Cornell University

2004–2005 Annual Report

Cornell University Highlights

	2004–05	2003–04	2002–03
Fall enrollment (excluding in absentia)			
Undergraduate	13,625	13,655	13,725
Graduate	4,633	4,656	4,534
Professional	1,979	1,981	1,978
Total fall enrollment	20,237	20,292	20,237
Degrees granted			
Baccalaureate degrees	3,474	3,577	3,630
Master's degrees	1,230	1,658	1,550
PhD degrees	493	448	434
Other doctoral degrees (JD, MD, DVM)	781	376	352
Total degrees granted	5,978	6,059	5,966
Volumes in library (in thousands)	7,587	7,505	7,298
Academic workforce			
Full-time employees			
Faculty	2,947	2,886	2,839
Nonfaculty	1,011	1,006	989
Part-time employees			
Faculty	221	158	150
Nonfaculty	211	198	201
Total academic workforce	4,390	4,248	4,179
Nonacademic workforce			
Full-time employees	8,915	8,653	8,557
Part-time employees	768	776	781
Total nonacademic workforce	9,683	9,429	9,338
Selected financial capital—net assets			
Market value of total university endowment (in millions)	$3,859.6	$3,314.2	$2,914.6
Unit value of long-term investment pool	$ 50.11	$ 46.51	$ 42.65

Cover photo: The atrium at Duffield Hall, the newest building in the College of Engineering at Cornell.

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A Message from the President

Great universities are among the most durable of human institutions. They have survived social upheavals, technological transformations, and changes in individual leadership because they are motivated by certain transcendent ideals, among them a belief in the power of knowledge, gained through full and free inquiry, to transform individual lives and advance the human condition.

The 2004-2005 academic year at Cornell University ended with an unexpected transition. Yet Cornell remains both committed to its founding ideas and focused on the future. This annual report gives the barest glimpse of the depth and breadth of talent, resourcefulness, insight, and passion for discovery found at Cornell. From the success of the Mars Exploration Rovers, to the rediscovery of the ivory-billed woodpecker, to the enlargement of our cultural horizons through innovation in the arts, Cornell and Cornellians have been at the forefront of achievement across multiple fields.

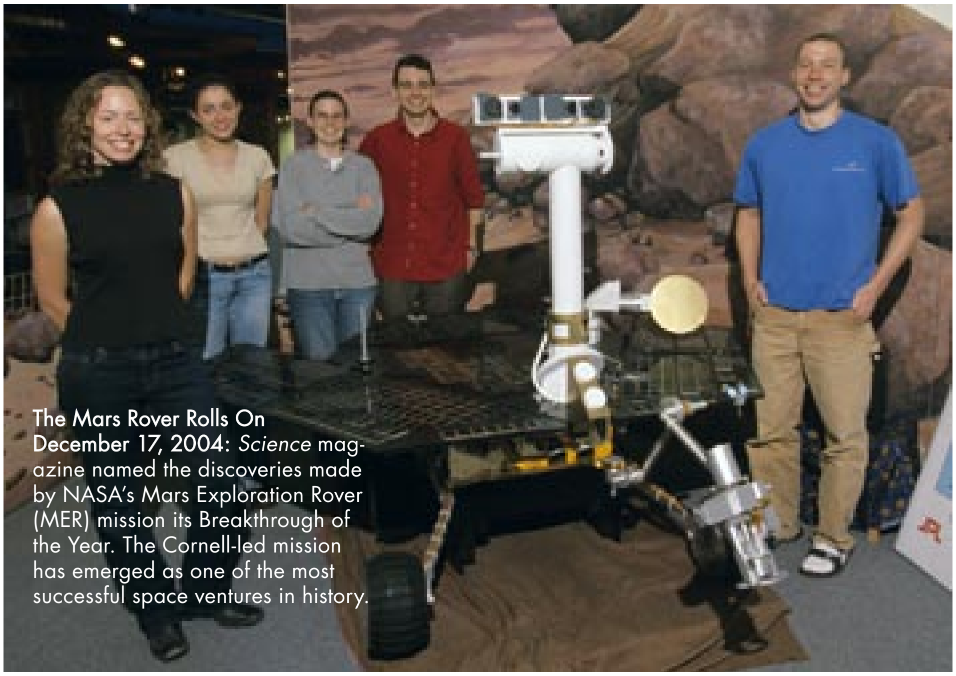
During my years as Cornell's tenth president, Cornell, with leadership from the faculty and from individual colleges, set itself on a course to become the best research university in the nation for undergraduate education. It expanded its global presence and the opportunities for its faculty and students through new educational and research partnerships. It invested in strategic enabling research areas, from nanoscience and technology to the new life sciences, where Cornell has the capacity for world leadership, and it sought to enhance the role and impact of the humanities and the social sciences on campus and beyond.

Cornell made remarkable progress in all these areas during the 2004-2005 academic year. I look forward to the coming year with confidence that the academic initiatives now under way will continue to move forward; that we will strengthen our affiliations with federal, state, and local government and with our international partners; that we will enhance and highlight our historic mission as the land grant university of New York State; and that we will build momentum for the capital campaign that will help us realize all of these goals.

I am confident that Cornell's next president will find Cornell to be an even stronger and more vital university, animated by women and men of talent and commitment and grounded in the ideals that have sustained the university through 140 years of growth and change.

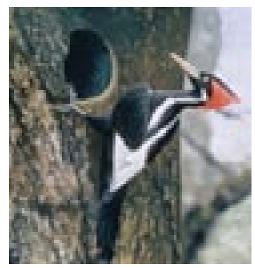
Hunter R. Rawlings
Interim President
Cornell University

The Year in Review, 2004–2005



The Mars Rover Rolls On
December 17, 2004: *Science* magazine named the discoveries made by NASA's Mars Exploration Rover (MER) mission its Breakthrough of the Year. The Cornell-led mission has emerged as one of the most successful space ventures in history.

Cornell Professor Reports to the Scene of Disaster
January 2005: Philip Liu, professor of civil and environmental engineering, led a delegation from the National Science Foundation's Tsunami Research Group and the U.S. Geological Survey into the areas of Sri Lanka affected by the December 2004 tidal wave. Many new details about the tsunami emerged as a result of this visit.

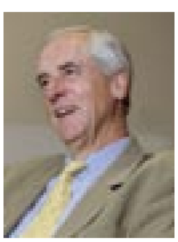


"Ghost Bird" Reappears
April 28, 2005: The Cornell Laboratory of Ornithology announced that the ivory-billed woodpecker, long believed to be extinct, has been rediscovered in the Big Woods of eastern Arkansas, 60 years after its last sighting. (Image: Cornell Laboratory of Ornithology)

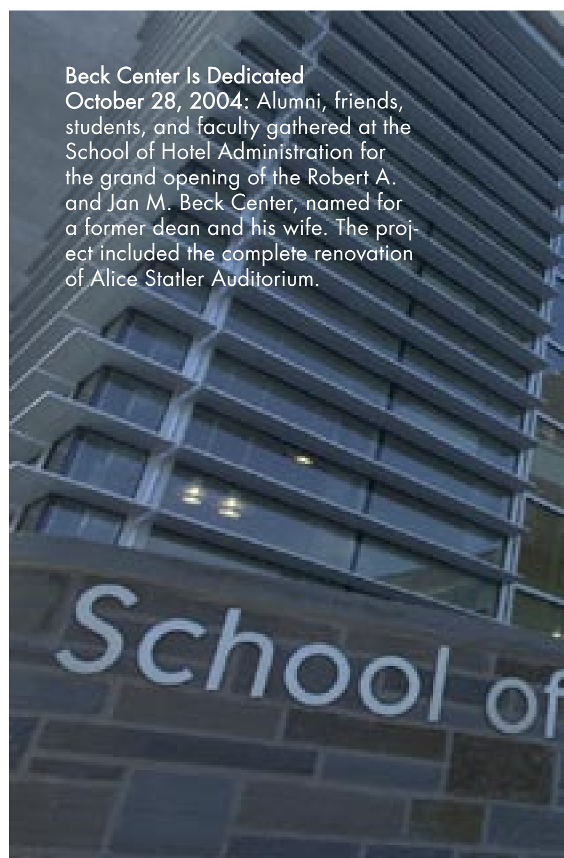
CORNELL UNIVERSITY FOUNDED A.D. 1865

Cornell University

New Logo Unveiled
October 28, 2004: The new identifier is a refinement of Cornell's traditional university emblem.



Rawlings to Lead during Presidential Search
June 2005: Former President Hunter Rawlings returned to his post on an interim basis following the resignation of President Jeffrey Lehman. A committee has been formed to find a permanent replacement.



Beck Center Is Dedicated
October 28, 2004: Alumni, friends, students, and faculty gathered at the School of Hotel Administration for the grand opening of the Robert A. and Jan M. Beck Center, named for a former dean and his wife. The project included the complete renovation of Alice Statler Auditorium.

First Residents Move into Alice H. Cook House
August 2004: The first of five new residences in the West Campus House System opened in plenty of time for the fall 2004 semester.

New Cornell Web Site Launched
August 26, 2004: Cornell's redesigned web site went live with a number of improvements, including a Google search function and a clean new look.

Duffield Hall Opens
October 6, 2004: The home of the of the Cornell NanoScale Facility and the Nanobiotechnology Center was formally dedicated during a week of celebrations. The building is named for Cornell alumnus David Duffield '62, MBA '64.

New Earthquake Lab Debuts
November 15, 2004: A $2.1 million National Science Foundation project to establish the nation's premier center for large-scale earthquake simulation experiments, located in Cornell's George Winter Laboratory, opened with a webcast of an experiment to study the rupturing of underground pipelines during an earthquake.

Cornell-City Partnership Builds on Success
June 2005: Seneca Place, a nine-story $32 million Hilton hotel with office and retail space in downtown Ithaca, is the result of close cooperation between the university, the city, and a private developer. Office tenants include 300 Cornell employees. (Photo: shaiphoto.com)

Life Sciences Building Project Begins
March 11, 2005: The ground-breaking ceremony for the $140 million Life Sciences Technology Building included guests such as (from left) the new building's world-famous architect, Richard Meier '56; Peter Meinig, chairman of the Cornell Board of Trustees; and Sanford Weill, chairman of the Board of Overseers of Weill Cornell Medical College.

A Good Year for Big Red Sports
August 2004–June 2005: Big Red athletic teams ended the year with Ivy League championships in men's ice hockey, indoor and outdoor track, lacrosse, and wrestling, and in women's indoor and outdoor track and volleyball, for a school-record total of eight Ivy League titles. In non-Ivy action, the men's polo team won the national championship.

Academics

Cornell University received a record 24,444 applications for undergraduate admissions for the 2005–2006 academic year, a 17 percent increase over the previous year. The hike is attributed in part to Cornell's adoption of the common application, which is used by more than 250 colleges and universities, including five of the eight Ivy League schools.

Interdisciplinary efforts between the life sciences and engineering led this year to creation of the Department of Biomedical Engineering and a minor in biomedical engineering within the College of Engineering. The department will bring together researchers from across the university to develop a detailed understanding of human systems and produce biomedical devices and therapies.

The Africana Studies and Research Center celebrated its building renovation project in April. The event included the announcement of a new Ph.D. program in Africana studies, and the addition of two African languages to the center's curriculum. There was also a colloquium on Brown v. Board of Education, with Kimberle Crenshaw '81 as the keynote speaker.

The study of ancient life expanded significantly at Cornell this year with the signing of an affiliation agreement between the university and the Paleontological Research Institution (PRI). In the process, Cornell created another link in its network of "distributed museums" with the addition of the PRI Museum of the Earth, located about six miles from the Cornell campus.

Cornell's Legal Information Institute now offers free details on high-profile cases before they are argued at the nation's highest court. The analyses of upcoming Supreme Court cases are written by a team of Cornell Law School students. Overviews of the analyses are posted at law.cornell.edu/supct/cert/.

The S. C. Johnson Graduate School of Management has launched a new Cornell Boardroom Executive MBA Program that will enable corporate managers to continue their education without leaving their jobs for long periods of time. The program will achieve this in part by employing the most current interactive videoconferencing techniques.

Cornell has begun a 14-year, $57 million program to upgrade data and phone wiring in about 60 campus buildings. When the initiative, dubbed "EzraNet," is completed, people across campus will be able to communicate on wiring that can support speeds up to 1,000 Mbps (megabits per second). Currently, 90 percent of campus connections cannot support 100 Mbps.

The School of Industrial and Labor Relations celebrated the reopening of the renovated Conference Center, Research, and Extension Buildings in October. The $21.7 million project was funded by the State University of New York and gifts from alumni and friends.

A committee within the Weill Cornell Medical College has updated the Hippocratic Oath to better reflect the state of modern medicine. The new version was introduced at commencement ceremonies in June. The full text can be found at www.news.cornell.edu/stories/June05/Hippocratic_Oath.mh.html.

Cornell operations research professors Bob Bland and David Shmoys brought their optimization skills to bear on final exams week this spring. They created a mathematical model that reduced the number of undergraduates with three finals in one day by roughly 85 percent, and those having back-to-back exams by about 65 percent. The changes significantly reduced student complaints about the exams schedule.

Mann Library has sold its 100th Library in a Box, formally called The Essential Electronic Agricultural Library (TEEAL). The equivalent of a room's worth of print journals compressed onto CDs, TEEAL provides some 2.2 million pages of academic articles to 100 institutions in 50 developing countries, including Vietnam, Bangladesh, Bolivia, and Peru.

Jackie Baik '06 adjusts a flower arrangement in preparation for the Hotel Ezra Cornell (HEC) awards banquet, a highlight of the student-run series of events that marked HEC's 80th anniversary in April. The annual extravaganza is attended by top hospitality executives. This year's program included a panel discussion on the future of the airline industry and students describing their award-winning research.

Student Life

About 3,000 new students participated in the fourth annual New Student Reading Project, thoroughly examining Franz Kafka's *The Trial* in the course of a faculty panel and small group discussions. The project has inspired readers well beyond the Ithaca campus: the faculty panel received a videotaped query submitted by alumnus Daniel Noll '93, who was speaking from Kafka's grave site in Prague.

Tickets for comedian Jon Stewart's March 4 appearance at Cornell were in such demand that a second show had to be added. The award-winning anchor of *The Daily Show* had the Barton Hall crowds roaring as he poked fun at Middle East politics, Red/Blue State rivalry, and even Ezra Cornell's founding slogan.

Nationally known politicians, pundits, and partisans visited Cornell last fall as part of a two-month series presented by the student-run Cornell Mock Election 2004 Steering Committee. The series included the only third-party presidential debate in the nation (carried on C-SPAN), a voter registration drive, and an online election. Organizers received the 2004 National Association of Student Councils/Ruth Hollander Award for Outstanding Contributions to Democratic Participation.

Felicia Chen '07 helps clean in front of The Renaissance University for Community Education's (TRUCE) mural at the Harlem Children's Zone garden in New York City. Chen and other Cornell students spent their spring break touring green spaces and working with TRUCE youngsters on their garden. The garden itself is a result of Garden Mosaics, a nationwide Cornell Cooperative Extension effort to encourage urban neighborhoods to develop ways of accessing fresh foods. (Photo: Amelia Panico Photography)

Internationally famed architect Rem Koolhaas, who studied at Cornell's College of Architecture, Art, and Planning, spoke to an overflow crowd in Kennedy Hall in April. The 2000 winner of the Pritzker Prize warned that infatuation with extravagant buildings could cause architecture to become "sloppy, uncritical . . . received with an enormous amount of attention and a negligible amount of seriousness." (Photo: Robert Stuart)

The Student Assembly agreed to partner with Napster in a one-year pilot program to provide free subscriptions to the online music service, in hopes of reducing music piracy and the strain it puts on Cornell's computer network. More than 10,000 students signed up by the end of the year.

An enthusiastic crowd greeted Howard Dean, former presidential candidate and chairman of the Democratic National Committee, when he visited Cornell February 23.

Student organizations joined forces to produce an April 3 concert to benefit victims of the December 2004 tsunami. The Big Red Relief concert, featuring performances by student groups such as the varsity gymnastics team, Skits-O-Phrenics, Sitara, Mad Dash, and Caribbean Students Association Dance Ensemble, raised $10,000 that went directly to the tsunami relief effort in Southeast Asia.

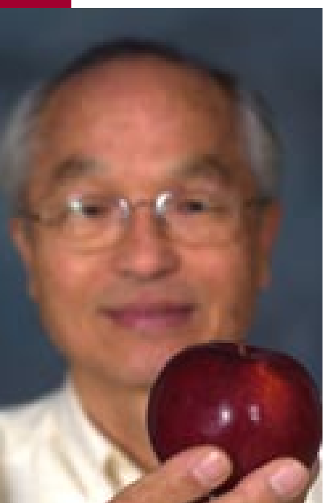
After a series of incidents last fall, representatives from Cornell and the city of Ithaca met to discuss improvements in security, support, and resources for students in off-campus housing. Their final report includes recommendations that the university develop a computer system to exchange property information between the Off-Campus Housing Office, the city, and local landlords; develop a program of standards and promote landlords who subscribe to them; and provide legal guidance to student renters.

A massive crowd cheered, danced, and celebrated the last day of classes in May, at a raucous but uneventful Slope Day that featured rapper Snoop Dogg as the headline act.

Research

A team of Cornell space researchers is analyzing images captured by the Cassini-Hugyens spacecraft after guiding it through the planet's rings and landing its probe on Titan, the planet's largest moon, in January 2005. The spacecraft will orbit the planet over four years, touring Saturn's rings, moons, and magnetosphere.

Cornell University's new Intelligent Information Systems Institute was launched this year with a $5 million, five-year grant from the U.S. Air Force Office of Scientific Research. The institute dedicated its new facility in Upson Hall in April.



Studies show a group of chemicals in apples could protect the brain from diseases such as Alzheimer's. "An apple a day may supply major bioactive compounds, which may play an important role in reducing the risk of neurodegenerative disorders," says Chang Y. "Cy" Lee, professor of food science at the New York State Agricultural Experiment Station in Geneva. (Photo provided by Joe Ogrodnick)

Weill Cornell Medical College will share a $50 million Starr Foundation grant with The Rockefeller University and Memorial Sloan-Kettering Cancer Center to develop new resources and expertise in stem cell research. The Tri-Institutional Stem Cell Initiative builds on existing research ties between Weill Cornell, Sloan-Kettering, and Rockefeller.

Cornell has received two faculty development awards from New York State totaling nearly $1.5 million: $749,400 to support Kelvin Lee, associate professor of chemical engineering, in identifying biomarkers for Alzheimer's disease; and $748,900 to recruit a scientist who will use nanoscience to develop new ways to deliver drugs to patients. The awards are made through the New York State Office of Science, Technology and Academic Research (NYSTAR) Faculty Development Program.

More than 180 James Joyce scholars from around the world gathered at Cornell in June for Return to Ithaca, the 2005 North American James Joyce Conference. The event featured panels and papers on topics such as censorship, sexuality, and chaos theory, and was hosted by the Cornell University Library.

A team of Cornell researchers has created a robotic machine that can make copies of itself. Each robot is composed of a set of "molecubes," each containing identical machinery and the complete computer program for replication. The basic principle could be extended to create robots that could replicate or at least repair themselves while working in space or in hazardous environments.

NYSTAR has granted a Cornell laboratory $300,000 to develop biodegradable plastics that could replace petroleum-based versions in applications from packaging to biomedical devices. The new grant supports research by Geoffrey Coates, Cornell professor of chemistry and chemical biology, that will be exploited by Novomer LLC, a specialty materials company formed by Coates and two partners.

Cornell space researchers on NASA's Deep Impact science team celebrated the January 12 liftoff of a Delta II rocket carrying a two-part space probe on a six-month, 268-million-mile mission to comet Tempel 1, to send a projectile crashing into the comet's 3.7-mile-wide nucleus. The collision will allow scientists to study material inside the comet, some of it dating to the formation of the solar system.

The National Science Foundation (NSF) awarded Cornell $18 million to begin development of a new synchrotron radiation x-ray source, called an Energy Recovery Linac (ERL). The ERL will produce x-ray beams about a thousand times better in brightness, coherence, and pulse duration than existing x-ray sources.

The Cornell University Hospital for Animals has installed North America's first permanent, open-magnet MRI system specifically designed for dogs, cats, and other small pets. Purchase and installation of the machine was made possible by a grant from the Maurice and Corinne Greenberg Foundation. (Photo: Alexis Wenski-Roberts)

A piece from the College of Engineering's collection of 19th-century Reuleaux teaching machines and a working plastic replica created by a 3-D printer. Cornell engineers can put computer-aided design (CAD) files of Reuleaux machines on a web site, where schools and libraries can download them, print them on their own 3-D equipment, and use them in their kinematics programs. (Photos courtesy of the Cornell Reuleaux Collection)

The NSF made $6.5 million in additional awards to Cornell researchers in 2004–2005: $4.2 million for the research consortium directed by Steven D. Tanksley, the Liberty Hyde Bailey Professor of Plant Breeding, to sequence all 12 tomato chromosomes; $1.4 million for Sibley College Professor of Mechanical Engineering Stephen Pope and his group, to develop computer algorithms to improve the design of combustion devices; and $933,000 for a research group directed by Leon Kochian, director of the U.S. Plant, Soil, and Nutrition Laboratory at Cornell, to improve aluminum tolerance and crop performance in acid soils.

Aaron Marcus, professor of medicine at Weill Cornell Medical College, has won the 2004 National Institutes of Health Method to Extend Research in Time (MERIT) Award, recognizing his pioneering research with a $2.8 million grant to support development of a new treatment for diseases such as stroke.

The U.S. Department of Agriculture presented College of Agriculture and Life Sciences researchers with three grants to develop New York's organic farming industry: $894,450 to improve organic seed quality and farm profitability; $518,306 to study dairies in transition from conventional to organic dairy production; and $575,028 to investigate specific issues facing organic farmers, such as managing the economic transition from conventional to organic farming methods.

Awards and Honors

Faculty

Elected to the **American Academy of Arts and Sciences:** Gregory Lawler, professor of mathematics; Alison Lurie, F.J. Whiton Professor of American Literature Emerita; Steven Squyres, Goldwin Smith Professor of Astronomy.

The Modern Language Association's Howard R. Marraro Prize: Marilyn Migiel '75, professor of Romance studies

Sloan Fellowships: Colleen E. Clancy, assistant professor of physiology and biophysics; Brian Crane, assistant professor of chemistry and chemical biology; Camil Muscalu, assistant professor of physics; Erich Mueller, assistant professor of mathematics; and Anders Ryd, assistant professor of physics

Presidential Early Career Award for Science and Engineering: Marianella Casasola, Lois and Mel Tukman Endowed Assistant Professor in Human Development

Burroughs-Wellcome Fund Award: John Parker, assistant professor with the Baker Institute for Animal Health

New York State Federation of Lake Associations award for long-term aquatic ecology research and outreach: Robert L. Johnson '65, manager, Research Ponds Facility

NASA's Exceptional Scientific Achievement Medal: James Houck, Kenneth A. Wallace Professor of Astronomy

U.S. Environmental Protection Agency's 2005 Environmental Quality Award: A. Martin Petrovic, professor of turf grass

The French Chemical Society's Lavoisier Medal: Fred W. McLafferty, Peter J.W. Debye Professor of Chemistry and Chemical Biology Emeritus

The American Chemical Society's Roger Adams Award in Organic Chemistry: Jerrold Meinwald, Goldwin Smith Professor of Chemistry

The Saudi Arabian Prince Sultan Bin Abdulaziz International Prize for outstanding achievement in water research: Jery Stedinger, professor of civil and environmental engineering

Institute of Electrical and Electronics Engineers fellowship: Lang Tong, professor of electrical and computer engineering

2005 American Mathematical Society Book Prize: William P. Thurston, professor of mathematics

***Technology Review* magazine's 100 Top Young Innovators in 2004:** Alyssa Apsel, assistant professor of electrical and computer engineering, and D. Tyler McQuade, assistant professor of chemistry and chemical biology

Steven Stucky, the Given Foundation Professor of Music, won the 2005 Pulitzer Prize for music for his Second Concerto for Orchestra. Stucky is considered one of the leading American composers of his generation.

American Association for the Advancement of Science fellowships: Gregory B. Martin, professor of plant pathology; Susan McCouch, professor of plant breeding and genetics; Ralph L. Obendorf, professor of crop and soil sciences; Roger M. Spanswick, professor of biological and environmental engineering; and David B. Stern, adjunct professor of plant molecular genetics

Honored by ***Management Science:*** Dick Conway, BME '54, Ph.D. '58, chaired professor emeritus at the Johnson Graduate School of Management

National Science Foundation (NSF) Career Awards: Assistant professors of chemical and biomolecular engineering Matthew DeLisa and Yong Joo

Kumho Science International Award in Plant Molecular Biology and Biotechnology: Steven D. Tanksley, the Liberty Hyde Bailey Professor of Plant Breeding and Genetics

American Academy of Political and Social Science fellowships: Francine Blau, Frances Perkins Professor of Industrial and Labor Relations and Labor Economics; graduate students Robb Willer and Kirsten Boehner; and undergraduates Shari Tenielle Moseley '05 and Andrew L. Riesenberg '05

Students and Alumni

Emmy Award nomination: Dan Maas '01, for his realistic Mars rover mission animations in the PBS Nova documentary *Mars: Dead or Alive*

Rhodes Scholarship: Damany Gibbs '03

Marshall Scholarship: Michael Schwam-Baird '02

MacArthur Fellowship: Cheryl Rogowski, member of the LEAD-New York class in the College of Agriculture and Life Sciences and the first farmer to win a MacArthur "genius award"

Andrew W. Mellon Fellowship in Humanistic Studies: Jaffa Panken '05

Morris K. Udall Scholarship: Shoshannah Lenski '06 and Lena Samsonenko '06

Harry S. Truman Foundation Scholarship: Elisabeth Becker '06

***Atlantic Monthly* 2004 Student Writing Contest:** Misty Urban, first place, fiction; Dawn Lonsinger, honorable mention, poetry

Barry M. Goldwater Scholarship: Kevin Joon-Ming Huang '06

The University

The Alice H. Cook House and Becker North at Cornell have been granted **green-building certification** under the U.S. Green Building Council's Leadership in Energy and Environmental Design program. They are the first buildings in central New York State to earn green badges of honor.

Cornell University has received a national **award for its commitment to civic engagement** from Idealist on Campus, an affiliate of Action Without Borders, a global coalition dedicated to social and environmental causes.

Community Transitions

Vice President for Administration and Chief Financial Officer **Harold D. "Hal" Craft '61, Ph.D. '70,** retired in June, after 34 years in which he led close to $1 billion worth of campus construction projects.

Stephen T. Golding was appointed the first Samuel W. Bodman Executive Vice President for Finance and Administration at Cornell in February, succeeding Harold Craft as the university's chief financial officer. Golding's post was endowed in honor of U.S. Secretary of Energy **Samuel W. Bodman '60**.

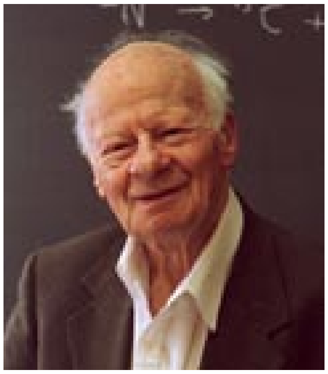
Michele Moody-Adams, the Hutchinson Professor of Ethics and Public Life, has been named vice provost for undergraduate education, succeeding **Isaac Kramnick,** R. J. Schwartz Professor of Government.

Stephen Kresovich, director of the Institute for Genomic Diversity, is the new vice provost for the life sciences, succeeding **Kraig Adler**, professor of neurobiology and behavior. Kramnick and Adler will return to their faculty positions.

Dr. Richard Coico was named vice provost for intercampus affairs, a joint appointment with the Weill Cornell Medical College in New York City. Coico also will have a faculty appointment at the medical college as professor of microbiology and immunology education.

Harry Charles Katz, the Jack Sheinkman Professor of Collective Bargaining and director of the Institute of Collective Bargaining at the School of Industrial and Labor Relations (ILR), was named dean of ILR in June. He succeeds **Edward J. Lawler,** who announced his retirement in 2004.

Professor emeritus **Hans Bethe,** a Nobel laureate and the last of the giants of 20th-century physics and the birth of modern atomic theory, died March 6, 2005, at his home in Ithaca. He was 98. Bethe joined Cornell's physics department in 1935 and became one of the university's most honored faculty members for his work in revolutionizing perceptions of the real world, and his reputation for integrity and concern over the uses of nuclear energy.



Michael D. Johnson was named dean of Cornell University's School of Hotel Administration in May. He will take over as dean July 1, 2006, succeeding **David W. Butler,** who retired in 2005. **Sheryl Kimes,** the Richard and Monene P. Bradley Director for Graduate Studies, will serve as the interim dean.

David Harris, professor of sociology and Robert S. Harrison Director of the Institute for the Social Sciences (ISS), was named Cornell's first vice provost for social sciences. The ISS directorship was recently endowed by trustee **Robert S. Harrison '76.**

Susan A. Henry was reappointed the Ronald P. Lynch Dean of Agriculture and Life Sciences in the College of Agriculture and Life Sciences in October, for a five-year term beginning July 1, 2005.

Old Dominion Foundation Professor of Music **John Hsu** celebrated his retirement in March with a performance of Haydn's The Creation. Hsu joined the Cornell music faculty in 1955 and has been conductor for the Cornell Collegium Musicum, the Cornell Chamber Orchestra, the Cornell Symphony Orchestra, and the Sage Chapel Choir. (Photo: George Riordan)

Visitors

A. D. White Professor-at-Large **Dr. Oliver Sacks,** neurologist and author of *Awakenings*, delivered a public lecture on creativity in September.

Richard Trumka, secretary-treasurer of the AFL-CIO and a former coal miner, gave a pre-Labor Day lecture in September.

Aaron Brown, lead anchor on CNN during the attacks on the World Trade Center and the Pentagon on September 11, 2001, spoke during Cornell's annual 9/11 commemoration in September.

Bill Shore, founder and CEO of Share Our Strength, which mobilizes industries and individuals to fight hunger and poverty, spoke at Cornell in September.

National Review editor **Rich Lowry** and *The Nation's* **David Corn** squared off on energy conservation, taxation of the rich, and other contentious topics when they debated at Cornell in September during the Mock Elections program.

Yolanda King, daughter of Dr. Martin Luther King, Jr., made two trips to Ithaca this year. King played Mama in the Schwartz Center production of *A Raisin in the Sun* in September, and delivered the annual Martin Luther King Jr. Commemorative Lecture in February.

Fay Vincent, the former commissioner of Major League Baseball, delivered the Stephen and Evalyn Milman Lecture in American Culture and Baseball in September.

Former national security adviser **Samuel L. "Sandy" Berger '67** discussed the impact of tragedies like 9/11 on young people during his October visit.

John Pilger, investigative journalist, author, and Emmy Award-winning documentary filmmaker, made his first campus visit in October as a Frank H. T. Rhodes Class of '56 Professor.

Juan González, columnist for the *New York Daily News,* delivered the Daniel W. Kops Freedom of the Press lecture in October.

Jeffrey Gettleman '94, New York Times Iraq war correspondent and television news commentator, described his career as a journalist during an October lecture.

Comedian/actor/author **John Cleese** delivered a public lecture on religion in October, as part of his duties as an A. D. White Professor-at-Large.

Mary Robinson, the former president of Ireland, made an appearance at Cornell in November.

Jay S. Walker '77, founder of the popular travel site Priceline.com, spoke to an audience of Cornell alumni and guests in New York in April.

Shirin Ebadi, Iranian human rights advocate and winner of the 2003 Nobel Peace Prize, gave the 2005 Kaplan Family Distinguished Lecture in Public Service in May.

Former NATO Supreme Allied Commander **General Wesley Clark** was the Senior Convocation speaker in May.

Cornell University 2004–2005 Financial Report

CORPORATE GOVERNANCE AT CORNELL

Since Congress passed the Sarbanes-Oxley Act (SOX) for publicly traded corporations in 2002, Cornell University and its Board of Trustees (the Board) have reviewed the provisions and adopted many as "best practices." Several of these provisions were already part of Cornell's standards and practices, such as: a competent, independent audit committee; a sound reporting structure; policies addressing conflict of interest, and a code of conduct -- all of which are components of SOX. To further enhance the university's corporate governance structure since passage of the Act, the audit committee of the Board adopted a new document entitled "Operating Principles and Practices." The university also implemented an anonymous hotline; established a sub-certification process for all major organizational units to certify their financial statements, including disclosures; and began an effort to document internal controls for major systems. Given its long list of interested parties -- federal, state, and local government regulators; accrediting agencies; rating agencies; the university's governing board, donors, students and parents -- Cornell remains committed to full transparency of financial reporting, and will continue to strive for "best practice" in this area of its activity.

"(The government's) report recommends a narrowing of export licensing exemptions, which would have a huge detrimental impact on the ability to collaborate, a critical component of the success of American research universities."

GOVERNMENT REGULATIONS AND EMERGING ISSUES

Fiscal year 2005 saw limited regulatory and financial reporting changes. The Internal Revenue Service issued final regulations on standards for qualification of FICA exemption for students. Cornell's procedures are designed to support compliance with these regulations. The National Collegiate Athletic Association (NCAA) made some changes to the method and deadline for reporting to the NCAA.

The Financial Accounting Standards Board issued a staff position in May 2004, 106-2, Accounting and Disclosure Requirements Related to Medicare Prescription Drug, Improvement and Modernization Act of 2003, which requires Cornell as a sponsor of retiree health care benefit plans to include a disclosure in its financial statements for the anticipated federal subsidy to cover the prescription drug benefit. The footnote in section 7.B. shows that the subsidy is expected to reduce Cornell's accumulated postretirement benefit obligations by \$38.5 million.

As required by law, the Higher Education Act of 1965, one of the most important pieces of governmental legislation for higher education, is being reauthorized by Congress in 2005. This reauthorization may impact the Pell Grant program, the formulas for distributing college work-study, and the Perkins and Supplemental Educational Opportunity Grant (SEOG) funds. In addition, there is a proposal to monitor increases in tuition, room, and board. If these fees rise faster than the rate of inflation by a specified amount, the institution must account to the federal government to continue to receive federal student aid funds.

On March 1, 2005, Senate Finance Chairman Charles Grassley unveiled his interim report from the Panel on the Nonprofit Sector to the Senate Finance Committee, calling for greater transparency in charitable organizations. While the report was not directed at higher education, Cornell University as a charitable, nonprofit organization will be required to implement any new regulation arising from these recommendations. There are areas of the proposed legislation that may impact Cornell, including the elimination of early repayment of government and 501(c)(3) bonds, reform of intermediate sanctions, five-year review of tax exempt status by the IRS, the elimination of donor-advised funds, and a restriction on the size of an organization's governing board.

The federal government is currently focusing on two areas related to research administration: export controls and effort reporting. In 2004, the Interagency Review of Foreign National Access to Export-Controlled Technology in the United States (D-2004-062) was issued. This report recommends a narrowing of export licensing exemptions, which would have a huge detrimental impact on the ability to collaborate with others, a critical component of the success of American research universities. Cornell, other research universities, the Association of American Universities, and the Council on Governmental Relations (among other organizations) have provided detailed examples of how the proposed regulations will negatively impact the research enterprise.

Finally, as a result of the number of whistle-blower cases in recent months regarding claims against research integrity, the Office of Management and Budget (OMB) is reexamining its policies promulgated in Cost Principles for Educational Institutions (OMB A-21), specifically related to effort reporting and the effectiveness of OMB Audits of States, Local Governments, and Non-Profit Organizations (OMB A-133).

"Cornell actively participates in reviewing proposed changes to regulations, provides feedback during comment periods, and engages with other organizations..."

Cornell actively participates in reviewing proposed changes to regulations, provides feedback during comment periods, and engages with other organizations in working through proposed changes. Together with this participation, the university continues to implement best practices where appropriate.

CURRENT INITIATIVES

Strategic Sourcing

During fiscal year 2005, Cornell completed its first phase of strategic sourcing with the assistance of a consulting firm and the negotiating skills of university procurement staff. Cornell finalized negotiations with over 40 preferred suppliers in nine commodity areas to reduce existing prices with incumbent suppliers by negotiating long-term contracts, typically of three to five years. The average savings is over $5.5 million per year.

In fiscal year 2006, Cornell will continue to implement the procurement strategic plan. This involves moving from a transaction-based to a value-added organization and focusing on procurement policies relating to social responsibility, including ethics-related, diversity, and sustainable procurement initiatives. With some structural changes within the procurement department, we feel we can provide more expertise at the beginning of the procurement cycle, rather than at the end of the transaction. We will also focus on system requirements for the eventual replacement of our legacy procurement systems.

Financial Systems

In anticipation of the replacement of the university's core financial systems within the next few years, Cornell has joined a group of universities and the National Association of College and University Business Officers (NACUBO) to create a new community source financial information system for colleges and universities. The project is partially funded by a $2.5 million grant from the Andrew W. Mellon Foundation. Cornell is providing functional and technical expertise to this initiative called the "Kuali Financial System" project, while conducting an internal evaluation to determine if the system is a viable solution for implementation at Cornell.

FINANCIAL YEAR IN REVIEW

Cornell's wealth, as measured by its net worth, continued to grow in the fiscal year ended June 30, 2005. Net assets increased by $390 million, or 7.1 percent, which represents a solid return, although the growth was somewhat less than the 9.5 percent growth achieved in the prior fiscal year. Total assets at June 30, 2005 were $7.4 billion, an increase of $459 million, or 6.6 percent. Total liabilities increased by $69 million, or 4.6 percent. With assets growing faster than liabilities, our financial results continue to reflect the strength of an institution capable of carrying out its mission while undertaking new initiatives.

The most significant increase in the university's assets was in investments, which at June 30, 2005 was nearly $4.6 billion. This is compared to $4.2 billion at June 30, 2004, an increase of $439 million, or 10.6 percent. Investments are nearly 62 percent of total assets. In fiscal year 2004-05 the long-term investments returned 13.6 percent, net of management and custody fees. This compares with a return of 16.1 percent for fiscal year 2003-04. The private equity and real estate sectors outperformed investment benchmarks, while our domestic and international stock portfolios delivered consistent returns.

Focusing on the Long-Term Investment Pool (LTIP), the market value per unit at year-end was $50.11, up 7.7 percent from the prior year's unit value of $46.51. The table on the following pages shows the value of the LTIP over the last ten years. Growth over that period, from $31.28 to $50.11 per share, represents an annual compound rate of 4.5 percent. This return is net of the distributions from the pool, which have averaged 4.2 percent per year over the same ten-year period.

Cornell's policy on distributions from the LTIP is based on total return, rather than on annual cash yield. Note 2 in Notes to the Financial Statements on page 22 explains this policy. In fiscal years 2004–05, the payout rate was $2.25 per share, which resulted in a distribution of $153.5 million. This compares with the payout rate in fiscal year 2003-04 that was $2.43 per share, resulting in a distribution of $157.1 million.

The dividend for 2004-05 was 4.5 percent of the unit share value at year-end, and 5 percent of the average unit share value for the 12 quarters ending June 30, 2004. The sources of the payout for fiscal year 2004–05 were $49.6 million in net investment income and $103.9 million in capital appreciation. Equivalent amounts for fiscal year 2003–04 were $42.8 million from investment income and $114.3 million in capital appreciation provided by previously accumulated gains. The payout rate for fiscal year 2005-06 has been raised by 2.2 percent to $2.30 per share.

Table 2 in Notes to the Financial Statements on page 21 shows the value of Cornell's endowment based on Generally Accepted Accounting Principles. As indicated on line 4 of the table, "Total university endowment" is $3.860 billion and corresponds to the numbers in the Net Assets section of the Statement of Financial Position on page 15. This compares with the endowment amount at June 30, 2004 of $3.3 billion, a growth of more than $500 million over the prior year. The increase is due to contributions, investment returns, and the investment of significant college and unit reserves, moving them from general operations to financial capital as funds functioning as endowment. Just as personal savings accounts improve our own financial stability, this move of more than $195 million will have a long-term positive impact on the university's financial well-being. Again, referring to Table 2, the endowment figure that has been reported to the

National Association of College and University Business Officers for its longitudinal survey of endowments from all colleges and universities is $3.777 billion, reflecting the exclusion of $83 million in contributions receivable that has not been collected and is, therefore, not part of the investments under management.

Contributions receivable decreased $48 million, or 13.3 percent, from $360 million at June 30, 2004 to $312 million at June 30, 2005. These numbers represent the present value of the unconditional promises to donate to the university in the future. The decrease in contributions receivable is due to the fact that payments are being collected on existing pledges, with fewer new pledges received this year. Table 5 in Notes to the Financial Statements on page 24 shows the anticipated payment schedule of the receivables at June 30, 2005, and June 30, 2004. Payments received on existing pledges during fiscal year 2004-05 totaled $125 million.

"With assets growing faster than liabilities, our financial results continue to reflect the financial strength of an institution capable of carrying out its mission while undertaking new initiatives."

There was also a decrease in other receivables from $135 million to $110 million. This decrease is due to a $20 million payment of a very large matured bequest, recognized during fiscal year 2003-04 for $40 million.

Student loans receivable decreased slightly from $67 million at June 30, 2004 to $66 million at the end of 2005. Cornell has an excellent loan collection experience. For the fiscal year ending June 30, 2005, our Perkins Loan Cohort Default rate was 1 percent, down from 1.9 percent in the prior year. The national rate was 8.5 percent as of June 30, 2003 (the most current rate available). Similarly, our cohort default rate on the Federal Direct Lending Program was .07 percent compared with the national rate of 4.5 percent as of June 30, 2003 (the most current rate available for our cohort default rate and the national rate).

The value of land, buildings, and equipment increased by $143 million, from $1.729 billion to $1.872 billion, or 8.3 percent. Projects completed during the year included West Campus Residential Initiative – Building #1 (The Alice H. Cook House), an addition to the School of Hotel Administration, and renovations to several buildings for The School of Industrial and Labor Relations (ILR). Construction in progress at June 30, 2005 included the West Campus Residential Initiative – Building #2 (The Carl L. Becker House) and renovations to Schoellkopf Memorial Hall and Mann Library.

The largest component of the university's liabilities is bonds, mortgages, and notes payable, which totaled $631 million at June 30, 2005, increasing by $25 million, or 4.1 percent, from the June 30, 2004 balance. This increase is the result of the issuance of additional tax-exempt commercial paper to fund capital projects and equipment purchases for the Ithaca and Medical College campuses. The university's debt rating of AA+ by Standard & Poor's and Aa1 by Moody's Investors Service was reconfirmed upon the issuance of the 2004 bond series. In lieu of using internal funds, the university plans to use taxable commercial paper to fund working capital, small renovations and other projects that are not eligible for tax exempt financing. Large projects (greater than $50 million) with a long useful life are generally financed with more conventional bond issues.

Information detailing the large increase in net assets of $390 million for fiscal year 2004–05, and the large increase of $477.5 million for fiscal year 2003–04, is shown in the Statement of Activities and is also summarized in Table 1 of the Notes to the Financial Statements on page 20.

The performance result for unrestricted general operations, which aggregates the activities of the primary and supporting missions of the university, shows a decrease in net assets of $182 million. In prior years, we have generated a modest surplus from "operations," that is operating revenue exceeded expenses. In 2005, as mentioned above, there was a concerted effort to invest department and college "operating reserves" that had been accumulated from both current and prior year's activities. These balances, approximately $195 million, were moved into the Long-Term Investment Pool (LTIP), which added to the endowment and similar funds, increasing the future "buying power" of the university. In addition to the decrease in unrestricted net assets for general operations, restricted net assets used for general operations declined by $58 million, essentially the result of higher utilization of donor-restricted funds for program activities.

Cornell continued to enhance plant and equipment during fiscal year 2004–05. The year's activity resulted in gross additions of almost $224 million, primarily capital investments in new buildings, equipment, and principal payments on outstanding debt. Deductions for depreciation and disposals were $139 million. Funding for the construction of West Campus Residential Initiative – Building #1 (The Alice H. Cook House) and Building #2 (The Carl L. Becker House) and an addition to the School of Hotel Administration was drawn from contributions that had been received for these purposes.

Net assets in financial capital increased by nearly $546 million, due primarily to the investment of department and college "operating reserves" and good investment performance. Financial capital realized gains were nearly $310 million and

LONG-TERM INVESTMENT POOL

Source and applications (in millions)
Beginning market value
Gifts and other additions
Withdrawals
Realized and unrealized gains (losses)
Ending market value
Unit value at year end (in dollars) *

* Unit values adjusted for 2 for 1 unit split on July 1, 1998

unrealized gains were $19 million.

Although the overall growth in revenue of $36 million from the prior year, or 1.5 percent ($2.510 billion compared to $2.546 billion), was not remarkable, the underlying variances in the different types of revenue exemplify how the university's diverse revenue sources protect its ongoing operations. Net tuition and fees; federal, state and private grants and contracts; the Medical Physicians' Organization; and other sources of revenue (primarily management fees for the WMC-Qatar) all grew nicely. This growth allowed us to absorb decreases in contributions and investment income (comprised of interest and dividends, and realized and unrealized gains).

"The most significant increase in the university's assets was in investments, which at June 30, 2005 was nearly $4.6 billion."

There was modest growth in expenses from the prior year of $124 million, or 6.1 percent, from $2.032 billion to $2.156 billion. Supplies and general expense increased $37 million, or 9.6 percent. Much of the increases in this category are in student aid, subcontracts, contractual allowances on patient's receivables, and repairs and maintenance.

Interest expense grew by nearly $3 million, or 13.6 percent. This increase is due to the issue of auction rate bonds of $92 million that was completed late in fiscal year 2004. The timing of the bond issue had only a small impact on interest expense in that year, with a full year of interest reflected in fiscal year 2004-05. In addition, the auction rates on these bonds in June 2004 were approximately 1 percent compared with auction rates at June 30, 2005 of 3.5 percent. To manage the variable interest rates, Cornell has locked in a fixed rate of interest on some of its debt instruments using "bond swaps." Details on those swaps are provided in Note 6 of the Notes to the Financial Statements. Also reflective of the changing interest rate environment is that at June 30, 2005, we recorded an unrealized loss on these derivative instruments of $13.1 million. At June 30, 2004, we had recorded an unrealized gain of $13.3 million. The interest rate used to measure the gain/loss at June 30, 2005 was approximately 1 percent lower than the rate at the end of the prior fiscal year.

Table 11 in Notes to the Financial Statements on page 32 shows expenses by functional category. During fiscal year 2004-05, university expenses showed the largest increase in institutional support ($30 million, 15.6 percent). The growth is attributed to a number of projects and initiatives including the upcoming university fund-raising campaign, the university's outsourcing of investment management services, and Cornell Information Technology initiatives including the expansion of wireless services and security programs.

The Statement of Cash Flows on page 18 details the decrease in cash discussed earlier in this presentation. The operating activities of the university "provided" cash of approximately $104 million, caused by a reduction in receivables. Net cash provided by financing activities was $197 million, reflecting the additional issuance of commercial paper, and $91 million in contributions for True Endowment. Investing activities used $306 million to achieve the goal of full investment.

In summary, fiscal year 2004-05 was a solid financial year for Cornell, benefiting primarily from the strong investment market, the diverse sources of university revenues and modest increases in expenses. The unrestricted general operations activity generated a modest surplus when the investment of "operating reserves" is accounted for, and physical and financial capital showed significant increases. These results indicate that the university remains financially strong with adequate long-term and short-term resources to support both current and new global initiatives.

Joanne M. DeStefano
Vice President for Financial Affairs
and University Controller

1994–95	1995–96	1996–97	1997–98	1998-99	1999-00	2000–01	2001–02	2002-03	2003-04	2004-05
$ 1,213.2	$ 1,424.2	$ 1,748.4	$ 2,043.4	$ 2,427.6	$ 2,760.3	$ 3,288.0	$ 3,043.9	$ 2,750.4	$ 2,720.8	$ 3,070.2
59.2	77.4	72.8	98.9	147.8	146.4	135.4	132.5	124.3	88.9	234.8
(8.7)	(23.2)	(25.9)	(32.1)	(40.5)	(55.5)	(84.6)	(110.5)	(128.1)	(116.4)	(37.1)
160.5	270.0	248.1	317.4	225.4	436.8	(294.9)	(315.5)	(25.8)	376.9	355.3
$ 1,424.2	$ 1,748.4	$ 2,043.4	$ 2,427.6	$ 2,760.3	$ 3,288.0	$ 3,043.9	$ 2,750.4	$ 2,720.8	$ 3,070.2	$ 3,623.2
$ 31.28	$ 36.71	$ 41.51	$ 47.65	$ 51.16	$ 58.16	$ 51.85	$ 44.95	$ 42.65	$ 46.51	$ 50.11

Independent Auditor's Report

To the Board of Trustees
Cornell University

We have audited the accompanying statement of financial position of Cornell University as of June 30, 2005, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the University's 2004 financial statements and, in our report dated September 7, 2004, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cornell University as of June 30, 2005, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

September 6, 2005
Rochester, New York

STATEMENT OF FINANCIAL POSITION AS OF JUNE 30, 2005 (*IN THOUSANDS*)
(WITH COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2004)

		General Operations	Physical Capital	Financial Capital	2005 Total	2004 Total
	Assets					
1	Cash and cash equivalents (note 2)	$ 18,536	$ 397	$ 35,610	$ 54,543	$ 59,755
2	Collateral for securities loaned (note 2B)			197,090	197,090	235,681
3	Investments (note 2)	466,002	136,125	3,987,822	4,589,949	4,150,749
4	Accounts receivable, net (note 3)					
5	Government	52,521			52,521	54,772
6	Patient	55,705			55,705	57,276
7	Contributions	154,945	74,486	82,518	311,949	359,736
8	Other	93,404	6,438	10,385	110,227	135,261
9	Inventories and deferred charges	39,158	7,054		46,212	41,496
10	Student loans receivable (note 3C)	47,531		17,995	65,526	66,905
11	Land, buildings, and equipment, net (notes 5 & 6)		1,872,241		1,872,241	1,728,844
12	Funds held in trust by others (note 1D)			93,868	93,868	100,384
13	Total assets	$ 927,802	$ 2,096,741	$ 4,425,288	$ 7,449,831	$ 6,990,859
	Liabilities					
14	Accounts payable and accrued expenses	$ 231,639	$ 29,970		$ 261,609	$ 224,842
15	Securities loan agreements payable (note 2B)			$ 197,090	197,090	235,681
16	Deposits and deferred revenues	62,316	1,262		63,578	63,874
17	Deferred benefits (note 7)	127,553		55,237	182,790	163,641
18	Funds held in trust for others (note 1E)			99,291	99,291	86,540
19	Living trust obligations (note 1C)			99,409	99,409	86,327
20	Bonds, mortgages, & notes payable (note 6)	22,808	607,970		630,778	605,955
21	Refundable government grants	44,820			44,820	43,577
22	Total liabilities	489,136	639,202	451,027	1,579,365	1,510,437
	Net Assets (note 1B)					
23	Unrestricted					
24	Available for operations	154,321			154,321	336,713
25	Designated for student loans	3,683			3,683	3,734
26	Designated for plant		247,133		247,133	188,251
27	Net investment in plant		1,071,459		1,071,459	1,013,003
28	Appreciation on true endowments			1,213,267	1,213,267	1,044,965
29	Funds functioning as endowments			1,117,523	1,117,523	848,341
30	Temporarily restricted					
31	Available for operations	280,662			280,662	338,599
32	Designated for plant		138,947		138,947	171,844
33	Funds functioning as endowments			98,332	98,332	96,506
34	Funds subject to living trust agreements			48,351	48,351	47,962
35	Funds held in trust			42,917	42,917	39,556
36	Permanently restricted					
37	Student loan funds			32,084	32,084	30,639
38	True endowments			1,295,065	1,295,065	1,177,340
39	Funds subject to living trust agreements			34,216	34,216	35,449
40	Funds held in trust			92,506	92,506	107,520
41	Total net assets	438,666	1,457,539	3,974,261	5,870,466	5,480,422
42	Total liabilities and net assets	$ 927,802	$ 2,096,741	$ 4,425,288	$ 7,449,831	$ 6,990,859

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

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2005 (*IN THOUSANDS*)

(WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2004

		General Operations		Physical Capital	
		Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted
	Revenues and other additions				
1	Tuition and fees	$ 559,426			
2	Scholarship allowance	(167,240)			
3	Net tuition and fees	392,186			
4	State appropriations	138,723		$ 14,926	
5	Federal appropriations	16,300			
6	Federal grants and contracts	447,644			
7	State and local grants and contracts	29,102			
8	Private grants and contracts	32,397			
9	Contributions	77,711	$ 48,491	8,745	$ 32,235
10	Interest and dividends	46,771	1,204	1,725	108
11	Net realized gain/(loss) on investments	78,094			
12	Net unrealized gain/(loss) on investments	(401)		(13,100)	
13	Medical Physicians' Organization	362,997			
14	Enterprises and subsidiaries	152,771			
15	Educational departments	65,029		9	
16	Other sources	100,636	9,041	6,364	113
17	Total revenues	1,939,960	58,736	18,669	32,456
18	Investment payout	81,582	56,245	48	
19	Net assets released from restrictions	116,578	(116,578)	1,215	(1,215)
20	Capital investments/(withdrawals)	(303,435)	(56,340)	236,526	(64,138)
21	Total revenues and other additions	1,834,685	(57,937)	256,458	(32,897)
	Expenses (Note 8)				
22	Salaries and wages	1,090,846			
23	Employee benefits	257,830			
24	Purchased services	115,910			
25	Supplies and general	425,781			
26	Utilities, rents, and taxes	102,623			
27	Interest expense	24,138			
28	Depreciation			137,159	
29	Other			1,961	
30	Total expenses	2,017,128		139,120	
31	Change in net assets	(182,443)	(57,937)	117,338	(32,897)
32	Total net assets, beginning of year	340,447	338,599	1,201,254	171,844
33	Total net assets, end of year	$ 158,004	$ 280,662	$ 1,318,592	$ 138,947

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

Financial Capital					
Unrestricted	Temporarily Restricted	Permanently Restricted	**2005** Total	**2004** Total	
			$ 559,426	$ 532,645	1
			(167,240)	(158,187)	2
			392,186	374,458	3
			153,649	150,614	4
			16,300	17,048	5
			447,644	409,514	6
			29,102	24,373	7
			32,397	21,398	8
$ 16,496	$ 10,190	$ 92,862	286,730	350,067	9
27,930	20,218	2,112	100,068	86,868	10
285,191	37,948	(12,670)	388,563	185,580	11
16,986	900	912	5,297	279,759	12
			362,997	341,289	13
			152,771	149,251	14
			65,038	60,700	15
446	(3,005)	(45)	113,550	59,025	16
347,049	66,251	83,171	2,546,292	2,509,944	17
(81,630)	(56,245)				18
					19
172,065	(4,430)	19,752			20
437,484	5,576	102,923	2,546,292	2,509,944	21
			1,090,846	1,024,843	22
			257,830	237,238	23
			115,910	115,830	24
			425,781	388,420	25
			102,623	99,134	26
			24,138	21,247	27
			137,159	136,414	28
			1,961	9,334	29
			2,156,248	2,032,460	30
437,484	5,576	102,923	390,044	477,484	31
1,893,306	184,024	1,350,948	5,480,422	5,002,938	32
$ 2,330,790	$ 189,600	$ 1,453,871	$ 5,870,466	$ 5,480,422	33

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2005 (*IN THOUSANDS*)

(WITH COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2004)

		2005	2004
	Cash flows from operating activities		
1	Increase in net assets	$ 390,044	$ 477,484
	Adjustments to reconcile change in net assets to net cash provided by operating activities		
	Nonoperating items		
2	Contributions for physical and financial capital	(159,406)	(192,253)
3	Income restricted for financial capital	(2,181)	(815)
	Noncash items		
4	Depreciation	137,159	136,414
5	Net realized (gains)/losses on investments	(388,563)	(185,580)
6	Net unrealized (gains)/losses on investments	(5,297)	(279,759)
7	Loss on equipment disposals	2,334	6,228
8	Provision for receivable allowances	15,387	26,267
9	Accretion of bond discount	858	939
10	Other noncash items	1,128	(2,810)
	Change in assets and liabilities		
11	Accounts receivable	61,675	(61,893)
12	Inventories and deferred charges	(5,849)	163
13	Accounts payable and accrued expenses	36,767	34,583
14	Deposits and deferred revenues	(296)	5,134
15	Deferred benefits	19,149	8,756
16	Refundable government grants	1,243	100
17	Net cash provided/(used) by operating activities	104,152	(27,042)
	Cash flows from investing activities		
18	Proceeds from the sale and maturities of investments	10,992,133	2,849,267
19	Purchase of investments	(11,037,473)	(2,911,711)
20	Acquisition of land, buildings, and equipment (net)	(274,665)	(273,621)
21	Student loans granted	(14,921)	(13,777)
22	Student loans repaid	15,886	15,317
23	Change in funds held in trust for others	12,751	24,433
24	Net cash used by investing activities	(306,289)	(310,092)
	Cash flows from financing activities		
	Resources for long-term purposes		
	Contributions restricted to		
25	Investment in true endowment	90,718	76,925
26	Investment in physical capital	32,755	18,268
27	Investment subject to living trust agreements	7,161	8,674
28	Income restricted for financial capital	2,181	815
29	Contributions designated for funds functioning as endowments	20,547	74,012
	Other financing activities		
30	Principal payments of bonds, mortgages, and notes payable	(81,973)	(26,851)
31	Proceeds from issuance of bonds, mortgages, and notes payable	105,938	137,119
32	Change in obligations under living trust agreements	19,598	8,069
33	Net cash provided by financing activities	196,925	297,031
34	Net change in cash and cash equivalents	(5,212)	(40,103)
35	Cash and cash equivalents, beginning of year	59,755	99,858
36	Cash and cash equivalents, end of year	$ 54,543	$ 59,755

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

1. SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Organization

From a fiscal viewpoint, Cornell University consists of three major organizational units: Endowed Ithaca, which includes the endowed colleges, the central university administration, and the enterprise and service operations for the Ithaca campus; Contract Colleges at Ithaca (colleges operated by Cornell on behalf of New York State); and the Joan and Sanford I. Weill Medical College and Graduate School of Medical Sciences (Medical College) in New York City. All three units are subject to the common administrative authority and control of the Cornell University Board of Trustees and operate as self-supporting entities (net assets relating to one of the units are generally not available to the other units); the only legal limitations pertain to certain donor-restricted funds and funds of the contract colleges. Specifically, the laws establishing the contract colleges at Ithaca prohibit other segments of the university from using funds attributable to those colleges. Except as specifically required by law, the contract and endowed colleges at Ithaca are, to the extent practicable, governed by common management principles and policies determined within the private discretion of Cornell University. In addition to the three major organizational units, eight subsidiary corporations are included in the financial statements. All significant intercompany transactions and balances are eliminated in the accompanying consolidated financial statements.

B. Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America, and presented in accordance with the AICPA Audit and Accounting Guide for Not-for-Profit Organizations. The standards for general purpose, external financial statements of not-for-profit organizations require a statement of financial position, a statement of activities, and a statement of cash flows, and are displayed based on the concept of "net assets." The audit guide requires presentation of net assets and revenues, expenses, gains, and losses in three categories based on the presence or absence of donor-imposed restrictions. The categories are Permanently Restricted, Temporarily Restricted, and Unrestricted Net Assets.

Permanently restricted net assets include the historical dollar amount of gifts, including pledges and trusts, as well as gains, all of which are explicitly required by donors to be permanently retained. Pledges and trusts are reported at their estimated fair value on the date of donation.

Temporarily restricted net assets include gifts, pledges, trusts, income, and gains that can be expended, but for which the use and purpose restrictions have not yet been met. Such restrictions include purpose restrictions where donors have specified the purpose for which the net assets are to be spent, or time restrictions imposed by donors or implied by the nature of the gift (e.g., capital projects, pledges to be paid in the future, and life income funds).

Unrestricted net assets are the remaining net assets of the university, including appreciation on true endowments where the donor restrictions are deemed to have been met.

Temporarily restricted net assets are reported as reclassifications from temporarily restricted to unrestricted in the fiscal year when the donor purpose has been fulfilled or when the stipulated time period has elapsed. Contributions that are released from restriction within the current fiscal year are classified as increases in unrestricted net assets in the year the contribution is received.

Table 1 shows a summary of the balances and changes in net assets by restriction class for the years ended June 30, 2005 and June 30, 2004.

Classifying and aggregating items with similar characteristics into reasonably homogeneous groups and separating items with differing characteristics is a basic reporting practice that increases the usefulness of the information. Cornell has chosen to separate financial statement activity into three primary groups: general operations, physical capital, and financial capital.

General operations includes the financial activities and balances that are the result of carrying on the primary and supporting missions of the university.

Physical capital includes the activities and balances related to the acquisition, renewal, and replacement of investment in the university's infrastructure.

Financial capital includes balances or activity related to amounts set aside for the long-term economic stability of the university. Table 2 shows the composition of financial capital net assets.

As of June 30, 2005, the university's true endowment net assets at fair value consisted of approximately 21 percent for unrestricted purposes, 26 percent for student aid, 41 percent for instruction, and 12 percent for other donor-specified purposes. On June 30, 2004, the breakdown was 24 percent for unrestricted purposes, 23 percent for student aid, 40 percent for instruction, and 13 percent for other donor-specified purposes.

C. Living Trust Agreements

The university's living trust agreements with donors consist primarily of charitable gift annuities, charitable remainder trusts, and pooled income funds for which the university serves as trustee. Assets held in trust are either separately invested or included in the university's investment pools in accordance with trust instruments. Contribution revenue and the assets related to living trust agreements, net of related liabilities, are classified as increases in temporarily restricted net assets or permanently restricted net assets. Liabilities associated with charitable gift annuities and charitable remainder trusts represent the present value of the expected payments to the beneficiaries over the term of the agreement. Pooled income funds are recognized at the net present value expected to be received at a future date. Gains or losses resulting from changes in actuarial assumptions and accretion of the discount are recorded as increases or decreases in the respective net asset categories in the *Statement of Activities*. The discount rates for the fiscal years 2004-05 and 2003-04 were 6 percent and 5.75 percent, respectively.

D. Funds Held in Trust by Others

Funds held in trust represent resources neither in the possession nor under the control of the university. These funds are administered by outside trustees, with the university deriving income or residual interest from the assets of the funds. Funds held in trust by others are recognized at the estimated

TABLE 1. SUMMARY OF CHANGE IN NET ASSETS (*IN THOUSANDS*)

		Unrestricted	Temporarily Restricted	Permanently Restricted	Total
1	Net assets at June 30, 2003	$ 3,046,992	$ 705,170	$ 1,250,776	$ 5,002,938
	2004 change in net assets:				
2	General operations	15,651	(10,697)		4,954
3	Physical capital	89,284	(15,110)		74,174
4	Financial capital	283,080	15,104	100,172	398,356
5	Total change in net assets	388,015	(10,703)	100,172	477,484
6	Net assets at June 30, 2004	3,435,007	694,467	1,350,948	5,480,422
	2005 change in net assets:				
7	General operations	(182,443)	(57,937)		(240,380)
8	Physical capital	117,338	(32,897)		84,441
9	Financial capital	437,484	5,576	102,923	545,983
10	Total change in net assets	372,379	(85,258)	102,923	390,044
11	Net assets at June 30, 2005	$ 3,807,386	$ 609,209	$ 1,453,871	$ 5,870,466

TABLE 2. COMPOSITION OF FINANCIAL CAPITAL NET ASSETS AT JUNE 30, 2005 (*IN THOUSANDS*)
(WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION AS OF JUNE 30, 2004)

		Net Asset Classification				
		Unrestricted	Temporarily Restricted	Permanently Restricted	**2005**	**2004**
1	True endowment and unspent earnings, including contributions receivable of $82,518	$ 1,213,267		$ 1,295,065	$ 2,508,332	$ 2,222,305
2	Functioning as endowment	1,117,523	$ 98,332		1,215,855	944,847
3	Funds held in trust		42,917	92,506	135,423	147,076
4	Total university endowment	2,330,790	141,249	1,387,571	3,859,610	3,314,228
5	Living trust funds		48,351	34,216	82,567	83,411
6	Loan funds			32,084	32,084	30,639
7	Total	$ 2,330,790	$ 189,600	$ 1,453,871	$ 3,974,261	$ 3,428,278

fair value of the assets or the present value of the future cash flows when the irrevocable trust is established or the university is notified of its existence. Contribution revenues related to these trusts for the fiscal years 2004-05 and 2003-04 were $2,335,839 and $2,332,678, respectively.

E. Funds Held in Trust for Others

Financial capital includes funds invested by the university as custodian for others. Independent trustees are responsible for the funds and for the designation of income distribution. The Center Fund, which benefits the New York Weill Cornell Medical Center of the New York Presbyterian Hospital, is one of those organizations, with assets having a market value of $87,337,236 and $79,987,568 at June 30, 2005 and June 30, 2004, respectively. Of these investments, a portion of the future income stream has been directed in perpetuity to benefit the Medical College. As such, the present value of the income stream, calculated to be $41,553,749 and $46,691,861 at June 30, 2005 and June 30, 2004, respectively, has been recorded in net assets of financial capital.

F. Medical Physicians' Organization

The Medical Physicians' Organization provides the management structure for the practice of medicine in an academic medical center. Physician members generate clinical-practice income from their professional services to patients, in addition to conducting instructional and research activities. Medical Physicians' Organization fees are reflected as university revenues. Expenses of the clinical practice, including physician compensation, administrative operations, and provision for uncollectible accounts, are reflected as university expenses. Net assets resulting from the activities of the Medical Physicians' Organization are set aside for the respective clinical departments of the medical college.

G. Collections

Cornell's collections, which have been acquired through purchases and contributions since the university's inception, are recognized as capital assets in the *Statement of Financial Position*. Gifts of collection items are recorded as increases in net assets in the year in which the items are acquired.

H. Derivative Instruments and Hedging Activities

The university records the fair value of its derivatives related to its investment securities within the applicable portfolio. The change in the fair value of those derivatives is included in net unrealized gain/(loss) on investments in the *Statement of Activities*.

Derivative instruments related to the university's long-term debt are included in physical capital, accounts payable and accrued expenses on the *Statement of Financial Position*. The change in the fair value of the derivative instruments is also included in net unrealized gain/(loss) on investments in the *Statement of Activities* in the physical capital category.

I. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses during the reporting period. Actual results may differ from those estimates.

J. Comparative Financial Information

The *Statement of Activities* includes prior-year summarized information in total rather than by net asset class. Such information does not include sufficient detail to constitute a presentation of prior-year data in conformity with accounting principles generally accepted in the United States of America.

Accordingly, such information should be read in conjunction with the university's financial statements for the fiscal year ended June 30, 2004, from which the summarized information was derived.

TABLE 3A. INVESTMENTS AT FAIR VALUE (*IN THOUSANDS*)

		2005	2004
1	Cash and cash equivalent holdings	$ 222,722	$ 267,277
	Equity securities		
2	Domestic	818,632	1,149,743
3	International	810,403	575,734
	Debt securities		
4	Domestic - government	302,701	338,149
5	Domestic - corporate debt securities	240,359	197,252
6	International - governments	80,857	66,700
7	International - corporate	25,315	26,482
8	Mortgages and other asset-backed securities	49,944	30,751
	Other investments		
9	Limited partnerships	2,014,184	1,458,963
10	Real estate	5,651	6,189
11	Other	19,181	33,509
12	Total investments	$ 4,589,949	$ 4,150,749

K. Reclassifications

Certain prior-year amounts have been reclassified to conform to the current-year presentation.

L. Income Taxes

The university is a not-for-profit organization as described in section 501(c)(3) of the Internal Revenue Code and is exempt from income taxes on related income pursuant to the appropriate sections of the Internal Revenue Code.

2. CASH AND INVESTMENTS

A. General Information

Investment policy of the university is established by the Investment Committee of the Board of Trustees. University investments are stated at fair value. The value of fixed-income and publicly traded equity securities is based upon quoted market prices and exchange rates, if applicable. Private equities, real estate partnerships, and certain other nonmarketable securities are valued using current information obtained from the general partner or investment manager for the respective funds. These investments are generally less liquid than other investments and the values reported by the general partner or investment manager may differ from the values that would have been reported had a ready market for these securities existed. Fees paid to managers in fiscal years 2004-05 and 2003-04 for investing the university's portfolios amounted to approximately $9,700,000 and $7,000,000, respectively. The composition of investments at June 30, 2005 and June 30, 2004 are shown in Table 3A.

Investment income is recorded on the accrual basis, and purchases and sales of investment securities are reflected on a trade-date basis.

Realized and unrealized gains and losses on investments are accounted for in the group (General Operations, Physical Capital, or Financial Capital) holding the assets. Realized gains and losses are calculated on the average-cost basis. Income earned from investments or from services rendered is accounted for in the same group as the assets or service provider.

The university considers all instruments that bear an original maturity date of ninety days or less to be cash or a cash equivalent. The carrying amount of cash and cash equivalents approximates fair value because of the short maturity of those instruments.

B. Collateral Held for Investments Lent to Brokerage Firms

Investment securities having a fair value of $190,498,069 and $228,609,221 at June 30, 2005 and June 30, 2004, respectively, were lent to various brokerage firms. The loaned securities are returnable on demand and are collateralized by cash deposits. The university has recorded the fair value of the collateral received of $197,090,138 and $235,681,598 and an offsetting liability for the return of the collateral in Financial Capital on the *Statement of Financial Position* at June 30, 2005 and June 30, 2004, respectively. The collateral is invested in short-term securities, and income earned is credited as additional income to the investment pools.

C. Investment Pools and Separately Invested Portfolios

The university maintains a number of investment pools, and invests the principal of certain funds separately. Table 3B shows the investments by university category or pool.

The Long-Term Investment Pool (LTIP) is a mutual fund-like vehicle used for investing the university's true endowment funds, funds functioning as endowment, and other funds that

TABLE 3B. INVESTMENT POOLS/CATEGORIES AT FAIR VALUE (*IN THOUSANDS*)

		2005	2004
1	Working capital	$ 13,564	$ 8,159
2	Intermediate-term (resources for spending in less than 3 years)	510,113	646,936
3	Long-term investment pool (resources held for 3 years or longer)	3,623,192	3,070,235
4	Separately invested securities	352,580	333,282
5	Life income fund pools	17,361	20,633
6	DASNY holdings	68,936	66,934
7	Other purposes of investment	4,202	4,570
8	Total investments	$ 4,589,949	$ 4,150,749

are not expected to be expended for at least three years. The objective is to achieve a total return, net of expenses, of at least 5 percent in excess of inflation, as measured by the Consumer Price Index, over rolling five-year periods. Table 4 summarizes certain information about the long-term investment pool.

The pool is divided into units that represent ownership. These units are determined based on the date of purchase and market value per unit. At June 30, 2005 and June 30, 2004, the market prices per unit were $50.11 and $46.51, respectively. The total return on the university's long-term investments, of which the LTIP is a component, was 13.6 percent for fiscal year 2004-05.

The university has a total return policy. Under this policy, a distribution is provided from the pool that is independent of the cash yield and investment changes occurring in a given year. This insulates investment policy from budgetary pressures and insulates the distribution from fluctuations in capital markets. Distributions from the pool are approved by the Board of Trustees as part of the financial planning process. The annual distribution is set so that, over time, a sufficient portion of the return is reinvested to maintain the purchasing power of the endowment, and to provide reasonable growth in support of program budgets.

For the year ended June 30, 2005, distributions for investment payout were $153,462,970 ($2.25 per unit), of which $137,875,230 supported general operations and physical capital. The remaining distribution of $15,587,740 was returned to principal or went to funds held in trust for others shown in the accompanying *Statement of Financial Position*. The distribution for 2005 was comprised of $49,588,912 in net investment income and $103,874,058 paid from accumulated gains. For the fiscal year ended June 30, 2004, the investment payout was $157,090,152 ($2.43 per unit). The distribution for 2004 was comprised of $42,749,256 in net investment income and $114,340,896 paid from accumulated gains.

At June 30, 2005, 444 of 4,994 true endowment funds invested in the LTIP had market values below book values by $5,472,810 on a total book value of $105,299,344 for those funds. The university holds significant unrestricted appreciation on endowments to offset this temporary decrease in value. The university has maintained these true endowment funds at their historical dollar values.

Separately invested securities consist of several types of funds that for legal or other reasons, or by request of the donor, could not participate in any of the investment pools.

Life income fund pools consist of donated funds, the income from which is payable to one or more beneficiaries during their lifetime. On the termination of life interests, the principal becomes available for university purposes, which may or may not have been restricted by the donor.

TABLE 4. SUMMARY INFORMATION - LONG-TERM INVESTMENT POOL

		Fair Value *(in thousands)*	Cost *(in thousands)*	Net Change *(in thousands)*	Fair Value Per Unit	Number of Units
	Long-Term Investment Pool					
1	End of year	$ 3,623,192	$ 3,153,016	$ 470,176	$ 50.11	72,302,273
2	Beginning of year	$ 3,070,235	$ 2,612,901	$ 457,334	$ 46.51	66,016,562
3	Unrealized net gain for year			$ 12,842		
4	Realized net gain/(loss) for year			$ 342,503		
5	Net gain/(loss) for year			$ 355,345		

D. Other Investments

Under the terms of certain limited partnership agreements, the university is obligated periodically to advance additional funding for private-equity and real estate investments. At June 30, 2005 and June 30, 2004, the university had commitments of approximately $718,861,000 and $567,006,000, respectively, for which capital calls had not been exercised. Such commitments generally have fixed expiration dates or other termination clauses. The university maintains sufficient liquidity in its investment portfolio to cover such calls.

The university has approved the use of derivatives by outside investment managers, based on investment guidelines negotiated at the time the manager was appointed. The derivatives in the investment portfolio at June 30, 2005 are used for three purposes: to adjust fixed income duration and rates, to create "synthetic exposures" to certain types of investments, and to hedge foreign currency fluctuations.

Derivatives are used as fixed income substitutes when the investment manager determines that using a derivative contract provides the least expensive and, therefore, potentially more profitable way of "exposing" the portfolio to opportunities for increased returns, rather than buying underlying securities directly. These transactions typically involve buying futures or swap contracts on U.S. Treasury securities or on foreign government securities. Commodity investments are used by the university to diversify the investment portfolio and as a general hedge against an inflationary economic environment that might reduce the value of the traditional stock and bond holdings in the portfolio. The most efficient means of creating these investments is through derivative contracts that rise or fall in price in direct correlation to the value of an underlying commodity index. In addition, derivative instruments are used to adjust the foreign currency exposure of the investment portfolio for securities whose prices are denominated in foreign currencies.

The university's investment guidelines require that the investment managers only use counterparties with very strong credit ratings for these derivatives. The notional amount of the exposures at June 30, 2005 was approximately $471,757,000, with the largest portion, $526,962,000, going to the creation of synthetic exposures in fixed income substitutes and commodities. The notional amount of the exposures as of June 30, 2004 was approximately $554,756,000. As a result of this activity, the university has recorded unrealized losses of $10,403,000 and $696,300 for fiscal years 2004-05 and 2003-04, respectively.

3. ACCOUNTS AND LOANS RECEIVABLE

A. Patient Accounts and Other

Patient accounts receivable at June 30, 2005 and June 30, 2004, are net of provisions for allowances and doubtful accounts of $85,056,142 and $78,059,422, respectively. Other accounts receivable, including student accounts, at June 30, 2005 and June 30, 2004 are net of allowances for doubtful accounts of $1,972,006 and $1,975,833, respectively.

B. Contributions

Contributions, which include unconditional written or oral promises to donate to the university in the future, are recognized when received. Contributions of approximately $311,949,000 and $359,736,000 representing the present value of future cash flows are recorded as receivables at June 30, 2005 and June 30, 2004, respectively. The corresponding revenue is assigned to the appropriate net asset category in the year the promise is received. The face value, discount, and allowance for contributions receivable are shown in Table 5. Conditional promises are recorded when donor stipulations are substantially met. At June 30, 2005 and 2004, conditional promises and donor intentions not reflected in the financial statements were approximately $111,366,000 and $98,815,000, respectively. Expenses related to fund-raising activities amounted to approximately $31,023,000 and $25,570,000 for fiscal years 2004-05 and 2003-04, respectively.

TABLE 5. CONTRIBUTIONS RECEIVABLE (*IN THOUSANDS*)

		2005	2004
	Contributions expected to be realized		
1	In one year or less	$ 132,918	$ 98,062
2	Between one year and five years	191,376	291,774
3	More than five years	73,962	72,793
4	Gross contributions receivable	398,256	462,629
5	Discount (5.75% - 7.00%)	(69,889)	(83,960)
6	Allowance	(16,418)	(18,933)
7	Total discount and allowance	(86,307)	(102,893)
8	Net contributions receivable	$ 311,949	$ 359,736

TABLE 6. LAND, BUILDINGS, AND EQUIPMENT (*IN THOUSANDS*)

		Book value at June 30, 2004	Additions	Disposals and Closed Projects	Book value at June 30, 2005
1	Land, buildings, and improvements	$ 1,952,782	$ 136,346	$ 2,116	$ 2,087,012
2	Furniture, equipment, books, and collections	760,121	70,917	32,892	798,146
3	Construction in progress	197,771	214,735	139,108	273,398
4	Total before accumulated depreciation	2,910,674	$ 421,998	$ 174,116	3,158,556
5	Accumulated depreciation	(1,181,830)			(1,286,315)
6	Land, buildings and equipment, net	$ 1,728,844			$ 1,872,241

C. Student Loans

Student loans receivable at June 30, 2005 and June 30, 2004, are reported net of allowances for doubtful loans of $9,664,758 and $9,553,578, respectively. The allowance is intended to provide for loans, both in repayment status and not-yet-in-repayment status (borrowers are still in school or in the grace period following graduation), that may not be collected.

Determination of the fair value of student loans receivable could not be made without incurring excessive costs. These loans include donor-restricted and federally sponsored student loans that bear mandated interest rates and repayment terms, and are subject to significant restrictions on their transfer and disposition.

4. PLEDGED ASSETS AND FUNDS ON DEPOSIT

The Dormitory Authority of the State of New York (DASNY) and others hold investments in lieu of various required reserves. Physical capital assets including cash and United States government obligations of $40,396,178, and $32,670,096 at June 30, 2005 and June 30, 2004, respectively, are held by DASNY. They are used primarily for the retirement of debt in the future. The balances include the value of assets held in lieu of required reserves of $10,499,970 and $10,494,723 at June 30, 2005 and June 30, 2004, respectively. In addition, $25,250,195 and $30,999,585 of bond proceeds were on deposit for future project expenditures at June 30, 2005 and 2004, respectively. Escrow held by the Workers' Compensation Board of New York includes investment securities comprised of United States government obligations of $104,107 and $124,950 at June 30, 2005 and June 30, 2004, respectively.

Assets in general operations for student loans include $3,289,665 and $3,264,783 at June 30, 2005 and June 30, 2004, respectively, on deposit with DASNY that are available for the retirement of debt in the future.

5. PHYSICAL CAPITAL

Physical plant and equipment are stated principally at cost on the date of acquisition or at fair value on the date of donation, net of accumulated depreciation. Depreciation is computed on a straight-line basis over the useful lives of the buildings (30–100 years), building components (20-25 years), and equipment (3–15 years). A full year of depreciation is taken in the year of acquisition, and no depreciation is taken in the year of disposal. Depreciation expense is reflected as a cost of physical capital.

Capital investments and withdrawals consist of net transfers to physical capital for principal payments on debt and the acquisition of capital assets.

Expenditures associated with the construction of new facilities are shown as construction in progress until the projects are completed. Land, buildings, and equipment are detailed in Table 6.

Gifts-in-kind of capital assets were approximately $8,225,000 and $14,374,000 for fiscal years 2004-05 and 2003-04, respectively.

Certain properties to which the university does not have title are included in physical capital at net book value as follows: (1) land, buildings, and equipment of the contract colleges aggregating $318,233,000 and $317,198,000 at June 30, 2005 and June 30, 2004, respectively, the acquisition cost of which was borne primarily by New York State; and (2) land, buildings, and equipment for which title rests with government and corporate agencies aggregating $24,205,000 and $24,299,000 at June 30, 2005 and June 30, 2004, respectively.

6. BONDS, MORTGAGES, AND NOTES PAYABLE

The balance outstanding, interest rates, and final maturity dates of the bonds and other debt as of June 30, 2005 and June 30, 2004, are summarized in Table 7.

The total annual debt service requirements for the next five fiscal years and thereafter are shown in Table 8. Interest expense paid during fiscal year 2004-05 and 2003-04 was approximately $23,281,000 and $20,308,000, respectively. Debt and debt service related to borrowings by New York State for the construction and renovation of facilities of the contract colleges are not included in the financial statements because they are not liabilities of the university.

Under agreement with DASNY, certain revenues, principally rental income from facilities financed by bond proceeds plus a portion of tuition, are pledged by the university to meet debt service requirements (see note 4). Also, certain revenue bonds require compliance with an asset-to-liability ratio and an unencumbered securities-to-operating-expense ratio.

The fair value of the university's bonds, mortgages, and notes payable is approximately $628,418,000 and $614,952,000 at June 30, 2005 and June 30, 2004, respectively. The estimated fair value of bonds is based on quoted market prices for the same or similar issues. The market prices utilized reflect the amount a third party would pay to purchase the bonds. They do not reflect an additional liability to the university.

The university has five interest rate swap agreements to exchange variable rate debt for a fixed rate obligation without the exchange of the underlying principal amount. Net payments or receipts under the swap agreements are recorded as an adjustment to interest expense. Under three agreements in effect at June 30, 2005, the counter party pays the university a variable interest rate equal to the BMA index. The university will pay the counter party a fixed interest rate of 2.99 percent on a notional amount of $81,535,000 (expiring October 1, 2007); 4.52 percent on a notional amount of $42,845,000 (expiring July 1, 2030); and 4.33 percent on a notional amount of $15,390,000 (expiring July 1, 2010).

Under two agreements in effect at June 30, 2005, the counter party pays the university a variable rate equal to a percentage of the one month LIBOR rate. The university will pay the counter party a fixed interest rate of 4.63 percent on a notional amount of $79,600,000 (expiring July 1, 2030) and 3.51 percent on a notional amount of $92,100,000 (expiring July 1, 2033).

The university continues to issue tax-exempt commercial paper under an agreement entered into in fiscal year 1998-99 for $100,000,000. Under the agreement, a total of $490,000,000 of principal may be issued, with a maximum of $100,000,000 outstanding at any one time. The funds may be used for capital projects and equipment purchases for the Ithaca and Medical College campuses.

The university has established a program to issue $100,000,000 of taxable commercial paper to finance working capital, capital projects, and equipment purchases for the Ithaca and Medical College campuses. As part of this program's activity in fiscal year 2004-05, the university refinanced the DASNY 1993 Pooled Loan Program, originally scheduled to mature in 2012.

The university maintains a working capital line-of-credit of $50 million for short-term cash flow needs. As of June 30, 2005, $10 million was borrowed against the line-of-credit.

7. BENEFIT PLANS

A. Pension Plans

The university's employee pension plan coverage for Endowed Ithaca and the Medical College is provided by two basic types of plan: that based on a predetermined level of funding (defined contribution), and that based on a level of benefit to be provided (defined benefit). The primary plans for Endowed Ithaca and for exempt employees (those not subject to the overtime provisions of the Fair Labor Standards Act) at the Medical College are carried by the Teachers Insurance and Annuity Association and the College Retirement Equities Fund, which permit employee contributions. Medical College non-exempt employees and certain non-exempt employees of Endowed Ithaca are covered by defined benefit plans. Certain accrued benefits and an appropriate amount of the university's pension reserves are frozen in connection with plan reorganizations.

The pension liabilities recognized by the university in connection with the frozen plans were established by charges to expenses in prior years to meet future retirement costs for current employees. Although the liabilities are considered internally funded, they are not intended to create a trust or fund in which any employee or former employee has any right or interest of any kind.

In accordance with ERISA requirements for the defined benefit plans, the university must fund annually with an independent trustee an actuarially determined amount that represents normal costs plus amortization of prior-service costs over a forty-year period that began on July 1, 1976.

TABLE 7. BONDS, MORTGAGES, AND NOTES PAYABLE (*IN THOUSANDS*)

		Balance June 30, 2005	Balance June 30, 2004	Interest Rates	Maturity Date
	Physical Capital				
1	Dormitory Authority of the State of New York (DASNY)				
2	Revenue Bond Series				
3	1990B	$ 58,300	$ 58,700	0.88 to 3.05*	2025
4	1993		660	5.10	2005
5	1996	73,475	82,550	5.00 to 5.40	2014
6	2000A	61,535	63,055	2.99	2029
7	2000B	80,385	82,085	4.63	2030
8	2004	92,100	92,100	3.51	2033
9	Bond Series 1987B	13,010	14,135	11.11	2012
10	DASNY 1993 Pooled Loan Program		1,554	1.20 to 1.90*	2012
11	Tax-Exempt Commercial Paper	89,580	21,480	1.11 to 2.99*	2028
12	Taxable Commercial Paper	50,567	42,589	1.20 to 3.32*	-
13	Industrial Development Agency				
14	2000	6,200	7,070	4.85 to 5.25	2011
15	2002A	42,845	42,905	4.52	2030
16	2002B	15,390	15,390	4.33	2015
17	Student Loan Marketing Association	5,915	6,180	5.75 to 6.50	2019
18	Urban Development Corporation	3,000	3,125	zero	2029
19	Capitalized leases				
20	312 College Ave	12,334	12,791	various	2020
21	WMC-Southtown #2		40,140	5.80	2005
22	Other	3,334	3,428	various	2006-2028
23	Total Physical Capital	607,970	589,937		
	General Operations				
24	DASNY Bond 1992 Capital Appreciation	1,897	2,963	6.75 to 6.80	2009
25	DASNY Bond 1993 Capital Appreciation	1,799	2,463	5.35 to 5.50	2007
26	DASNY Bond 1995 Serial		1,995	5.45 to 5.60	2005
27	DASNY Bond 1995 Capital Appreciation	9,112	8,597	5.70 to 6.15	2011
28	Working Capital Line-of-Credit	10,000		3.00 to 3.25*	2006
29	Total General Operations	22,808	16,018		
30	Total Bonds, Mortgages, and Notes Payable	$ 630,778	$ 605,955		

** Rates presented are the actual rates paid during fiscal year 2004-05. These rates are variable based on market conditions.*

TABLE 8. ANNUAL DEBT SERVICE REQUIREMENTS (*IN THOUSANDS*)

		Principal				
	Year	Physical Capital	General Operations	Total	Interest	Total
1	2006	$ 15,973	$ 12,823	$ 28,796	$ 28,308	$ 57,104
2	2007	18,203	2,800	21,003	27,250	48,253
3	2008	18,598	1,696	20,294	26,139	46,433
4	2009	19,168	2,674	21,842	24,919	46,761
5	2010	19,694	1,110	20,804	23,738	44,542
6	Thereafter	516,334	1,705	518,039	279,451	797,490
7	Total	$ 607,970	$ 22,808	$ 630,778	$ 409,805	$ 1,040,583

The defined benefit plans' funded status, amounts recognized in the university's *Statement of Financial Position*, asset allocations, calculation assumptions, and anticipated benefit payments are shown in Tables 9A and 9B.

The assets are invested for the sole benefit of the plans' beneficiaries. Consistent with that objective, investments are managed to maximize total return while maintaining a prudent limitation on risk. Risk mitigation is achieved by diversifying investments across multiple asset classes, by investing in high-quality securities and by permitting flexibility in the balance of investments in the permitted asset classes. The expected return on assets was derived based on long-term assumptions of inflation, real returns (which are primarily historically based), anticipated value added by the investment managers, and expected average asset class allocations.

Total pension costs of the Endowed Ithaca and Medical College plans for the year ended June 30, 2005 and June 30, 2004 amounted to $64,408,215 and $56,217,192, respectively.

Employees of the contract colleges are covered under the New York State pension plans. Contributions to the state retirement system and other employee benefit costs are paid directly by the state. The amounts of the direct payments applicable to the university as revenue and expenditures are not currently determinable and are not included in the financial

TABLE 9A. DEFINED BENEFIT PENSION PLANS - BENEFIT OBLIGATIONS, PLAN ASSETS AND COST (*IN THOUSANDS*)

		2005			2004
		Endowed Ithaca*	Medical College	Combined	Combined
1	Accumulated benefit obligation at end of year	$ 21,004	$ 37,201	$ 58,205	$ 51,398
	Change in benefit obligation				
2	Projected benefit obligation at beginning of year	$ 19,908	$ 41,406	$ 61,314	$ 57,604
3	Service cost (benefits earned during the period)		2,655	2,655	2,477
4	Interest cost on projected benefit obligation	1,152	2,513	3,665	3,439
5	Actuarial (gain)/loss	1,918	5,490	7,408	2,015
6	Benefits paid	(1,974)	(2,207)	(4,181)	(4,221)
7	Projected benefit obligation at end of year	21,004	49,857	70,861	61,314
	Change in plan assets				
8	Fair value of plan assets at beginning of year	29,068	32,436	61,504	57,762
9	Actual return on plan assets	2,319	2,857	5,176	7,963
10	Employer contributions		900	900	
11	Benefits paid	(1,974)	(2,207)	(4,181)	(4,221)
12	Fair value of plan assets at end of year	29,413	33,986	63,399	61,504
13	Funded status	8,409	(15,871)	(7,462)	190
14	Unrecognized prior service cost				
15	Unrecognized net actuarial loss/(gain) from past experience different than assumed	8,092	10,999	19,091	12,955
16	Net amount recognized - prepaid/(accrued) benefit cost	$ 16,501	$ (4,872)	$ 11,629	$ 13,145
	Components of net periodic benefit cost				
17	Service cost (benefits earned during the period)		$ 2,655	$ 2,655	$ 2,477
18	Interest cost	$ 1,153	2,513	3,666	3,439
19	Expected return on plan assets	(2,250)	(2,340)	(4,590)	(4,303)
20	Amortization of prior service cost				7
21	Amortization of net (gain)/loss	417	268	685	1,205
22	Net periodic benefit cost/(income)	$ (680)	$ 3,096	$ 2,416	$ 2,825

**A frozen retirement plan for the non-exempt employees of the endowed colleges at Ithaca.*

TABLE 9B. DEFINED BENEFIT PENSION PLANS - BENEFIT OBLIGATIONS, PLAN ASSETS AND COST

Estimated future employer contributions (*in thousands*)

		Endowed Ithaca*	Medical College	Combined
1	2006		$ 900	$ 900

Estimated future benefit payments from the trust (*in thousands*)

		Endowed Ithaca	Medical College	Combined
2	2006	$ 1,871	$ 2,254	$ 4,125
3	2007	1,813	2,372	4,185
4	2008	1,778	2,369	4,147
5	2009	1,750	2,546	4,296
6	2010	1,705	2,868	4,573
7	2011-2015	7,784	17,854	25,638

		2005		**2004**	
		Endowed Ithaca	Medical College	Endowed Ithaca	Medical College
	Weighted-average assumptions used to determine net periodic benefit cost as of July 1				
8	Discount rate	6.00%	6.00%	5.75%	5.75%
9	Expected return on plan assets	8.00%	8.00%	8.00%	8.00%
10	Rate of compensation increase	4.00%	6.10%	4.00%	6.10%
	Weighted-average assumptions used to determine benefit obligations at end of year				
11	Discount rate	5.00%	5.00%	6.00%	6.00%
12	Rate of compensation increase	4.00%	6.10%	4.00%	6.10%

Combined plan assets

		Target Allocation	Percentage of Plan Assets at June 30		Expected Return on Plan Assets	
	Asset category	2006	2005	2004	2005	2004
13	Equity securities	39-85%	63.7%	62.1%	9.25%	9.25%
14	Debt securities	15-55%	31.1%	33.1%	6.00%	6.00%
15	Real estate	1-5%	5.2%	4.8%	7.50%	7.50%
16	Total		100.0%	100.0%		

**A frozen retirement plan for the non-exempt employees of the endowed colleges at Ithaca.*

statements. The university reimburses the state for employee benefit costs on certain salaries, principally those associated with externally sponsored programs. The amount reimbursed to the state during the years ended June 30, 2005 and June 30, 2004, was $15,749,507 and $12,806,510, respectively, which are included in the expenses of general operations.

B. Postretirement Benefits Other Than Pensions

The university provides health and life insurance benefits for eligible retired employees and their dependents. Although there is no legal obligation for future benefits, the cost of postretirement benefits must be accrued during the service lives of employees. The university elected the prospective-transition approach and is amortizing the transition obligation over 20 years, through fiscal year 2012-13.

The plan assets for Endowed Ithaca and the Medical College are invested with an outside trustee. The trusts are invested with the objective of maximizing return, subject to tolerance of reasonable risk.

Risk is reduced through the use of multiple asset classes, high-quality securities and flexible permitted asset allocation within the authorized asset classes. The expected return on assets was derived based on long-term assumptions of inflation, real returns (which are primarily historically based), anticipated value added by the investment manager, and expected average asset class allocations.

TABLE 10A. POSTRETIREMENT BENEFITS OTHER THAN PENSIONS BENEFIT OBLIGATIONS, PLAN ASSETS AND COST (*IN THOUSANDS*)

		2005			2004
		Endowed Ithaca	Medical College	Combined	Combined
	Change in benefit obligation				
1	Benefit obligation at beginning of year	$ 218,995	$ 54,861	$ 273,856	$ 294,587
2	Service cost (benefits earned during the period)	7,942	2,700	10,642	12,091
3	Interest cost	12,832	2,402	15,234	15,616
4	Plan amendments				1,153
5	Actuarial (gain)/loss	53,296	(6,574)	46,722	(41,663)
6	Benefits paid (outside of trust)	(7,377)	(1,918)	(9,295)	(7,928)
7	Benefit obligation at end of year	285,688	51,471	337,159	273,856
	Change in plan assets				
8	Fair value of plan assets at beginning of year	53,413	20,375	73,788	57,737
9	Actual return on plan assets	5,520	2,060	7,580	9,864
10	Employer contribution	4,642		4,642	6,187
11	Fair value of plan assets at end of year	63,575	22,435	86,010	73,788
12	Funded status	(222,113)	(29,036)	(251,149)	(200,068)
13	Unrecognized net transition obligation	21,343	7,811	29,154	32,798
14	Unrecognized prior service cost		1,215	1,215	1,528
15	Unrecognized net actuarial loss from past experience different than assumed	123,559	8,469	132,028	89,715
16	Prepaid/(accrued) postretirement benefit cost	$ (77,211)	$ (11,541)	$ (88,752)	$ (76,027)
	Components of net periodic postretirement benefit cost				
17	Service cost (benefits earned during the period)	$ 7,942	$ 2,700	$ 10,642	$ 12,091
18	Interest cost	12,832	2,402	15,234	15,616
19	Expected return on plan assets	(4,383)	(1,629)	(6,012)	(4,795)
20	Amortization of initial transition obligation	2,668	976	3,644	3,644
21	Amortization of prior service cost		313	313	313
22	Amortization of net (gain)/loss	2,842		2,842	5,573
23	Net periodic postretirement benefit cost/(income)	$ 21,901	$ 4,762	$ 26,663	$ 32,442
	Expected future employer contributions to trust				
24	2006	$ 4,863		$ 4,863	
	Estimated future benefit payments (employer paid)				
25	2006	$ 7,858	$ 2,045	$ 9,903	
26	2007	8,157	2,086	10,243	
27	2008	8,811	2,185	10,996	
28	2009	9,385	2,271	11,656	
29	2010	9,996	2,432	12,428	
30	2011-2015	61,142	16,184	77,326	
	Estimated future government subsidy amounts				
31	2006	$ 406	$ 155	$ 561	
32	2007	894	340	1,234	
33	2008	984	376	1,360	
34	2009	1,083	412	1,495	
35	2010	1,177	443	1,620	
36	2011-2015	7,695	2,869	10,564	

TABLE 10B. POSTRETIREMENT BENEFITS OTHER THAN PENSIONS BENEFIT OBLIGATIONS, PLAN ASSETS AND COST (*IN THOUSANDS*)

		2005		2004	
		Endowed Ithaca	Medical College	Endowed Ithaca	Medical College
	Weighted-average assumptions used to determine net periodic postretirement benefit cost as of July 1				
1	Discount rate	6.00%	6.00%	5.75%	5.75%
2	Expected return on plan assets	8.00%	8.00%	8.00%	8.00%
	Weighted-average assumptions used to determine benefit obligations at end of year				
3	Discount rate	5.00%	5.00%	6.00%	6.00%
	Assumed health care cost trend rates at end of year				
4	Health care cost trend rate assumed for next year	10.00%	10.00%	9.00%	9.00%
5	Ultimate trend rate	5.00%	5.00%	5.00%	5.00%
6	Years to reach ultimate trend rate	5	5	4	4

		2005		2004	
		Endowed Ithaca	Medical College	Endowed Ithaca	Medical College
	Effect of 1 percentage point change in assumption of health care cost trend rate				
	1-Percentage point increase				
7	Effect on total service cost and interest cost	$ 4,633	$ 924	$ 4,823	$ 1,313
8	Effect on accumulated postretirement benefit obligation as of June 30	$ 49,687	$ 6,789	$ 39,178	$ 7,620
	1-Percentage point decrease				
9	Effect on total of service and interest cost	$ (3,757)	$ (778)	$ (3,714)	$ (1,087)
10	Effect on accumulated postretirement benefit obligation as of June 30	$ (42,326)	$ (5,998)	$ (31,241)	$ (6,615)

Combined plan assets

		Target Allocation	Percentage of Plan Assets at June 30		Expected Return on Plan Assets	
	Asset category	2006	2005	2004	2005	2004
11	Equity securities	39-85%	75.7%	72.4%	9.25%	9.25%
12	Debt securities	15-55%	24.3%	27.6%	6.00%	6.00%
13	Real estate	0-5%	0.0%	0.0%	7.50%	7.50%
14	Total		100.0%	100.0%		

Tables 10A and 10B set forth the funded status and asset allocations of the plans as of June 30, 2005 and June 30, 2004, the components of net periodic postretirement benefit costs, and the assumptions used in accounting for the plans during 2005 and 2004. The accrued postretirement benefit cost shown in Table 10A is $12,725,000 of current-year unfunded cost plus $76,027,000 of accumulated prior-year unfunded cost.

The Medicare Prescription Drug, Improvement and Modernization Act of 2003 established a prescription drug benefit known as "Medicare Part D." In addition, this act established a federal subsidy to sponsors of retiree health care benefit plans that provide a drug benefit that is at least actuarially equivalent to Medicare Part D. As a sponsor, Cornell University expects to collect this subsidy beginning in 2006. This subsidy should reduce the accumulated postretirement benefit obligation (APBO) as of July 1, 2004 by $30.2 million for the Endowed Ithaca plan and by $8.3 million for the Medical College plan. Also, the impact of the Medicare Modernization Act on the fiscal year 2004-05 net periodic postretirement benefit cost was a reduction of $4.8 million for the Endowed Ithaca plan and a reduction of $1.4 million for the Medical College plan.

C. Postemployment Benefits

The university provides various benefits to former or inactive employees after employment, but before retirement. The expected costs of these benefits are recognized when they are earned, even though there may not be any legal requirement to continue the programs. Current-year estimated costs are allocated among the expenses of general operations.

8. FUNCTIONAL EXPENSES AND STUDENT AID

Table 11 shows expenses by functional category for general operations and physical capital. Expenses for operations and maintenance of facilities, depreciation, and interest have been allocated to functional categories using square-footage statistics. The amount allocated for operations and maintenance was approximately $135,882,000 for fiscal year 2004-05, and $136,909,000 for fiscal year 2003-04.

Institutionally provided student financial assistance that is not given in exchange for services is shown as a discount against revenue rather than as an expense. Aid in excess of the institution's actual tuition and fees, of $20,527,266 and $22,432,772 for fiscal years 2004-05 and 2003-04, respectively, is classified as Instruction expense.

9. SUBSEQUENT EVENTS AND CONTINGENT LIABILITIES

The university is a defendant in various legal actions, some of which are for substantial monetary amounts, that arise out of the normal course of its operations. Although the final outcome of the actions cannot be determined currently, the university's administration is of the opinion that eventual liability, if any, will not have a material effect on the university's financial position.

The university retains self insurance for property, general liability, and certain health benefits, and has an equity interest in a multiprovider captive insurance company.

TABLE 11. FUNCTIONAL EXPENSES (*IN THOUSANDS*)

		General Operations	Physical Capital	2005	2004
1	Instruction	$ 450,444	$ 27,519	$ 477,963	$ 451,234
2	Research	465,573	30,710	496,283	467,817
3	Public service	98,832	3,352	102,184	103,651
4	Academic support	162,190	31,940	194,130	183,638
5	Student services	92,497	8,776	101,273	96,381
6	Medical services	373,889	3,660	377,549	353,993
7	Institutional support	209,181	13,396	222,577	192,603
8	Enterprises and subsidiaries	164,522	19,767	184,289	183,143
9	Total expenses and deductions	$ 2,017,128	$ 139,120	$ 2,156,248	$ 2,032,460

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Cornell University Highlights

	2004–05	2003–04	2002–03
Tuition rates			
Endowed, Ithaca	$30,000	$28,630	$27,270
Contract colleges			
Resident	$15,870	$14,500	$13,150
Nonresident	$28,400	$25,800	$23,500
Medical	$31,380	$30,170	$29,200
Business	$34,400	$32,800	$30,975
Law	$35,280	$32,970	$31,250
Veterinary medicine	$20,500	$19,100	$18,200
Gifts received, excluding pledges (in millions)	$ 361.5	$ 385.9	$ 317.0
New York State appropriations through SUNY (in millions)	$ 135.2	$ 129.5	$ 129.5
Medical Physicians' Organization fees (in millions)	$ 363.0	$ 341.3	$ 306.5
Sponsored research volume (in millions)			
Direct expenditures	$ 360.2	$ 336.2	$ 319.3
Indirect-cost recovery	$ 113.8	$ 109.0	$ 97.4
Selected physical capital items (in millions)			
Additions to land, buildings, and equipment	$ 422.0	$ 408.4	$ 300.3
Cost of land, buildings, and equipment	$3,158.6	$2,910.7	$2,837.7
Outstanding bonds, mortgages, and notes payable	$ 630.8	$ 606.0	$ 494.7