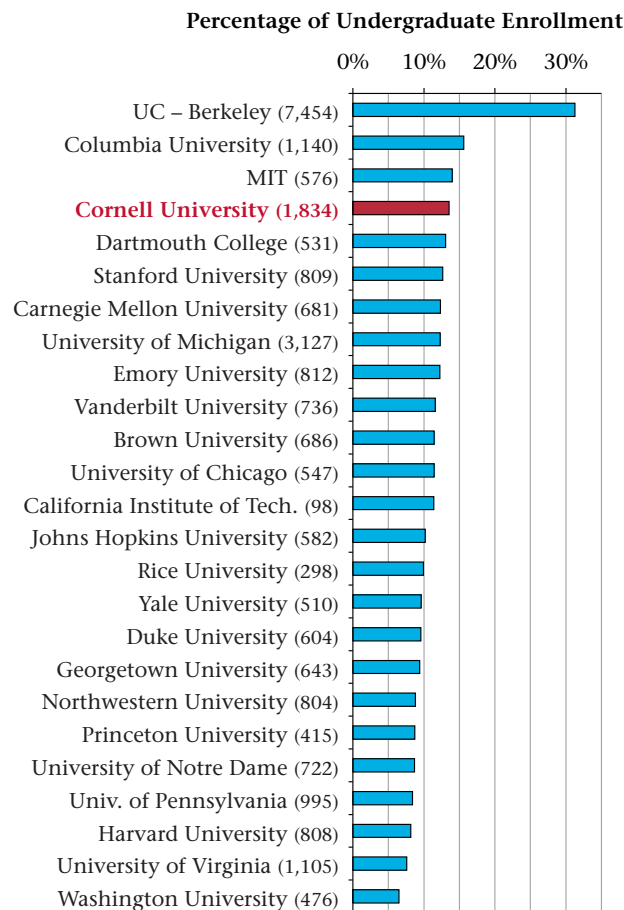
- Although government support for financial aid has increased, there has been a shift at the federal level from grant aid to loans as the main vehicle for student support. In inflation-adjusted terms, federal and state grant aid administered by Cornell was less in 2006-07 (\$14.6 million) than in 1987-88 (\$17.7 million). (See graph at left.)
- The ratio of unrestricted grant aid to gross tuition revenue per student, sometimes termed a *tuition discount*, is a measure of the impact that awarding unrestricted grants has on income. From 1988-89 through 1996-97, that ratio for the endowed Ithaca colleges rose from 12.4 percent to 19.9 percent. (See graph above.) There was an almost identical change for the contract college nonresident population (13 percent to 20 percent). Both ratios then fell below 20 percent due to the in-

## FINANCIAL AID

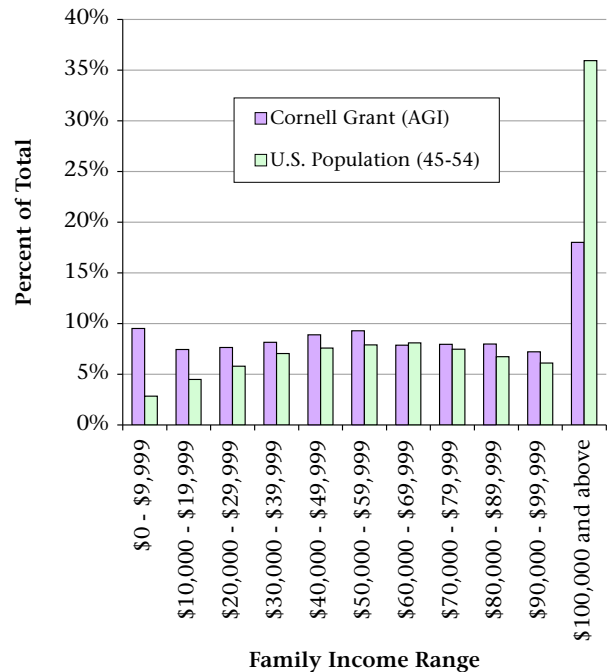
crease in gift and endowment support. The growth in these ratios since 2001-02 reflects the impact of the “consensus approach” and the substitution of unrestricted grant aid for a large, limited-term gift (described above). Also, the recent substantial increases in contract college tuition rates have led to growth in grant-aid costs for those students.

- Under the “consensus approach” Cornell awards grant aid to students whose families have a wide variety of incomes. The graph at right uses family adjusted gross income (AGI) to compare the distribution of Cornell’s grant recipient population with the population of U.S. families where the head of the household is between 45 and 54 years old (the age range of the typical undergraduate’s parents.) The university’s grant-aid population has

### Number and Percentage of Undergraduates Per Institution Who Receive Federal Pell Grant Awards for Low-Income Students (2006-07; ranked in descending order of percent)



### Distribution by Family Income Range of the Cornell Grant-Aid Population (fall 2006) and the U.S. Population at Large (age 45 to 54; calendar year 2006)



a higher percentage of low-income students than this segment of the U.S. population.

- Cornell’s continued success in maintaining undergraduate socioeconomic diversity creates a demand for significant grant-aid resources. The graph at left, which displays the number and percentage of undergraduates who receive Pell Grant awards (primarily students whose families have incomes below \$45,000), shows that Cornell ranks relatively high among peer institutions in attracting low-income students.
- Although the university is need-blind with respect to the admission of international students, it does not assist all such students in meeting the full cost of attendance. As international students are not generally eligible for federal or state financial-aid programs any aid that they do receive, over and above that which they bring from their home countries, must come from Cornell’s resources. The university expended \$6.2 million for international students in 2006-07 (including those from Canada and Mexico).

## Sources of Funding for Undergraduate Financial Aid

(dollars in thousands)

	87-88 Actual	04-05 Actual	05-06 Actual	06-07 Plan	06-07 Actual	Percent Change from Plan to Actual	Average Annual Growth Rate from 87-88
<b>Family Contribution</b>							
1. Parental	\$22,189	\$72,379	\$73,304	\$76,236	\$73,932	(3.0%)	6.5%
2. Student	7,819	17,725	17,397	17,919	16,803	(6.2%)	4.1%
3. Subtotal	30,008	90,104	90,701	94,155	90,735	(3.6%)	6.0%
<b>Federal Government</b>							
4. Grants	5,143	9,071	8,397	8,382	9,353	11.6%	3.2%
5. Loans	11,192	29,485	29,183	30,450	27,102	(11.0%)	4.8%
6. Work/Study	2,769	4,578	4,142	4,100	4,044	(1.4%)	2.0%
7. Subtotal	19,104	43,134	41,722	42,932	40,499	(5.7%)	4.0%
<b>State Government</b>							
8. Grants	4,903	5,499	5,362	5,350	5,221	(2.4%)	0.3%
9. Work/Study	692						
10. Subtotal	5,595	5,499	5,362	5,350	5,221	(2.4%)	(0.4%)
<b>Other External</b>							
11. Grants	2,663	8,148	7,707	7,934	7,758	(2.2%)	5.8%
12. Subtotal	2,663	8,148	7,707	7,934	7,758	(2.2%)	5.8%
<b>Cornell</b>							
13. General Purpose Grants	12,157	55,422	58,295	61,182	68,654	12.2%	9.5%
14. Designated Grants	594	3,071	3,472	3,218	1,197	(62.8%)	3.8%
15. Gifts/Endowment Grants	7,770	38,701	41,192	45,630	39,402	(13.6%)	8.9%
16. Loans	130	3,129	2,388	2,500	2,380	(4.8%)	16.5%
17. Work/Study	1,846	4,578	4,142	4,100	4,044	(1.4%)	4.2%
18. Subtotal	22,497	104,901	109,489	116,630	115,677	(0.8%)	9.0%
19. Total	79,867	251,786	254,981	267,001	259,890	(2.7%)	6.4%

## Financial-Aid Population

(on- and off-campus)

	Fall 1987 Actual	Fall 2004 Actual	Fall 2005 Actual	Fall 2006 Plan	Fall 2006 Actual	Percent Change from Plan to Actual	Average Annual Growth Rate from Fall 1987
<b>Undergraduate Student Counts</b>							
1. Total Enrollment	12,958	13,625	13,515	13,345	13,562	1.6%	0.2%
2. Overall Financial-Aid Population	N/A	8,754	8,659	8,500	8,347	(1.8%)	
3. Percent of Total Enrollment		64.2%	64.1%	63.7%	61.5%		
4. Need-Based Financial-Aid Population	5,173	6,431	6,449	6,366	6,181	(2.9%)	0.9%
5. Percent of Total Enrollment	39.9%	47.2%	47.7%	47.7%	45.6%		
6. Grant-Aid Recipients	3,815	5,238	5,681	5,605	5,864	4.6%	2.3%
7. Percent of Total Enrollment	29.4%	38.4%	42.0%	42.0%	43.2%		
8. Pell Grant Recipients †	1,820	2,115	1,919	1,900	1,834	(3.5%)	0.0%
9. Percent of Total Enrollment	14.0%	15.5%	14.2%	14.2%	13.5%		

Notes: • Family contribution amounts are for students who demonstrate a financial need according to Cornell's methodology. Financial-aid amounts are shown as computed and as awarded.

† The number of Pell Grant recipients for fall 1987 is estimated, based on the total funding received by Cornell in that year and the national average of Pell Grant awards.

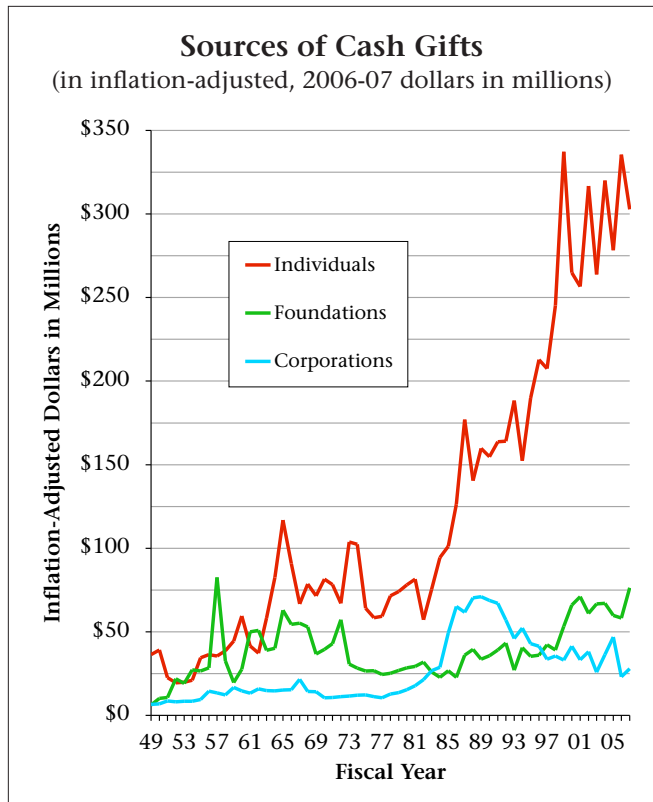
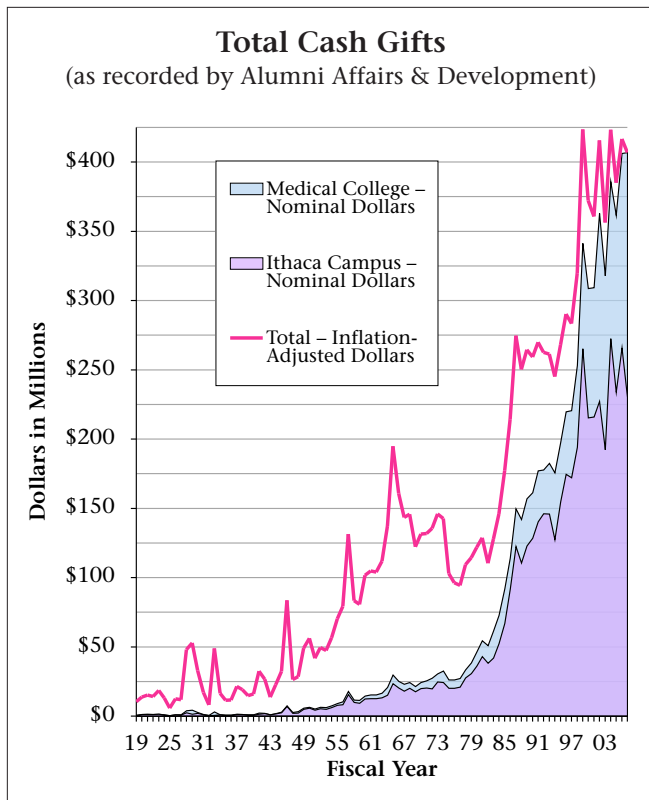
• Enrollments exclude *in-absentia* and extramural students.

# GIFTS/CONTRIBUTIONS

## Cash Gifts (excluding pledges)

Cornell raised \$406.9 million in cash gifts in 2006-07 (as reported by Alumni Affairs and Development), a 0.2 percent increase from the prior-year amount. (See graph below and table on page 25.)

- Since 1918-19, the nominal level of cash gifts has grown at an annual compounded rate of 7.3 percent, or 4.3 percent in inflation-adjusted terms.
- Gift sources have varied substantially over time. (See graph at right.) Corporate gifts, which increased in the 1980's, have since declined in inflation-adjusted terms. Foundation support has grown significantly over the past twenty years. Individual support—now 74 percent of total giving—has grown dramatically. Gifts from alumni account for 52 percent of all cash donations.
- Cornell's recent fund-raising success is due to a combination of campaigns (including *Far above... The Campaign for Cornell*, which was launched in October 2006) and a number of focused initiatives that helped boost the inflation-adjusted level of annual cash giving from about \$250 million in the mid-1980's to the \$400 million range today.



## Contributions (including pledges)

*Contributions*, as recorded in Cornell's financial statements, are the sum of cash gifts, pledges deemed as unconditional promises to give, and irrevocable outside trust income. The table on page 25 reconciles the differences between contributions and *cash gifts* as reported by Alumni Affairs and Development.

- A total of \$540.5 million in contributions was reported in the university's 2006-07 financial statements, an increase of 32 percent from the amount recorded in 2005-06. This sum differed by \$133.6 million from the total of cash gifts reported by Alumni Affairs and Development, and included adjustments for pledges, gift annuities, split-interest agreements, and timing differences.
- Contributions to financial capital and physical capital increased \$103.5 million and \$70.3 million respectively from their 2005-06 levels, while contributions for general operations decreased \$42.8 million. The overall growth in contributions was centered on the Weill Medical College, as the Ithaca campus experienced a 15.9 percent decrease in contributions from 2005-06.

### Reconciliation of Contributions to Cash Gifts

(dollars in thousands)

	<u>Ithaca Campus</u>	<u>Medical College</u>	<u>06-07 Total</u>	<u>05-06 Total</u>	<u>04-05 Total</u>	<u>03-04 Total</u>
<b>General Operations</b>						
1. Unrestricted	\$46,189	\$36,663	\$82,852	\$108,028	\$93,381	\$83,924
2. Temporarily Restricted	<u>10,839</u>	<u>123,925</u>	<u>134,764</u>	<u>152,404</u>	<u>32,822</u>	<u>65,198</u>
3. <b>Subtotal General Operations</b>	<b>57,028</b>	<b>160,588</b>	<b>217,616</b>	<b>260,432</b>	<b>126,203</b>	<b>149,122</b>
<b>Financial Capital</b>						
4. True Endowment	103,768	24,024	127,792	53,508	91,279	76,925
5. Funds Functioning as Endowment	29,064	271	29,335	20,462	20,547	74,011
6. Life Income Funds	12,559	305	12,864	9,051	4,925	6,343
7. Trusts Held by Others	3,011	23,252	26,263	9,783	2,235	2,332
8. Loan Funds	<u>15</u>	<u>240</u>	<u>255</u>	<u>249</u>	<u>561</u>	<u>339</u>
9. <b>Subtotal Financial Capital</b>	<b>148,417</b>	<b>48,092</b>	<b>196,509</b>	<b>93,053</b>	<b>119,547</b>	<b>159,950</b>
<b>Physical Capital</b>						
10. Cash Gifts	38,814	77,398	116,212	51,539	25,899	26,618
11. Gifts in Kind	<u>10,212</u>	<u>          </u>	<u>10,212</u>	<u>4,538</u>	<u>15,081</u>	<u>14,374</u>
12. <b>Subtotal Physical Capital</b>	<b>49,026</b>	<b>77,398</b>	<b>126,424</b>	<b>56,077</b>	<b>40,980</b>	<b>40,992</b>
13. <b>Financial Statement Total</b>	<b>254,471</b>	<b>286,078</b>	<b>540,549</b>	<b>409,562</b>	<b>286,730</b>	<b>350,064</b>
<b>Adjustments</b>						
14. Gifts from Outside Trusts	1,908	7,998	9,906	8,380	3,052	429
15. Gift Annuities	1,429	302	1,731	1,909	4,936	1,257
16. Split-Interest Agreements	11,720		11,720	5,877	2,341	4,484
17. Insurance Premiums Not Booked						
18. Pledges (net present value)	(39,562)	(120,723)	(160,285)	(23,675)	47,788	22,335
19. Timing Differences	(356)	3,117	2,761	3,855	(7,705)	7,367
20. Other	<u>543</u>	<u>          </u>	<u>543</u>	<u>369</u>	<u>24,450</u>	<u>          </u>
21. <b>Subtotal Adjustments</b>	<b>(24,318)</b>	<b>(109,306)</b>	<b>(133,624)</b>	<b>(3,285)</b>	<b>74,862</b>	<b>35,872</b>
22. <b>Gift Records Total</b>	<b>230,153</b>	<b>176,772</b>	<b>406,925</b>	<b>406,277</b>	<b>361,592</b>	<b>385,936</b>

- Notes:
- This table reconciles the differences between *contributions* as displayed in the financial statements (line 13) and *cash gifts* as reported from the contributor relations system (line 22). The reconciling adjustments, which are detailed on lines 14 through 20, represent the changes to the financial statements figures that would be needed to make them equal to cash gifts as defined by Alumni Affairs and Development. The largest of these adjustments are often the change in the net present value of pledges (line 18) and timing differences in the recording of gifts between the two systems (line 19)—both of which may be positive or negative.
  - Line 14 shows the net difference in valuation of gifts from outside trust agreements that are recorded in the contributor relations system at full value and may be reflected at present value in the financial statements. Lines 15 and 16 identify trusts in which the university shares an interest with the donors. While the gifts are reflected at full value in the contributor relations system, Cornell's financial statements recognize the liability owed to the beneficiaries of these trusts. Line 17 reflects insurance policy gifts and premiums that are not recorded in the financial statements until the policy matures. Line 18 reflects the net present value of unconditional promises to give (pledges) that were recorded in the financial statements but not treated as cash gifts in the contributor relations system. Lines 19 and 20 identify other periodic adjustments.
  - Some of these exclusions—all of which are based on the application of reporting standards appropriate for each record—are entire (e.g., the inclusion of pledges in the financial statements and the exclusion of such promises from the cash gifts of the contributor relations system). Others are partial (e.g., the recognition in the financial statements of the interest that beneficiaries may have in split-interest agreements).

# NOTES

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