Ohio University

(a component unit of the State of Ohio)

Financial Statements

for the Years Ended June 30, 2013 and 2012

Dave Yost • Auditor of State

Board of Trustees
Ohio University
204 West Union Street Office Center
Athens, Ohio 45701

We have reviewed the *Independent Auditor's Report* of the Ohio University, Athens County, prepared by Plante & Moran, PLLC, for the audit period July 1, 2012 through June 30, 2013. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Ohio University is responsible for compliance with these laws and regulations.

Dave Yost

Dave Yost
Auditor of State

January 14, 2014

This page intentionally left blank.

Contents

Plante & Moran, PLLC
Suite 600
65 E. State St.
Columbus, OH 43215
Tel: 614.849.3000
Fax: 614.221.3535
plantemoran.com

Independent Auditor's Report

To the Board of Trustees
Ohio University
Athens, Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of Ohio University (the "University") and its discretely presented component unit as of and for the years ended June 30 2013 and 2012, and the related notes to the financial statements, which collectively comprise the University's financial statements as listed in the table of contents. These financial statements are reported as a component unit of the State of Ohio.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

To the Board of Trustees
Ohio University

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ohio University and its discretely presented component unit as of June 30, 2013 and 2012, and the changes in its financial position and, where applicable, its cash flows thereof, for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, effective July 1, 2012, the University adopted new accounting guidance under GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement incorporates deferred outflows of resources and deferred inflows of resources, as defined by GASB Concepts Statement No. 4, into the definitions of the required components of the residual measure of net position, formerly net assets. Our opinion is not modified in respect to this matter.

As explained in Notes 2 and 19, the financial statements include investments that are not listed on national exchanges nor for which quoted market prices are available. These investments include limited partnerships, hedge funds, funds-of-funds, and commingled funds that are not mutual funds. Such investments totaled $26,829,907 (3.2 percent of net position) and $28,970,681 (3.6 percent of net position) for the University and $93,789,496 (20.7 percent of net position) and $91,863,930 (22.0 percent of net position) for its discretely presented component unit at June 30, 2013 and 2012, respectively.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-14 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Ohio University's financial statements. The schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements.

To the Board of Trustees
Ohio University

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2013 on our consideration of Ohio University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Ohio University's internal control over financial reporting and compliance.

Plante & Moran, PLLC

October 9, 2013

Management’s discussion and analysis (MD&A) provides an overview of the financial position and activities of Ohio University for the year ended June 30, 2013, with selected comparative information for the years ended June 30, 2012 and 2011. The financial statements are prepared on the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recorded when the related liability is incurred. As the MD&A presentation includes highly summarized information, it should be read in conjunction with the accompanying financial statements and related notes to the financial statements. The financial statements, footnotes, and this discussion are the responsibility of University management.

The Ohio University Foundation (the “Foundation”) has been determined to be a component unit of the University. Accordingly, the Foundation is discretely presented in the University’s financial statements. The Foundation’s primary function is fundraising to supplement resources that are available to the University in support of its programs. The Foundation is governed by a separate board of trustees comprised of graduates and friends of the University. Nearly all the assets of the Foundation are restricted by donors to activities of the University. Ohio University provides both support for advancement operations as well as administrative support to the Foundation for critical business functions.

Financial Highlights

- The University’s financial position remained strong, with assets of $1,309.1 million and liabilities of $461.4 million at June 30, 2013, compared to assets of $1,107.9 million and liabilities of $311.5 million at June 30, 2012. Net position, which represents the residual interest in the University’s assets after liabilities are deducted, totaled $847.8 million at June 30, 2013 as compared to $796.4 million at June 30, 2012. Changes in net position represent the University’s results for the year and are summarized for the years ended June 30, 2013, 2012, and 2011 as follows:

(in thousands)	2013	2012	2011
Operating revenues and state appropriations	$ 625,401	$ 586,949	$ 593,005
Total expenses	649,794	600,633	598,420
	(24,393)	(13,684)	(5,415)
Net investment income	13,651	3,659	16,751
Gifts and other nonoperating revenues, net	62,107	69,394	96,059
Increase in net position	$ 51,365	$ 59,369	$ 107,395

- Net position for the University increased $51.4 million during fiscal year 2013 as compared to an increase of $59.4 million in fiscal year 2012. This reinforces the impact of conservative revenue forecasting, a reserve strategy, and longer-term planning efforts on the financial health of the institution. This level of financial strength continues to provide the flexibility needed for the institution to make strategic investments over the next several years.
- Student tuition and fees increased $26.9 million in fiscal year 2013. This 7.7 percent increase is primarily from record enrollment growth, the 3.5 percent tuition and general fee increase, and a one-time increase from the transition of quarters to semesters.
- Investment income increased $10 million in fiscal year 2013. The University's investment income is comprised of interest, dividends, realized gains (losses), and unrealized gains (losses). Investment income stems from two primary sources. First, the University's endowment assets, as well as a portion of its working capital, are invested in a long-term, broadly diversified portfolio. This "diversified pool" achieved a return of 11.85 percent for fiscal year 2013, slightly outperforming its diversified benchmark of 11.65 percent for the same period. Additionally, a portion of the University's working capital is invested in a pool of investment-grade fixed income securities. This "liquidity pool" achieved a return of 0.59 percent for fiscal year 2013, outperforming the Barclays U.S. Aggregate Bond Index, which returned -0.69 percent for the same period.
- The University continues to demonstrate success in obtaining competitive research awards. Revenue from federal grants for operating and nonoperating purposes increased $1.9 million in fiscal year 2013. Revenue from state grants increased $0.7 million. Federal Pell grants also increased $0.4 million in fiscal year 2013.
- On July 31, 2012, the University issued $28.6 million in financing to implement a comprehensive energy efficiency and conservation overhaul of 72 buildings at its Athens campus. The loan package performed in conjunction with the Ohio Air Quality Development Authority (OAQDA) was the result of two Air Quality Development bonds including Series 2012A federal tax-exempt bonds and Series 2012B Qualified Energy Conservation Bond ("QECB") federal tax-credit bonds. OAQDA administers the QECB program on behalf of the State of Ohio. The project will result in annual energy savings of approximately $1.9 million, which will be used to fund the cost of the improvements over the project's 15-year term.

- As part of an approved six-year capital plan, the University issued Series 2013 debt on May 22, 2013. This debt issue included $121 million for high-priority capital construction projects as well as $25 million to refinance the Series 2004 bond and $14 million to restructure the Series 2001 bonds.
- The University views debt as a strategic resource and plans to issue additional debt over the next several years in a measured and incremental approach for the renovation of academic facilities, student housing, and deferred maintenance/ infrastructure improvements, which has been identified as one of the top priorities for the University over the next decade.

Statement of Net Position

The statement of net position is the University's balance sheet. It reflects the total assets, liabilities, and net position (equity) of the University as of the end of the fiscal year. The difference between total assets and total liabilities, or net position, is one indicator of the current financial condition of the institution. Over time, the increase or decrease in net position denotes whether the overall financial condition of the University has improved or worsened during the year. Except for capital assets, all other assets and liabilities are measured at a point in time using current values. Capital assets are recorded at historical costs less an allowance for depreciation.

The following table depicts a summary of the composition of the statement of net position for the three years ended June 30, 2013:

(in thousands)	2013	2012	2011
Assets:			
Current assets	$ 433,134	$ 391,189	$ 349,354
Capital assets - Net	687,866	646,087	628,550
Other assets	188,131	70,607	38,375
Total assets	1,309,131	1,107,883	1,016,279
Liabilities:			
Current liabilities	107,012	91,962	96,852
Noncurrent liabilities	354,360	219,527	182,402
Total liabilities	461,372	311,489	279,254
Total net position	$ 847,759	$ 796,394	$ 737,025

- **Assets** – Total assets grew by $201.2 million as a result of the following changes:
  - Cash and cash equivalents increased by $47 million due to the switch from quarters to semesters and the subsequent change in timing of the Bursar's billing schedule for summer semester and the ability to draw federal financial aid funds earlier than in prior years.
  - Investments increased by $13.6 million due to the appreciation of existing investments and endowment investments.
  - Accounts receivable decreased by $13.7 million due to the change in the summer billing schedule mentioned above.
  - Restricted cash and cash equivalents increased by $116.2 million due to the bond issuances during fiscal year 2013.
  - Capital assets increased by $41.8 million due to increased spending on capital projects.

- **Liabilities** – Total liabilities increased by $149.9 million partially as a result of the following changes:
  - Accounts payable and accrued liabilities increased $11.5 million primarily as a result of the timing of payments for invoices on capital construction projects.
  - Long-term debt increased $139.4 million. This increase was related to the new bond issuances. Please see Note 7 for more information on borrowings and repayments.

- **Net Position** – is classified into three major categories:
  - Net Investment in capital assets – the net equity in property, plant, and equipment owned by the University.
  - Restricted – owned by the University, but the use or purpose of the funds is restricted by an external source or entity. The restricted category is subdivided further into expendable and nonexpendable.
    - Restricted nonexpendable – endowment funds whose principal may be invested; however, only interest, dividends, and capital gains may be spent.
    - Restricted expendable – may be spent by the institution, but only for the purpose specified by the donor, grantor, or other external entity. This category includes the unspent balance in grant funds, loan funds and debt service funds.
  - Unrestricted – resources derived primarily from student tuition, fees, state appropriations, and auxiliary enterprises. These are used for the general obligations of the University and may be used at the discretion of the board of trustees for any purpose furthering the University's mission.

Net position for the three years ended June 30, 2013 is displayed in the table below:

(in thousands)	2013	2012	2011
Net investment in capital assets	$ 498,855	$ 479,454	$ 464,658
Restricted:			
Nonexpendable	20,036	19,040	19,577
Expendable	39,218	37,740	33,724
Unrestricted	289,650	260,160	219,066
Total net position	$ 847,759	$ 796,394	$ 737,025

The University continues to solidify its financial position as represented by an increase in unrestricted net position of $29.5 million for fiscal year 2013. This is a result of a longer-term strategy developed in fiscal year 2010 to improve the University's financial strength and enable the continued pursuit of strategic priorities. This strategy encompassed prudent resource planning and utilization including:

- Conservative revenue forecasting
- Creating reserves for protection from revenue shortfalls and improvement in the financial strength of the University
- Revenue generation through the creation of new programs and strategic growth that leveraged existing programs
- Elimination of the reliance on investment income in support of unrestricted operations
- Management of debt in a strategic manner

Statement of Revenues, Expenses, and Changes in Net Position

The statement of revenues, expenses, and changes in net position is the University’s income statement and presents the results of operations. It should be noted that the required subtotal for net operating income or loss will generally reflect a loss for state-supported colleges and universities.

In accordance with the Governmental Accounting Standards Board’s (the “GASB”) reporting principles, the revenues and expenses are primarily reported as either operating or nonoperating. Revenue is generated by providing goods and services to customers, predominately students. Nonoperating revenue includes the instructional subsidy from the State of Ohio, which Ohio University relies upon for current operations. Other revenue includes state capital appropriations. Operating expenses include all expenses except for interest on debt and disposal and write-offs of plant facilities, which are reported as nonoperating expenses.

The following is a summary of the statement of revenue, expenses, and changes in net position for the three years ended June 30, 2013:

(in thousands)	2013	2012	2011
Operating revenue	$ 484,049	$ 450,312	$ 460,288
Operating expenses	643,232	593,924	590,558
Net operating loss	(159,183)	(143,612)	(130,270)
Net nonoperating revenue	201,738	185,306	222,560
Income - Before other	42,555	41,694	92,290
Other revenues	8,810	17,675	15,105
Increase in net position	51,365	59,369	107,395
Net position - End of year	$ 847,759	$ 796,394	$ 737,025

Highlights from the statement of revenue, expenses, and changes in net position include:

- Student tuition and fee revenue increased $26.9 million or 7.7 percent for fiscal year 2013.
- Instruction and departmental research is the largest contributor to total operating expenses. This functional category increased by $21.4 million or 9.3 percent for fiscal year 2013.
- Institutional support increased by $5.1 million or 15 percent for fiscal year 2013. The University utilized consultants to aid in the development of the Responsibility Centered Management (RCM) model. This groundwork laid by the University will benefit academic planning units in the future as they become more strategic and entrepreneurial under the RCM system. Increased costs were also incurred for the Ohio Strategic Alignment Initiative (OSAI) to identify critical service and technology improvements.

One of the University’s operational strengths is the diverse streams of revenue that supplement its student tuition and fees. This includes private support from individuals, foundations, and corporations, along with government and other sponsored programs, state appropriations, and investment income. Consistent with its mission, the University continues to seek funding from all possible sources to supplement student tuition and to responsibly manage financial resources used to fund operating activities.

A comparison of operating and nonoperating revenues for the three years ended June 30, 2013 is as follows:

(in thousands)	2013	% of Total	2012	% of Total	2011	% of Total
Student tuition and fees - Net	$ 306,402	43.7%	$ 282,916	42.9%	$ 267,334	37.9%
State appropriations	141,352	20.2%	136,636	20.7%	132,717	18.8%
Auxiliary enterprises - Net	89,993	12.8%	87,060	13.2%	83,027	11.8%
Gifts, grants, and contracts	64,195	9.2%	68,905	10.4%	70,791	10.0%
Pell grants	43,868	6.3%	43,451	6.6%	47,437	6.7%
Other sources	17,700	2.5%	13,185	2.0%	11,195	1.6%
Royalties	10,238	1.5%	9,658	1.5%	36,077	5.1%
Sales and services	8,824	1.2%	8,332	1.2%	10,621	1.5%
State capital appropriations	4,936	0.7%	6,200	0.9%	8,543	1.2%
Investment income - Net	13,651	1.9%	3,659	0.6%	16,751	2.4%
Federal fiscal stabilization funds	-	-	-	-	21,322	3.0%
Total operating and nonoperating revenues	$ 701,159	100.0%	$ 660,002	100.0%	$ 705,815	100.0%

Student tuition and fees, the largest of the revenue streams, comprises 43.7 percent of total revenues for fiscal year 2013. This is up from 42.9 and 37.9 percent of total revenue for fiscal years 2012 and 2011, respectively. The increase is reflective of the reliance on student tuition and fees for operations and capital expenditures in light of reduced capital appropriations. State appropriations are up $4.7 million for fiscal year 2013. The Ohio Board of Regents allocation formulas for state subsidy shifted a higher weight to degree attainment resulting in an increase for Ohio University.

The University continues to make cost containment a priority. This strategy will allow the University to direct financial resources to the most strategic activities of the institution. This is critical as the University continues to face significant financial pressures, mainly in the areas of deferred maintenance of buildings and infrastructure as well as compensation and benefits. In addition to a functional classification of expenses below, the University has prepared operating expenses by natural classification in Note 9 to the financial statements.

A comparison of operating and nonoperating expenses for the three years ended June 30, 2013 is as follows:

(in thousands)	2013	% of Total	2012	% of Total	2011	% of Total
Instruction and departmental research	$ 252,853	38.9%	$ 231,424	38.6%	$ 233,621	39.1%
Separately budgeted research	45,849	7.1%	42,517	7.1%	40,896	6.8%
Public service	27,883	4.3%	27,135	4.5%	26,529	4.4%
Academic support	67,417	10.4%	62,992	10.4%	62,787	10.5%
Student services	31,372	4.8%	29,138	4.9%	28,241	4.7%
Institutional support	39,144	6.0%	34,038	5.6%	27,722	4.6%
Operation and maintenance of plant	61,505	9.5%	52,732	8.8%	52,594	8.8%
Student aid	11,493	1.8%	10,575	1.8%	18,242	3.1%
Depreciation	35,151	5.4%	34,829	5.8%	34,197	5.7%
Auxiliary enterprises	70,564	10.9%	68,545	11.4%	65,730	11.0%
Interest on debt	6,084	0.9%	6,130	1.0%	7,275	1.2%
Disposal and write-offs of plant facilities	479	0.1%	578	0.1%	587	0.1%
Total operating and nonoperating expenses	$ 649,794	100.0%	$ 600,633	100.0%	$ 598,421	100.0%

Statement of Cash Flows

The statement of cash flows provides additional information about the University's financial results and presents detailed information about the major sources and uses of cash for the institution for the fiscal year. The cash flow analysis is divided into four sections: (1) operating activities, (2) noncapital financing activities (which includes state appropriations as well as gift revenue), (3) capital and related financing activities (which includes debt activity), and (4) investing activities.

A comparative summary of the statement of cash flows for the three years ended June 30, 2013 is as follows:

(in thousands)	2013	2012	2011
Cash (used in) provided by			
Operating activities	$ (78,651)	$ (108,072)	$ (97,649)
Noncapital financing activities	189,839	180,099	213,409
Capital financing activities	51,801	(10,948)	(46,579)
Investing activities	202	(118,365)	1,113
Net increase (decrease) in cash	163,191	(57,286)	70,294
Cash - Beginning of year	109,183	166,469	96,175
Cash - End of year	$ 272,374	$ 109,183	$ 166,469

Capital Assets

The University made significant additions to capital during fiscal year 2013. These capital asset additions were financed with University funds, the sale of bonds, state capital appropriations, gifts, and grants. The largest additions to capital were the continuing construction projects for the Nelson Commons dining hall and the Schoonover Center for Communications. Other capital projects include work on the chilled water loop, renovations to leased swing space on Court Street in Athens, and work on an energy performance contract to provide energy efficiency and water conservation measures for 72 buildings on the University's main campus.

Cumulative costs associated with capital projects continuing after the fiscal year ended June 30, 2013 total approximately $60.2 million.

More detailed information about the University's capital assets are presented in Note 5 to the financial statements.

Debt Administration

As of June 30, 2013, the University had $324.8 million in bonds and notes outstanding, compared to $199.3 million at the end of 2012. Detailed information exists in Note 7 related to borrowings and retirements for fiscal years 2013 and 2012.

Ohio University takes its stewardship responsibility seriously and works diligently to manage the institution's resources effectively, including the use of debt to finance capital projects. The University is committed to using debt conservatively in order to maintain an acceptable credit rating and debt burden ratio. A solid debt rating and debt burden ratio is a key measurement of financial strength. Standard & Poor's Rating Services long-term rating on Ohio University's outstanding general and subordinated general receipts bonds is an "A+" with a "stable" outlook and Moody's Investors Service's rating is an "Aa3" with a "stable" outlook. This rating puts the University in a position to move forward with an aggressive capital plan that will change the face of the campus.

Additional debt issuances are planned over the next three to five years for the purpose of various academic and auxiliary facility needs as well as infrastructure requirements.

Senate Bill 6 Ratios

Senate Bill 6 ratios, enacted into law in 1997 by the Ohio General Assembly, are used to assist the State in monitoring the financial accountability of state colleges and universities by using a standard set of measures with which to monitor the fiscal health of campuses. In order to meet the legislative intent, there are three ratios from which four scores are generated. The data and methodology used to compute the ratios are as follows:

- Expendable net position – The sum of unrestricted net position and restricted expendable net position
- Plant debt – Total debt, including bonds payable, notes payable, and capital lease obligations
- Total revenue – Total operating revenue, plus nonoperating revenue, plus capital appropriations, capital grants and gifts, and additions to permanent endowments
- Total operating expenses – Total operating expenses, plus interest on long-term debt
- Total nonoperating expenses – All expenses reported as nonoperating with the exception of interest expense
- Change in total net position – Total revenue less total expenses (operating and nonoperating)

The methodology for calculating the three ratios is as follows:

- Viability Ratio = Expendable Net Position/Plant Debt
    - This ratio measures the availability of expendable net position to cover debt should the institution need to settle its obligations as of the balance sheet date.

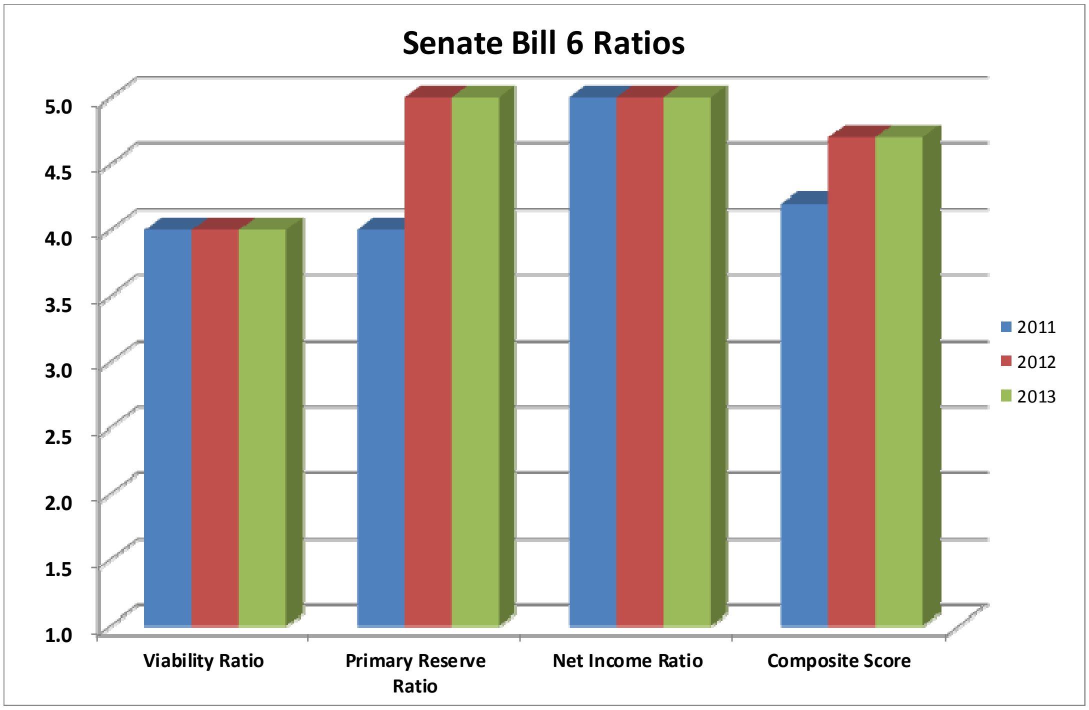
- Primary Reserve Ratio = Expendable Net Position/Total Operating Expenses
  - This ratio provides a snapshot of financial strength and flexibility by indicating how long the institution could function using its expendable reserves without relying on additional net position generated by operations.
- Net Income Ratio = Change in Total Net Position/Total Revenue
  - This ratio offers a measure of profitability as a percentage of all institutional revenue including revenue received for capital needs.

Based on the calculations, each ratio is assigned a score ranging from zero to five according to the table below. A score of 5 indicates the highest degree of fiscal strength in each category.

	0	1	2	3	4	5
Viability Ratio	less than 0	0 to .29	.30 to .59	.6 to .99	1.0 to 2.5	greater than 2.5
Primary Reserve Ratio	less than -.1	-.1 to .049	.05 to .099	.10 to .249	.25 to .49	.5 or greater
Net Income Ratio	less than -.05	-.05 to 0	0 to .009	.01 to .029	.03 to .049	.05 or greater

Based on these scores, a summary score, termed the composite score, is determined, which is the primary indicator of fiscal health. The composite score equals the sum of the assigned viability score multiplied by 30 percent, the assigned primary reserve score multiplied by 50 percent, and the assigned net income score multiplied by 20 percent. A composite score of or below 1.75 for two consecutive years would result in an institution being placed on fiscal watch.

Ohio University's composite score stayed steady at 4.7 in fiscal year 2013 as summarized below:



The viability ratio, which uses Plant Debt as the denominator, may decrease in the future as more debt is issued.

Economic Outlook

Ohio University continues to show steady improvement and a strengthening of its institutional balance sheet. This is due to the disciplined approach to spending, clearly focused strategic goals and objectives around core programs, and a commitment to continual assessment of the University's competitive environment.

Ohio University's vision: to be the nation's best transformative learning community, highlights our four fundamental objectives: inspired teaching and research, innovative academic programs, exemplary student support services, and integrative cocurricular activities. There are also four supporting strategic priorities: effective total compensation, short-term and long-term enrollment goals, improved financial health, and a successful capital campaign.

In light of the existing economic challenges, the University continues to focus efforts on moving the institution forward while remaining committed to the financial health of the institution. This is demonstrated through the following initiatives:

- Implementation of Responsibility Centered Management
- Enrollment Management Plan
- Expanded eLearning initiatives
- Promise Lives Campaign-matching scholarship program
- Tuition Guarantee program
- Twenty Year Capital Plan
- Faculty/Staff compensation

- Ohio Service Alignment Initiative
- Expanded strategic partnerships

Due to management's deliberative strategic planning efforts over the last several years, the University is well positioned to make progress in each of these areas.

The University will continue to utilize its long-term investment strategy to maximize total returns, at an appropriate level of risk, while employing a spending rate policy to preserve endowment principal and minimize the impact of market volatility on operations.

While it is not possible to predict the results, management believes that prudent planning and aligning resources to strategic priorities will allow the University to both maintain a strong financial position and successfully invest in strategic initiatives.

Requests for Information

This management's discussion and analysis is intended to provide additional information for the reader of the audited financial statements that follow. Further questions may be addressed to: Ohio University Controller's Office, 204 West Union Street Office Center, Athens, Ohio 45701.

Ohio University

Statements of Net Position

	June 30, 2013		June 30, 2012	
	Ohio University	The Ohio University Foundation	Ohio University	The Ohio University Foundation
Assets				
Current Assets				
Cash and cash equivalents	$ 115,564,096	$ 8,071,986	$ 68,586,206	$ 15,756,637
Investments	241,448,566	241,523,536	228,853,930	203,103,777
Accounts and pledges receivable - Net	60,394,030	9,971,564	74,055,057	8,807,476
Interest and dividends receivable	467,015	72,664	522,486	127,301
Notes receivable - Net	1,539,081	-	1,979,745	-
Prepaid expenses and deferred charges	10,881,572	1,352,528	14,601,948	1,526,926
Inventories	2,839,313	37,991	2,589,882	43,224
Total current assets	433,133,673	261,030,269	391,189,254	229,365,341
Noncurrent Assets				
Restricted cash and cash equivalents	156,810,340	3,928,534	40,596,872	3,547,222
Pledges receivable - Net	-	5,797,999	-	8,338,846
Bequests receivable	-	1,351,091	-	562,953
Cash surrender value of life insurance	-	1,264,216	-	1,572,911
Charitable trusts	-	17,196,625	-	16,707,079
Charitable gift annuities	-	2,380,660	-	2,426,539
Endowment investments	20,035,671	168,851,765	19,039,643	163,453,731
Notes receivable - Net	11,285,624	-	10,970,442	-
Capital assets - Net	687,865,540	29,885,459	646,087,408	30,520,718
Total noncurrent assets	875,997,175	230,656,349	716,694,365	227,129,999
TOTAL ASSETS	$1,309,130,848	$ 491,686,618	$1,107,883,619	$ 456,495,340

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

Statements of Net Position (Continued)

	June 30, 2013		June 30, 2012	
	Ohio University	The Ohio University Foundation	Ohio University	The Ohio University Foundation
Liabilities and Net Position				
Current Liabilities				
Accounts payable and accrued liabilities	$ 52,867,833	$ 2,688,271	$ 41,387,492	$ 3,166,463
Deferred revenue	29,843,599	-	32,490,344	-
Refunds and other liabilities	7,154,774	5,830,493	5,266,515	5,830,368
Long-term debt - Current portion	15,759,291	1,077,400	11,465,625	1,022,000
Deposits held in custody for others	1,386,565	418,478	1,352,403	345,969
Total current liabilities	107,012,062	10,014,642	91,962,379	10,364,800
Noncurrent Liabilities				
Compensated absences	16,363,187	-	14,542,707	-
Other long-term liabilities	771,258	-	2,836,790	-
Long-term debt	329,741,876	27,685,000	194,616,168	28,762,400
Refundable advances, federal student loans	7,483,391	-	7,531,402	-
Total noncurrent liabilities	354,359,712	27,685,000	219,527,067	28,762,400
Total liabilities	461,371,774	37,699,642	311,489,446	39,127,200
Net Position				
Net investment in capital assets	498,855,400	5,051,593	479,454,516	4,283,540
Restricted:				
Nonexpendable	20,035,671	168,851,765	19,039,643	163,453,731
Expendable	39,217,527	279,708,969	37,740,009	251,648,970
Unrestricted	289,650,476	374,649	260,160,005	(2,018,101)
Total net position	847,759,074	453,986,976	796,394,173	417,368,140
TOTAL LIABILITIES AND NET POSITION	$1,309,130,848	$ 491,686,618	$1,107,883,619	$ 456,495,340

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

Ohio University

Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2013 and 2012

	2013		2012	
	Ohio University	The Ohio University Foundation	Ohio University	The Ohio University Foundation
OPERATING REVENUE:				
Student tuition and fees	$ 374,172,489	$ -	$ 347,313,985	$ -
Less: Pell grants	(36,383,579)	-	(36,385,924)	-
Less: Other scholarships	(31,387,122)	-	(28,011,937)	-
Net Student tuition and fees	306,401,788	-	282,916,124	-
Auxiliary enterprises	100,419,557	-	96,748,008	-
Less: Pell grants-room and board	(2,563,364)	-	(2,358,732)	-
Less: Other scholarships-room and board	(7,862,805)	-	(7,329,582)	-
Net Auxiliary enterprises	89,993,388	-	87,059,694	-
Federal grants and contracts	33,234,217	-	31,709,532	-
State grants and contracts	8,318,603	-	8,130,827	-
Local grants and contracts	612,291	-	816,600	-
Private grants and contracts	8,732,387	-	8,511,441	-
Royalties	10,237,675	-	9,657,819	-
Sales and services	8,823,843	-	8,331,864	-
Other sources	17,695,240	11,447,338	13,178,593	10,771,081
Total operating revenue	484,049,432	11,447,338	450,312,494	10,771,081
OPERATING EXPENSES:				
Educational and general:				
Instruction and departmental research	252,853,205	8,846,362	231,424,236	6,322,737
Separately budgeted research	45,849,130	873,202	42,516,967	843,596
Public service	27,883,360	463,594	27,134,973	425,028
Academic support	67,416,554	1,314,395	62,991,384	1,245,982
Student services	31,372,445	1,762,675	29,137,388	1,162,834
Institutional support	39,144,473	11,706,501	34,038,345	11,551,266
Operation and maintenance of plant	61,504,994	-	52,731,919	-
Student aid (including Pell grants of $4,921,374 in 2013 and $4,706,399 in 2012 for Ohio University)	11,493,470	3,699,972	10,575,082	3,715,891
Depreciation	35,150,724	1,509,232	34,828,661	1,543,586
Auxiliary enterprises	70,563,577	-	68,545,176	-
Operating expenses - Related entities	-	7,159,262	-	7,354,502
Total operating expenses	643,231,932	37,335,195	593,924,131	34,165,422
OPERATING LOSS	$(159,182,500)	$ (25,887,857)	$ (143,611,637)	$ (23,394,341)

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

Ohio University

Statements of Revenues, Expenses, and Changes in Net Position (Continued)
Years Ended June 30, 2013 and 2012

	2013		2012	
	Ohio University	The Ohio University Foundation	Ohio University	The Ohio University Foundation
NONOPERATING REVENUE (EXPENSES):				
State appropriations	$ 141,351,804	$ -	$ 136,636,074	$ -
Federal grants - Pell	43,868,317	-	43,451,055	-
Federal grants - Other nonexchange	2,078,589	-	1,656,583	-
State and local grants nonexchange	2,731,913	-	2,198,331	-
Private gifts	4,618,051	8,449,002	4,413,232	11,200,309
University support	-	5,436,801	-	5,274,285
Investment income - Net	13,651,449	43,609,711	3,658,908	29,297,278
Interest on debt	(6,083,629)	-	(6,130,158)	-
Disposal and write-offs of plant facilities	(478,687)	-	(578,404)	-
Net nonoperating revenue	201,737,807	57,495,514	185,305,621	45,771,872
INCOME BEFORE OTHER	42,555,307	31,607,657	41,693,984	22,377,531
OTHER				
State capital appropriations	4,935,547	-	6,200,109	-
Capital grants and gifts	3,869,353	-	11,468,690	-
Additions to permanent endowments	4,694	5,011,179	6,567	9,406,919
Total other	8,809,594	5,011,179	17,675,366	9,406,919
INCREASE IN NET POSITION	51,364,901	36,618,836	59,369,350	31,784,450
NET POSITION:				
Beginning of year	796,394,173	417,368,140	737,024,823	385,583,690
End of year	$ 847,759,074	$ 453,986,976	$ 796,394,173	$ 417,368,140

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

Ohio University

Statements of Cash Flows
Years Ended June 30, 2013 and 2012

	Ohio University	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Student tuition and fees	$ 316,890,502	$ 273,768,156
Grants and contracts	50,330,134	51,736,150
Payments to suppliers	(136,445,031)	(142,292,517)
Payments to or on behalf of employees	(398,427,637)	(377,299,609)
Payments for scholarships and fellowships	(35,970,312)	(33,392,578)
Loans issued to students	(2,130,066)	(2,806,229)
Collection of loans to students	2,038,043	2,626,223
Auxiliary enterprise sales	89,042,904	88,327,538
Royalties	10,085,175	9,443,390
Sales and services	8,243,624	8,590,303
Other receipts	17,691,878	13,227,598
Net cash used in operating activities	(78,650,786)	(108,071,575)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	141,351,804	136,636,074
Gifts and grants for other than capital purposes	53,301,564	51,793,270
Federal direct student loan program receipts	216,175,535	202,836,857
Federal direct student loan program disbursements	(221,243,028)	(211,363,475)
Student organization agency transactions	252,811	196,075
Net cash provided by noncapital financing activities	189,838,686	180,098,801
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
Proceeds from capital debt	173,810,370	76,470,000
State capital appropriations	4,723,966	6,524,858
Capital grants and gifts received	5,086,417	9,826,891
Purchases of capital assets	(77,407,543)	(52,966,499)
Principal paid on capital debt and leases	(48,328,122)	(44,673,233)
Interest paid on capital debt and leases	(6,083,629)	(6,130,158)
Net cash provided by (used in) capital financing activities	51,801,459	(10,948,141)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	35,204,442	40,767,162
Investment income	7,624,679	4,690,152
Purchase of investments	(42,627,122)	(163,822,715)
Net cash provided by (used in) investing activities	201,999	(118,365,401)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	163,191,358	(57,286,316)
CASH AND CASH EQUIVALENTS - Beginning of year	109,183,078	166,469,394
CASH AND CASH EQUIVALENTS - End of year	$ 272,374,436	$ 109,183,078

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

Statements of Cash Flows (Continued)
Years Ended June 30, 2013 and 2012

	Ohio University	
	2013	2012
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	$ (159,182,500)	$ (143,611,637)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	35,150,724	34,828,661
Changes in assets and liabilities:		
Accounts receivable - Net	13,279,008	(9,650,178)
Notes receivable - Net	125,481	563,421
Prepaid expenses and deferred charges	3,159,983	687,310
Inventories	(249,431)	(567,830)
Accounts payable and accrued liabilities	7,531,611	(3,773,510)
Deferred revenue	19,646,079	11,232,188
Refunds and other liabilities	1,888,259	2,220,000
NET CASH USED IN OPERATING ACTIVITIES	$ (78,650,786)	$ (108,071,575)

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

Note 1 - Organization, Basis of Presentation, and Significant Accounting Policies

Organization - Ohio University (the "University") is a public institution established by the State of Ohio (the "State") in 1804 under Chapter 3337 of the Ohio Revised Code (ORC). As such, it is a component unit of the State and is included as a discretely presented entity in the State's Comprehensive Annual Financial Report. The University is the oldest of the State-assisted universities in Ohio. It is defined by statute to be a body politic and corporate and an instrumentality of the State.

The University is governed by a Board of Trustees composed of nine Trustees and two student Trustees, all appointed by the governor. The Board shall also include two national Trustees and the chair of the Ohio University Alumni Association Board of Directors or his or her designee. The two national Trustees are appointed by the Board for staggered three-year terms. The nine Trustees appointed by the governor will hold voting privileges. The two student trustees, the two national trustees, and the chair of the Ohio University Alumni Association Board of Directors may not vote on Board matters, but their opinions and advice will be actively solicited and welcomed in Board deliberations.

Basis of Presentation - The financial statements of the University have been prepared in accordance with generally accepted accounting principles. The presentation provides a comprehensive, entity-wide perspective of the University's assets, liabilities, net position, revenues, expenses, and changes in net position, and the direct method of cash flow presentation.

Certain organizations warrant inclusion as part of the financial reporting entity because of the nature and significance of their relationship with the primary government, including their ongoing financial support of the primary government. The University has determined that The Ohio University Foundation (the "Foundation") meets this definition and it is therefore included as a discretely presented component unit in the University's financial statements. The Foundation's financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles as prescribed by the Financial Accounting Standards Board. A separate financial report for the Foundation is available by contacting The Ohio University Foundation, 168 West Union Street Office Center, Athens, Ohio 45701, or by calling 740-593-1901. See Note 19 for additional disclosures regarding the Foundation.

Basis of Accounting - The University is a special-purpose government engaged in business-type activities. Accordingly, the financial statements are presented using an economic resources measurement focus and are presented on the accrual basis of accounting. Under the accrual basis, revenue is recognized when earned and expenses are recorded when incurred. All significant interfund transactions have been eliminated.

Cash and Cash Equivalents – Cash consists primarily of petty cash, cash in banks, and money market accounts. Cash equivalents are short-term highly liquid investments readily convertible to cash with original maturities of three months or less.

Investments – All investments are carried at fair value. Investments in publicly traded securities are stated at fair value as established by major securities markets. Nonpublicly traded investments are valued based on independent appraisals and estimates considering market prices of similar investments. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income (loss) in the statements of revenues, expenses, and changes in net position.

Accounts Receivable – Accounts receivable consists of amounts due for tuition and fees, grants and contracts, and auxiliary enterprise services. Grants and contracts receivables include amounts due from the federal government, state and local governments, or private sources, as reimbursement for certain expenditures made in accordance with agreements. Uncollectible amounts have been reserved.

Inventories – Inventories are stated at lower of weighted-average cost or net realizable value.

Restricted Cash and Cash Equivalents – Restricted cash and cash equivalents are funds restricted for capital expenditures subject to bond and note agreements held by bond trustees. In addition, it includes funds held in escrow based on terms and conditions of various agreements.

Capital Assets – Purchased or constructed capital assets are recorded at cost. Donated capital assets are recorded at their estimated fair market value as of the date received. Depreciation is calculated using the straight-line method over the estimated useful life of the asset.

The following are the capitalization levels and estimated useful lives of the University asset classes:

Asset Class	Capitalize At	Estimated Useful Life
Land	Any amount	N/A
Land improvements	$100,000	N/A
Works of art and historical treasures	$5,000	N/A
Infrastructure	$100,000	10-50 years
Buildings	Any amount	40 years
Machinery and equipment	$5,000	5-25 years
Library books and publications	Any amount	10 years
Transportation equipment	$5,000	5-10 years
Purchased software	$500,000	5-10 years
Internally developed software	$1,000,000	5-10 years

Building renovations that significantly increase the value or extend the useful life of the structure are also capitalized. The costs of normal maintenance and repairs are not capitalized. Interest incurred during the construction of capital assets is included in the cost of the asset when capitalized. Land, land improvements, and works of art and historical treasures are not depreciated. Any impairment of capital assets and insurance recoveries are disclosed.

Deferred Revenue – Deferred revenue includes amounts for tuition and fees, grants and contracts, and certain auxiliary activities received prior to the end of the fiscal year, related to the subsequent accounting period.

Compensated Absences – University employees earn vacation and sick leave benefits based, in part, on length of service. Upon separation from service, employees are paid their accumulated vacation and sick pay based upon the nature of separation (termination, retirement, or death). Certain limits are placed on the hours of vacation and sick leave that employees may accumulate and carry over for payment at termination, retirement, or death. Unused hours exceeding the limits are forfeited. The estimated and accrued liability is recorded at year end in the statements of net position, and the net change from the prior year is recorded as a component of operating expense in the statements of revenues, expenses, and changes in net position.

Net Position – Net position is classified into three major categories:

- Net investment in capital assets – the net equity in property, plant, and equipment owned by the University.
- Restricted – owned by the University, but the use or purpose of the funds is restricted by an external source or entity. The restricted net position category is subdivided further into expendable and nonexpendable.
  - Restricted expendable – may be spent by the institution, but only for the purpose specified by the donor, grantor, or other external entity. This category includes the unspent balance in grant funds, loan funds, debt service funds, and bond funded capital projects.
  - Restricted nonexpendable – endowment funds whose principal may be invested; however, only interest, dividends, and capital gains may be spent.
- Unrestricted – resources derived primarily from student tuition, fees, state appropriations, and auxiliary enterprises. They are used for the general obligations of the University and may be used at the discretion of the Board of Trustees for any purpose furthering the University's mission.

Restricted Versus Unrestricted Resources – When an expense is incurred that can be paid using either restricted or unrestricted resources, the University's policy is to apply the expense at the discretion of University management.

Income Taxes – The University is an organization described in Section 115 of the Internal Revenue Code (the "Code") and has further been classified as an organization that is not a private foundation in accordance with Sections 509(a)(1) and 170(b)(1)(A)(ii) of the Code. However, certain revenues are considered unrelated business income and are taxable under Code Sections 511 through 513.

Classification of Revenue – Revenue is classified as either operating or nonoperating.

- Operating revenue include revenues from activities that have characteristics similar to exchange transactions. These include student tuition and fees (net of scholarship discounts and allowances), sales and services of auxiliary enterprises (net of scholarship discounts and allowances), and certain federal, state, local and private grants, and contracts. The presumption is that there is a fair exchange of value between all parties to the transaction.
- Nonoperating revenue includes revenue from activities that have the characteristics of nonexchange transactions, such as state appropriations, and certain federal, state, local and private gifts, and grants. The implication is that such revenues are derived from more passive efforts related to the acquisition of the revenue, rather than the earning of it.

Scholarship Discounts and Allowances – Student tuition and fee revenue, and certain other payments recorded as auxiliary enterprises revenue, are net of scholarship discounts and allowances in the statements of revenues, expenses, and changes in net position. Scholarship discounts and allowances are the difference between the charge for tuition and fees, and the amount paid by students or by third parties on the students' behalf. Scholarship discounts and allowances were $78,196,870 (of which $67,770,701 is netted against student tuition and fees and $10,426,169 is netted against auxiliary enterprises revenue) and $74,086,175 (of which $64,397,861 is netted against student tuition and fees and $9,688,314 is netted against auxiliary enterprises revenues) as of June 30, 2013 and 2012, respectively.

Auxiliary Enterprises – Auxiliary revenue is primarily from residence halls, dining services, intercollegiate athletics, airport operations, telephone and technology store operations, student union operations, parking services, and campus recreation. It is shown net of scholarship discounts and allowances for room and board.

Component Units – Management has determined that Tech GROWTH Ohio Fund and University Medical Associates are component units of the University. Due to the insignificant amount of activity represented by these two organizations, their financial results have not been presented in the University's financial statements. Should the operations of either of these entities become significant, the University will discretely present the entity in the financial statements of the applicable year.

Tech GROWTH Ohio Fund was established in August 2008, within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. The exclusive purpose of the organization is for charitable, educational, and scientific endeavors in areas involving the advancement of technology, and increasing technology-based and/or other entrepreneurial commercialization ventures throughout southeast Ohio, with a focus on strategic technology based sectors that offer economic development prospects for the region.

University Medical Associates (the "Corporation") is a not-for-profit organization incorporated in the state of Ohio and has been recognized as tax-exempt pursuant to Section 501(c)(3) of the Internal Revenue Code and applicable state statutes. The membership of the Corporation consists of many physicians who are faculty members of the Ohio University Heritage College of Osteopathic Medicine. The Corporation provides medical services in private physician offices and clinic settings on the campus of Ohio University and surrounding locations.

Eliminations – The University eliminates interfund assets and liabilities and revenue and expenses related to internal activities.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) may require management to make estimates and assumptions that affect certain amounts reported in the financial statements. The estimates and assumptions are based on currently available information and actual results could differ from those estimates.

Newly Adopted Accounting Pronouncements

- **Deferred Inflows/Outflows and Net Position** – Effective July 1, 2012, the University implemented the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.* This statement introduces and defines those elements as a consumption of net assets by the University that are applicable to a future reporting period, and an acquisition of net asset by the University that are applicable to a future reporting period, respectively. The standards also incorporate deferred outflows of resources and deferred inflows of resources, as defined by GASB Concepts Statement No. 4, into the definitions of the required components of the residual measure of net position, formerly net assets. This statement also provided a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.

Newly Issued Accounting Pronouncements

- **Items previously reported as Assets and Liabilities** – In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows and inflows of resources, certain items that were previously reported as assets and liabilities. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012.

  The University is currently evaluating the impact this standard will have on the financial statements when adopted in fiscal year 2014.

- **Reporting for Pensions** – In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*. Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information. The total pension liability will be computed on a different basis than the current actuarial accrued liability and the method of allocating this liability to each participating employer has not yet been determined, so the precise impact is not known. The provisions of this statement are effective for financial statements for the year ending June 30, 2015.

  The University is currently evaluating the impact this standard will have on the financial statements when adopted in fiscal year 2015.

Note 2 – Deposits with Financial Institutions, Cash and Cash Equivalents, and Investments

As of June 30, 2013, the carrying amount of the University’s cash and cash equivalents for all funds was $272,374,436 compared to bank balances of $283,753,001. As of June 30, 2012, the carrying amount of the University’s cash and cash equivalents for all funds was $109,183,078 compared to bank balances of $115,847,277. The difference in carrying amounts and bank balances is caused by outstanding checks and deposits-in-transit. At June 30, 2013, of the bank balances, $1,261,436 is covered by the Federal Deposit Insurance Corporation (FDIC) and $282,491,565 is uninsured but collateralized by pools of securities pledged by the depository banks and held in the name of the respective banks.

The University's investment portfolio may include investments in the following:

- Obligations of the U.S. Treasury and other federal agencies and instrumentalities
- Municipal and State bonds
- Certificates of deposit
- Repurchase agreements
- Mutual funds
- Commercial paper
- Corporate bonds and notes
- Common and preferred stock
- Asset-backed securities
- Absolute return funds
- Private equity and venture capital
- Real assets

The University's endowment fund operates with a long-term investment goal of preserving the purchasing power of the principal in a diversified portfolio.

U.S. government and agency securities are invested through trust agreements with banks that keep the securities in their safekeeping accounts at the Federal Reserve Bank in "book entry" form. The banks internally designate the securities as owned by or pledged to the University. Common stocks, corporate bonds, money market instruments, mutual funds, and other investments are invested through trust agreements with banks that keep the investments in their safekeeping account in the appropriate custodial bank in "book entry" form. The banks internally designate the securities as owned by or pledged to the University.

The values of investments as of June 30, 2013 and 2012 are as follows:

Investment Type	2013	2012
Money markets	$ 6,566,062	$ 3,502,324
U.S. government obligations	1,241,338	1,599,726
U.S. government agency obligations	4,856,799	4,557,946
Mortgage-backed securities	361,499	568,064
Corporate bonds and notes	2,053,328	2,862,999
Bond mutual funds	144,713,095	143,027,554
Municipal bonds	3,058,555	2,659,704
U.S. common stock	511,802	429,184
U.S. equity mutual funds	29,254,492	28,379,285
International equity mutual funds	35,394,020	31,336,106
Absolute return funds	13,640,016	14,734,163
Real assets	9,295,214	5,123,841
Private equity funds	10,538,017	9,112,677
Total	$261,484,237	$247,893,573

The University's investment strategy incorporates certain financial instruments that involve, to varying degrees, elements of market risk in excess of amounts recorded in the financial statements. Market risk is the potential for changes in the value of financial instruments due to market changes, including interest and foreign exchange rate movements and rate fluctuations embodied in forwards, futures, commodities, or security prices. Market risk is directly impacted by the volatility and liquidity of the markets in which the related underlying assets are traded.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments with interest rates that are fixed for longer periods are likely to be subject to more variability in their fair values as a result of future changes in interest rates.

As of June 30, 2013, maturities of the University's interest-bearing investments are as follows:

		Investment Maturities			
Investment Type	Market Value	Less Than 1 Year	1 to 5 Years	6 to 10 Years	More Than 10 Years
Money markets	$ 6,566,062	$ 6,505,003	$ -	$ -	$ 61,059
U.S. government obligations	1,241,338	60,279	1,181,059	-	-
U.S. government agency obligations	4,856,799	-	4,856,799	-	-
Mortgage-backed securities	361,499	-	120,981	62,599	177,919
Corporate bonds and notes	2,053,328	683,323	1,039,453	211,570	118,982
Bond mutual funds	144,713,095	653,715	6,967,033	137,092,347	-
Municipal bonds	3,058,555	912,923	2,145,632	-	-
Total	$ 162,850,676	$ 8,815,243	$ 16,310,957	$ 137,366,516	$ 357,960

As of June 30, 2012, maturities of the University's interest-bearing investments are as follows:

		Investment Maturities			
Investment Type	Market Value	Less Than 1 Year	1 to 5 Years	6 to 10 Years	More Than 10 Years
Money markets	$ 3,502,324	$ 3,502,324	$ -	$ -	$ -
U.S. government obligations	1,599,726	341,947	1,257,779	-	-
U.S. government agency obligations	4,557,946	595,739	3,962,207	-	-
Mortgage-backed securities	568,064	-	105,613	191,453	270,998
Corporate bonds and notes	2,862,999	676,754	2,014,754	72,754	98,737
Bond mutual funds	143,027,554	4,259,210	6,167,036	131,975,119	626,189
Municipal bonds	2,659,704	100,043	2,398,656	161,005	-
Total	$ 158,778,317	$ 9,476,017	$ 15,906,045	$ 132,400,331	$ 995,924

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The University's risk of loss in the event of counterparty default is typically limited to the amounts recognized in the statement of net position and is not represented by the contract or notional amounts of the instruments. Credit quality, as commonly expressed in terms of credit ratings issued by nationally recognized statistical rating organizations such as Moody's Investors Service, Standard & Poor's, or Fitch Ratings, provides a current depiction of potential variable cash flows and credit risk.

The credit ratings of the University's interest-bearing investments as of June 30, 2013 are as follows:

	Market Value	Credit Quality (S&P) AAA	AA	A	BBB	BB	B	Unrated
Money markets	$ 6,566,062	$ -	$ -	$ -	$ -	$ -	$ -	$ 6,566,062
U.S. government obligations	1,241,338	-	1,241,338	-	-	-	-	-
U.S. government agency obligations	4,856,799	-	4,856,799	-	-	-	-	-
Mortgage-backed securities	361,499	-	339,262	-	22,237	-	-	-
Corporate bonds and notes	2,053,328	-	1,153,189	586,049	118,036	-	-	196,054
Bond mutual funds	144,713,095	3,766,861	128,376,215	294,506	340,477	5,060,689	164,692	6,709,655
Municipal bonds	3,058,555	-	1,699,854	457,743	-	-	-	900,958
Total	$162,850,676	$ 3,766,861	$137,666,657	$1,338,298	$480,750	$5,060,689	$164,692	$14,372,729

The credit ratings of the University's interest-bearing investments as of June 30, 2012 are as follows:

	Market Value	Credit Quality (S&P) AAA	AA	A	BBB	BB	B	Unrated
Money markets	$ 3,502,324	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,502,324
U.S. government obligations	1,599,726	-	1,599,726	-	-	-	-	-
U.S. government agency obligations	4,557,946	-	4,557,946	-	-	-	-	-
Mortgage-backed securities	568,064	-	568,064	-	-	-	-	-
Corporate bonds and notes	2,862,999	-	1,671,272	1,023,207	168,520	-	-	-
Bond mutual funds	143,027,554	4,251,770	127,419,082	243,641	230,791	4,301,441	-	6,580,829
Municipal bonds	2,659,704	-	1,475,414	210,254	-	-	-	974,036
Total	$158,778,317	$ 4,251,770	$137,291,504	$1,477,102	$399,311	$4,301,441	$ -	$11,057,189

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of failure of the counterparty, the University will not be able to recover the value of its investment or collateral securities that are in possession of an outside party. As of June 30, 2013 and 2012, the University had no custodial credit risk.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. As of June 30, 2013 and 2012, there were no single-issuer investments that exceeded 5 percent of total investments.

Foreign Currency Risk - Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The University's exposure to foreign currency is limited to its investment in international equity mutual funds. The value of this investment was $35.4 million and $31.3 million as of June 30, 2013 and 2012, respectively.

Valuation of Alternative Investments – Financial data for many private investments are not available until after fiscal year end, and the lag times for reporting range from one month to one quarter in arrears for these investments. The valuations have been adjusted by cash added to and cash distributed from these accounts through June 30. Management considers information that becomes available after the financial statements are compiled but before they are released, to determine whether an adjustment to the reported fair value of investments should be made. At June 30, 2013 and 2012, there were $26.8 million and $29.0 million, respectively, in investment assets reported at the estimated values described above, and all are listed as either absolute return funds or private equity funds.

Note 3 – Accounts Receivable

The composition of accounts receivable at June 30, 2013 and 2012 is summarized as follows:

	2013	2012
Student tuition and fees	$40,729,411	$52,239,875
Grants and contracts	11,790,104	12,006,539
Student loans	9,310,229	11,442,736
Royalties	2,400,000	2,247,500
Other	6,051,070	5,260,880
Total accounts receivable	70,280,814	83,197,530
Less allowance for doubtful accounts	(9,886,784)	(9,142,473)
Accounts receivable - Net	$60,394,030	$74,055,057

Note 4 – Notes Receivable

The University's notes receivable at June 30, 2013 and 2012 is net of allowance for doubtful accounts of $2,275,385 and $2,088,227, respectively. Principal repayment and interest terms vary. Federal loan programs are funded primarily through borrower repayments, federal contributions under Perkins, and various Health Professions loan programs.

The University distributed $221,243,028 and $211,363,475 for student loans through the U.S. Department of Education Federal Direct Lending program during the years ended June 30, 2013 and 2012, respectively. These distributions and the related funding sources are included as cash disbursements and cash receipts in the accompanying statement of cash flows.

The composition of notes receivable at June 30, 2013 and 2012 is as follows:

	2013	2012
Student loan program	$14,106,507	$14,160,464
Heritage College of Osteopathic Medicine former students	993,583	877,950
Total notes receivable	15,100,090	15,038,414
Less allowance for doubtful accounts	(2,275,385)	(2,088,227)
Notes receivable - Net	12,824,705	12,950,187
Less current portion	(1,539,081)	(1,979,745)
Notes receivable - Net, noncurrent portion	$11,285,624	$10,970,442

Note 5 - Capital Assets

Capital asset activity for the year ended June 30, 2013 was as follows:

	Balance July 1, 2012	Additions	Transfers	Retirements	Balance June 30, 2013
Capital assets not being depreciated:					
Land	$ 24,835,699	$ 168,587	$ -	$ -	$ 25,004,286
Land improvements	4,701,091	-	-	-	4,701,091
Construction in progress	20,821,462	52,678,490	(13,115,140)	(145,136)	60,239,676
Works of art and historical treasures	8,915,599	516,100	-	-	9,431,699
Total capital assets not being depreciated	59,273,851	53,363,177	(13,115,140)	(145,136)	99,376,752
Capital assets being depreciated:					
Infrastructure	113,597,134	5,762,927	551,737	(4,273,644)	115,638,154
Buildings	802,767,592	11,276,615	12,563,403	(716,960)	825,890,650
Machinery and equipment	127,347,829	4,683,342	-	(3,984,387)	128,046,784
Library books and publications	74,951,911	1,270,128	-	(768,776)	75,453,263
Transportation equipment	19,924,980	1,051,354	-	(164,316)	20,812,018
Total capital assets being depreciated	1,138,589,446	24,044,366	13,115,140	(9,908,083)	1,165,840,869
Total capital assets	1,197,863,297	77,407,543	-	(10,053,219)	1,265,217,621
Less accumulated depreciation:					
Infrastructure	58,570,806	4,845,799	-	(4,273,644)	59,142,961
Buildings	329,789,028	18,718,729	-	(716,847)	347,790,910
Machinery and equipment	83,190,354	7,854,463	-	(3,653,752)	87,391,065
Library books and publications	64,622,680	2,355,682	-	(768,776)	66,209,586
Transportation equipment	15,603,021	1,376,051	-	(161,513)	16,817,559
Total accumulated depreciation	551,775,889	35,150,724	-	(9,574,532)	577,352,081
Total capital assets being depreciated - net	586,813,557	(11,106,358)	13,115,140	(333,551)	588,488,788
Capital assets - net	$ 646,087,408	$ 42,256,819	$ -	$ (478,687)	$ 687,865,540

Capital asset activity for the year ended June 30, 2012 was as follows:

	Balance July 1, 2011	Additions	Transfers	Retirements	Balance June 30, 2012
Capital assets not being depreciated:					
Land	$ 19,830,864	$ 5,004,835	$ -	$ -	$ 24,835,699
Land improvements	4,701,091	-	-	-	4,701,091
Construction in progress	16,318,983	14,555,464	(9,619,945)	(433,040)	20,821,462
Works of art and historical treasures	8,877,723	64,006	-	(26,130)	8,915,599
Total capital assets not being depreciated	49,728,661	19,624,305	(9,619,945)	(459,170)	59,273,851
Capital assets being depreciated:					
Infrastructure	111,091,537	2,082,190	423,407	-	113,597,134
Buildings	771,524,313	22,046,741	9,196,538	-	802,767,592
Machinery and equipment	132,259,694	7,117,281	-	(12,029,146)	127,347,829
Library books and publications	75,558,411	1,364,950	-	(1,971,450)	74,951,911
Transportation equipment	19,699,841	731,032	-	(505,893)	19,924,980
Total capital assets being depreciated	1,110,133,796	33,342,194	9,619,945	(14,506,489)	1,138,589,446
Total capital assets	1,159,862,457	52,966,499	-	(14,965,659)	1,197,863,297
Less accumulated depreciation:					
Infrastructure	53,899,944	4,670,862	-	-	58,570,806
Buildings	311,866,384	17,922,644	-	-	329,789,028
Machinery and equipment	86,779,993	8,304,836	-	(11,894,475)	83,190,354
Library books and publications	64,014,361	2,579,769	-	(1,971,450)	64,622,680
Transportation equipment	14,751,963	1,350,550	-	(499,492)	15,603,021
Total accumulated depreciation	531,312,645	34,828,661	-	(14,365,417)	551,775,889
Total capital assets being depreciated - net	578,821,151	(1,486,467)	9,619,945	(141,072)	586,813,557
Capital assets - net	$ 628,549,812	$ 18,137,838	$ -	$ (600,242)	$ 646,087,408

Note 6 - Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities at June 30, 2013 and 2012 consisted of the following:

	2013	2012
Accrued payroll	$ 17,776,482	$ 18,412,448
Accrued compensated absences - Current portion	523,499	612,624
Accrued self-insurance claims	3,413,000	3,362,000
Accrued royalties	2,352,500	2,247,500
Other accrued liabilities	921,138	1,378,300
Vendor and other payables	27,881,214	15,374,620
Total accounts payable and accrued liabilities	$ 52,867,833	$ 41,387,492

Note 7 - Long-term Debt

The University's long-term debt at June 30, 2013 is summarized as follows:

	July 1, 2012	Additions	Reductions	June 30, 2013	Current
General receipts bonds - Series 2013	$ -	$ 145,170,000	$ -	$ 145,170,000	$ 2,225,000
General receipts bonds - Series 2012A & B	-	28,640,370	571,716	28,068,654	1,656,775
General receipts bonds - Series 2012	76,470,000	-	-	76,470,000	1,645,000
General receipts bonds - Series 2009	22,035,000	-	2,395,000	19,640,000	2,470,000
General receipts bonds - Series 2008A & B	8,920,000	-	255,000	8,665,000	265,000
Subordinated general receipts bonds - Series 2006B	23,625,000	-	1,235,000	22,390,000	1,285,000
Subordinated general receipts bonds - Series 2006A	21,955,000	-	1,300,000	20,655,000	1,345,000
Subordinated general receipts bonds - Series 2004	27,065,000	-	25,525,000	1,540,000	1,540,000
Subordinated general receipts bonds - Series 2003	4,380,000	-	2,130,000	2,250,000	2,250,000
Subordinated variable general receipts bonds - Series 2001	14,845,000	-	14,845,000	-	-
Total bonds and notes payable	199,295,000	173,810,370	48,256,716	324,848,654	14,681,775
Deferred charge on refunding	(2,829,993)	(1,095,992)	(398,766)	(3,527,219)	(398,766)
Bond premiums	9,452,452	16,024,871	1,390,519	24,086,804	1,426,836
Capital lease obligations	164,334	-	71,406	92,928	49,446
Total long-term debt	$ 206,081,793	$ 188,739,249	$ 49,319,875	$ 345,501,167	$ 15,759,291

The University's long-term debt at June 30, 2012 is summarized as follows:

	July 1, 2011	Additions	Reductions	June 30, 2012	Current
General receipts bonds - Series 2012	$ -	$ 76,470,000	$ -	$ 76,470,000	$ -
General receipts bonds - Series 2009	24,365,000	-	2,330,000	22,035,000	2,395,000
General receipts bonds - Series 2008A & B	9,160,000	-	240,000	8,920,000	255,000
Subordinated general receipts bonds - Series 2006B	24,820,000	-	1,195,000	23,625,000	1,235,000
Subordinated general receipts bonds - Series 2006A	23,205,000	-	1,250,000	21,955,000	1,300,000
Subordinated general receipts bonds - Series 2004	43,370,000	-	16,305,000	27,065,000	1,465,000
Subordinated general receipts bonds - Series 2003	22,800,000	-	18,420,000	4,380,000	2,130,000
Subordinated variable general receipts bonds - Series 2001	16,860,000	-	2,015,000	14,845,000	2,090,000
Total bonds and notes payable	164,580,000	76,470,000	41,755,000	199,295,000	10,870,000
Deferred charge on refunding	-	(3,119,160)	(289,167)	(2,829,993)	(289,167)
Bond premiums	4,910,532	6,435,348	1,893,428	9,452,452	810,091
Capital lease obligations	165,879	86,695	88,240	164,334	74,701
Total long-term debt	$ 169,656,411	$ 79,872,883	$ 43,447,501	$ 206,081,793	$ 11,465,625

Note: Series 2001, Series 2003, Series 2004, Series 2006A, Series 2006B, and Series 2006C bonds were designated "subordinate" upon their issuance due to the existence of a prior trust agreement; that trust agreement has since been defeased and the aforementioned bonds are now parity debt service obligations.

On May 22, 2013, the University issued general receipts bonds Series 2013 in the amount of $145,170,000. The proceeds are being used to develop extension campuses in Columbus and Cleveland, Ohio for a number of programmatic initiatives including the expansion of the Heritage College of Osteopathic Medicine, for renovations to multiple academic buildings, for construction of a new Indoor Multi-Purpose Facility for various instructional, athletic and recreational uses, and to complete the Housing Development Phase I which will consist of the construction of a new residential housing facility, student support spaces and residential housing administration office space. Proceeds were also used to refund the 2001 and 2004 bonds as described below.

On July 31, 2012, the University issued general receipts notes, Ohio Air Quality

Development Authority (OAQDA) Series 2012A & B in the amount of $28,640,370. The Series 2012A is an OAQDA tax-exempt bond for $20,140,370 and Series 2012B is an OAQDA tax-credit revenue bond (Qualified Energy Conservation Bond) for $8,500,000. The proceeds were used for financing the costs of air quality facilities in order to promote the public purposes of Chapter 3706, of the ORC.

On February 29, 2012, the University issued general receipts bonds Series 2012 in the amount of $76,470,000. The proceeds are being used to develop an extension campus in Columbus, Ohio for a number of programmatic initiatives including the expansion of the Heritage College of Osteopathic Medicine, for renovations to multiple academic buildings, for infrastructure improvements including a chilled water expansion, and for additional upgrades to the University's existing information technology network. Proceeds were also used to refund portions of the 2003 and 2004 bonds as described below.

On June 2, 2009, the University issued general receipts bonds Series 2009 in the amount of $26,645,000. The proceeds were used to purchase and implement a new student information system and to upgrade the University's existing information technology network infrastructure.

On July 10, 2008, the University issued general receipts bonds Series 2008A in the amount of $13,345,000 and taxable general receipts bonds Series 2008B in the amount of $2,005,000. The proceeds were used to refund the general receipts bond anticipation notes and acquire a facility on the edge of the University's campus.

On April 6, 2006, the University issued $29,170,000 in subordinated general receipts bonds, Series 2006B. The proceeds were used for various capital projects on the Athens campus.

On February 16, 2006, the University issued $28,145,000 in subordinated general receipts bonds, Series 2006A. The proceeds were used to refund the Series 1999 bonds.

On March 15, 2004, the University issued $52,885,000 in subordinated general receipts bonds, Series 2004. The proceeds were used to refund the Series 2003B notes, and for capital equipment and construction costs on various building projects. On February 29, 2012, the Series 2004 bonds were partially refunded with $15,395,000 being incorporated into the Series 2012 bonds. On May 22, 2013, the Series 2004 bonds were again partially refunded with $22,935,000 being incorporated into the Series 2013 bonds.

On September 3, 2003, the University issued $47,860,000 in subordinated general receipts bonds, Series 2003. The proceeds were used to refund the Series 1993 bonds and the Series 2003A notes. On February 29, 2012, the Series 2003 bonds were partially refunded with $14,465,000 being incorporated into the Series 2012 bonds.

On May 3, 2001, the University issued $48,025,000 in subordinated variable rate general receipts bonds, Series 2001. The proceeds were for capital equipment and construction costs on various building projects. On May 22, 2013, the Series 2001 bonds were refunded with $12,940,000 being incorporated into the Series 2013 bonds.

These obligations are secured by a gross pledge of and first lien on the general receipts of the University. The general receipts include the full amount of every type and character of campus receipts, except for State appropriations and receipts previously pledged or otherwise restricted.

The University's bonds are secured by a Trust Agreement dated as of May 1, 2001 ("Master Trust Agreement"), as supplemented by a First Supplemental Trust Agreement dated as of May 1, 2001, a Second Supplemental Trust Agreement dated as of September 1, 2003, a Third Supplemental Trust Agreement dated as of October 1, 2003, a Fourth Supplemental Trust Agreement dated as of March 15, 2004, a Fifth Supplemental Trust Agreement dated as of February 1, 2006, a Sixth Supplemental Trust Agreement dated as of April 1, 2006, a Seventh Supplemental Trust Agreement dated as of July 1, 2008, an Eighth Supplemental Trust Agreement dated as of May 1, 2009, a Ninth Supplemental Trust Agreement dated as of February 1, 2012 entered into in connection with the issuance of the Series 2012 bonds, each between the University and U.S. Bank National Association, a Tenth Supplemental Trust Agreement dated as of July 1, 2012 entered into in connection with the issuance of the Series 2012A & B bonds, each between the University and U.S. Bank National Association, and a Twelfth Supplemental Trust Agreement dated as of June 1, 2013 entered into in connection with the issuance of the Series 2013 bonds, each between the University and U.S. Bank National Association.

Details of the series are as follows:

Series	Interest Rate	Maturity Fiscal Year	Initial Issue Amount	Outstanding at June 30, 2013
2001	Variable	2013	$ 48,025,000	$ -
2003	5.00%-5.25%	2014	47,860,000	2,250,000
2004	2.00%-5.00%	2014	52,885,000	1,540,000
2006A	3.50%-5.00%	2025	28,145,000	20,655,000
2006B	3.75%-5.00%	2037	29,170,000	22,390,000
2008A&B	4.17%-5.00%	2034	15,350,000	8,665,000
2009	2.00%-5.00%	2020	26,645,000	19,640,000
2012	2.00%-5.00%	2043	76,470,000	76,470,000
2012A&B	2.00%-5.00%	2028	28,640,370	28,068,654
2013	2.00%-5.00%	2044	145,170,000	145,170,000
				$ 324,848,654

At June 30, 2013, the University no longer held an interest rate swap due to the refunding of the Series 2001 bonds on May 22, 2013, of which the Series 2001 bonds were incorporated into the Series 2013 bonds. Previously the University entered into a swap in an effort to hedge the interest-rate risk associated with the issuance of the University's Series 2001 variable-rate debt. The swap agreement was considered an effective hedge having met the consistent critical terms method of analysis. The fair value of the hedging derivative instrument at June 30, 2013 and June 30, 2012 was $0 and a negative $1,790,254, respectively. This represents the maximum loss that would be recognized at the reporting date if all counterparties failed to perform as contracted. The University terminated the swap and paid it in full in June 2013 for $1,429,000. The University had not recorded the fair value of the derivative instrument on the statements of net position as of June 30, 2013 and 2012. The total amounts paid relative to the swap agreement for the years ended June 30, 2013 and 2012 were $434,154 and $593,219, respectively. These amounts were included as an adjustment to interest on capital asset-related debt in the statement of revenues, expenses, and changes in net position.

The fair value of the interest rate swap was estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps.

The interest rate swap was subject to the following risks:

<u>Credit risk</u> The University was exposed to credit risk which is the risk associated with the inability of the counterparty to meet the terms of the agreement. The University decided that this was a reasonable level of risk given the potential exposure and the relatively small notional amount as compared to its total outstanding debt.

The counterparty was rated AA/Aa for the years ended June 30, 2013 and 2012.

<u>Interest-rate risk</u> The University was exposed to interest-rate risk on its interest rate swap; as the Securities Industry and Financial Markets Association (SIFMA) index decreases, the University's net payment on the swap increases.

<u>Basis risk</u> The University was exposed to basis risk due to variable-rate payments received by the University on these instruments based on a rate or index other than interest rates the University pays on its variable-rate debt, which is remarketed every 30 days. The weighted-average interest rate on the University's hedged variable-rate debt was 1.46 and 2.77

percent at June 30, 2013 and 2012, respectively, while the SIFMA swap index rate was 0.14 and 0.15 percent at June 30, 2013 and 2012, respectively.

Termination risk The University or its counterparties may terminate a derivative instrument if the other party fails to perform under the terms of the contract. Should the University's indebtedness fail to be rated at least Baa2 (by Moody's) or BBB (by S&P), such occasion would be considered a termination event and would require the University to pay an amount equivalent to the swap valuation at the time of the event.

Principal and interest payment requirements for the bonded debt for the years subsequent to June 30, 2013 are summarized as follows:

Years Ending June 30	Principal	Interest	Total
2014	$ 14,681,775	$ 14,445,024	$ 29,126,799
2015	16,841,431	12,844,156	29,685,587
2016	17,111,619	12,226,102	29,337,721
2017	17,677,346	11,542,631	29,219,977
2018	16,193,624	10,911,023	27,104,647
2019-2023	63,902,230	46,722,850	110,625,080
2024-2028	52,920,629	35,081,326	88,001,955
2029-2033	42,845,000	24,832,336	67,677,336
2034-2038	36,525,000	15,709,638	52,234,638
2039-2043	39,450,000	6,712,925	46,162,925
2044	6,700,000	167,500	6,867,500
Total	$ 324,848,654	$ 191,195,511	$ 516,044,165

The University has $92,928 in capital lease obligations that have varying maturity dates through fiscal year 2016 and carry implicit interest rates ranging from 3.9 to 14.6 percent. Lease arrangements are being used to provide partial financing for certain equipment. Capital asset balances as of June 30, 2013 that are financed under capital leases are $478,019.

The scheduled maturities of these leases at June 30, 2013 are as follows:

Years Ending June 30	Minimum Lease Payments
2014	$ 52,645
2015	22,296
2016	22,974
Total minimum lease payments	97,915
Less amount representing interest	4,987
Net minimum capital lease payments	92,928
Less current portion	49,446
Noncurrent capital lease obligations	$ 43,482

Note 8 - Operating Leases

The University leases various facilities and equipment under operating lease agreements. These facilities and equipment are not recorded as assets on the statements of net position. The total rental expense under these agreements was $1,618,544 and $1,438,664 for the years ended June 30, 2013 and 2012, respectively.

Future minimum payments for all significant operating leases with initial terms in excess of one year at June 30, 2013 are as follows:

Years Ending June 30	Minimum Lease Payments
2014	$ 1,231,118
2015	1,137,349
2016	963,307
2017	882,189
2018	106,389
2019-2020	159,584
Total minimum operating lease payments	$ 4,479,936

Note 9 – Operating Expenses by Natural Classification

The University reports operating expenses by functional classification on the statements of revenues, expenses, and changes in net position. Operating expenses by natural classification for the two years ended June 30, 2013 and 2012 are summarized as follows:

Year ended June 30, 2013

	Compensation and Benefits	Supplies and Services	Professional Services	Utilities	Travel and Entertainment	Total
Instruction and departmental research	$ 212,091,551	$ 9,817,200	$ 25,298,794	$ 55,971	$ 5,589,689	$ 252,853,205
Separately budgeted research	23,996,314	7,712,298	11,698,247	12,714	2,429,557	45,849,130
Public service	17,293,116	6,692,971	3,266,049	125,978	505,246	27,883,360
Academic support	39,862,249	24,642,493	999,658	30,245	1,881,909	67,416,554
Student services	23,047,846	5,584,205	1,233,843	119,789	1,386,762	31,372,445
Institutional support	25,151,049	6,455,437	6,712,682	22,594	802,711	39,144,473
Operation and maintenance of plant	26,098,907	21,217,814	985,131	12,803,663	399,479	61,504,994
Auxiliary enterprises	34,223,034	28,456,484	837,144	3,476,216	3,570,699	70,563,577
Total	$ 401,764,066	$ 110,578,902	$ 51,031,548	$ 16,647,170	$ 16,566,052	$ 596,587,738
					Student Aid	11,493,470
					Depreciation	35,150,724
					Total Operating Expenses	$ 643,231,932

Year ended June 30, 2012

	Compensation and Benefits	Supplies and Services	Professional Services	Utilities	Travel and Entertainment	Total
Instruction and departmental research	$ 196,004,920	$ 9,579,624	$ 20,327,667	$ 56,027	$ 5,455,998	$ 231,424,236
Separately budgeted research	22,358,801	6,817,071	10,944,267	6,682	2,390,146	42,516,967
Public service	16,232,518	7,651,321	2,603,368	137,221	510,545	27,134,973
Academic support	37,044,185	23,268,895	1,071,934	38,710	1,567,660	62,991,384
Student services	20,983,581	5,820,535	1,191,439	115,269	1,026,564	29,137,388
Institutional support	24,163,000	5,216,504	3,687,975	246,300	724,566	34,038,345
Operation and maintenance of plant	26,695,415	13,698,502	736,027	11,285,803	316,172	52,731,919
Auxiliary enterprises	31,387,122	29,666,889	848,959	2,817,263	3,824,943	68,545,176
Total	$ 374,869,542	$ 101,719,341	$ 41,411,636	$ 14,703,275	$ 15,816,594	$ 548,520,388
					Student Aid	10,575,082
					Depreciation	34,828,661
					Total Operating Expenses	$ 593,924,131

Note 10 – Compensated Absences

Per University policy, eligible salaried administrative appointments earn vacation at the rate of 22 days per year with a maximum accrual of 32 days. Upon termination, they are entitled to a payout of their accumulated balance. Hourly classified employees earn vacation at rates per years of service, ranging from 10 to 25 days per year. The maximum accrual is equal to the amount earned in three years, which is subject to payout upon termination. The estimated liability for accrued vacation at June 30, 2013 and 2012 was $11,041,465 and $10,157,735, respectively.

All University employees are entitled to a sick leave credit equal to 15 days per year (earned on a pro rata monthly basis for salaried employees and on a pro rata hourly basis for classified hourly employees). Salaried employees with 10 or more years of service are eligible to receive a payout upon retirement of up to 25 percent of unused days (maximum of 30 days). Hourly classified employees with 10 or more years of service are eligible for payout upon retirement of up to 50 percent of unused days (maximum of 60 days). The estimated liability for accrued sick leave at June 30, 2013 and 2012 was $5,845,221 and $4,997,596, respectively.

Compensated absences at June 30, 2013 and 2012 are summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
For the year ended:					
June 30, 2013	$ 15,155,331	$ 21,093,205	$ (19,361,850)	$ 16,886,686	$ 523,499
June 30, 2012	$ 14,735,431	$ 19,788,441	$ (19,368,541)	$ 15,155,331	$ 612,624

Note 11 - Retirement Plans

Employees of Ohio University are covered under one of three retirement plans, unless eligible for exemption as in the case of most student employees. The particular system in which an employee is eligible to enroll is dependent on his or her position with the University. Generally, faculty appointments are eligible for enrollment in a defined benefit plan, administered by the State Teachers Retirement System of Ohio (“STRS Ohio”), and all other employees are eligible for enrollment in a defined benefit plan, administered by the Ohio Public Employees Retirement System of Ohio (“OPERS”). In addition, full-time employees may opt out of the state retirement system and choose a defined contribution plan, also referred to as an Alternative Retirement Plan (ARP), with one of nine independent providers. STRS Ohio and OPERS also offer a defined contribution plan and a combined plan with features of both a defined contribution plan and a defined benefit plan. All options are discussed below in more detail.

Defined Benefit Plans - The defined benefit plans of STRS Ohio and OPERS are cost-sharing, multiple-employer public employee retirement plans. Both systems provide retirement and disability benefits, annual cost-of-living adjustments, survivor benefits, and postretirement health care. The authority to establish and amend benefits is provided by State statute. Both STRS Ohio and OPERS issue stand-alone financial reports. Interested parties may obtain a copy of the STRS Ohio report by making a written request to STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3771, by calling toll free 888-227-7877, or by visiting the STRS Ohio website at www.strsoh.org. The OPERS report may be obtained by making a written request to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Defined Contribution Plans - The ARP is a defined contribution pension plan, under IRS Section 401(a), and established by Ohio Amended Substitute House Bill 586 (ORC 3305.02) on March 31, 1998, for public institutions of higher education. The University's Board of Trustees adopted the University's plan on April 18, 1998. Full-time employees are eligible to choose a provider, in lieu of STRS Ohio or OPERS, from the list of nine providers currently approved by the Ohio Department of Insurance and who hold agreements with the University. Employee and employer contributions equal to those required by STRS Ohio and OPERS are required for the ARP, less any amounts required to be remitted to the state retirement system in which the employee would otherwise have been enrolled.

Eligible employees have 120 days from their date of hire to make an irrevocable election to participate in the ARP. Under this plan, employees who would have otherwise been required to be in STRS Ohio or OPERS, and who elect to participate in the ARP, must contribute the employee's share of retirement contributions to one of nine private providers approved by the Ohio Department of Insurance. The legislation mandates that the employer must contribute an amount to the state retirement system to which the employee would have otherwise belonged, based on an independent actuarial study commissioned by the Ohio Retirement Study Council and submitted to the Ohio Board of Regents. That amount is 3.5 percent for STRS Ohio and 0.77 percent for OPERS for the year ended June 30, 2013. The employer also contributes what would have been the employer's contribution under STRS Ohio or OPERS, less the aforementioned percentages, to the private provider selected by the employee. The University plan provides these employees with immediate plan vesting.

The ARP does not provide disability benefits, survivor benefits, or postretirement health care. Benefits are entirely dependent on the sum of contributions and investment returns earned by each participant's choice of investment options.

STRS Ohio and OPERS also offer a defined contribution plan and a combined plan with features of both a defined contribution plan and a defined benefit plan.

Retirement Plan Funding - The ORC provides statutory authority for employee and employer contributions to retirement systems. The employee and employer rates are the same for ARP employees as the retirement system under which they would otherwise be covered. However, for those who would otherwise be covered by STRS

Ohio and who instead elect the ARP, 3.5 percent of the employer contribution goes to the STRS Ohio retirement system and 0.77 percent of the employer contribution goes to the OPERS systems as of August 1, 2007. The University's contributions each year are equal to its required contributions.

Following are the employee and employer contribution rates in effect for fiscal year 2013:

	Contribution Rates		
	STRS Ohio	OPERS	ARP
Faculty:			
Employee: All year	10%		10%
University: All year	14%		14%
Staff:			
Employee: All year		10%	10%
University: All year		14%	14%
Law enforcement staff:			
Employee: July-Dec 2012		12.1%	12.1%
Employee: Jan-June 2013		12.6%	12.6%
University: All year		18.1%	18.1%

University contributions for the current and two preceding years are summarized as follows:

	Employer Contributions		
	STRS Ohio	OPERS	ARP
2013	$ 11,905,170	$ 14,201,304	$ 10,453,721
2012	11,680,349	13,721,099	9,333,834
2011	11,881,254	13,811,674	8,998,394

The payroll for employees covered by OPERS and STRS Ohio for the year ended June 30, 2013 was $131,001,002 and $130,143,250, respectively. The payroll for employees covered by OPERS and STRS Ohio for the year ended June 30, 2012 was $125,281,000 and $122,828,000, respectively. For the years ended June 30, 2013 and 2012, the University's total payroll was $303,044,263 and $285,431,000, respectively.

Other Postemployment Benefits – In addition to the pension benefits described above, Ohio Law provides that the University fund postretirement healthcare benefits to retirees and their dependents through employer contributions to OPERS and STRS Ohio.

OPERS provides retirement, disability, and survivor benefits as well as postemployment healthcare coverage to qualifying members of its plans. A portion of each employer's contribution to OPERS is set aside for funding of postretirement health care. The portion of employer contributions, for all employers, allocated to health care was 5.0 percent during calendar year 2012.

STRS Ohio provides access to healthcare coverage to retirees who participated in the Defined Benefit or Combined Plans, and their dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs, and partial reimbursement of monthly Medicare Part B premiums. Pursuant to the ORC, the State Teachers Retirement Board (the "Board") has discretionary authority over how much, if any, of the healthcare costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the healthcare cost in the form of a monthly premium.

The ORC grants authority to STRS Ohio to provide healthcare coverage to eligible benefit recipients, spouses, and dependents. By Ohio law, healthcare benefits are not guaranteed and the cost of the coverage paid from STRS Ohio funds shall be included in the employer contribution rate, currently 14 percent of covered payroll.

The Board allocates employer contributions to the Health Care Stabilization Fund from which healthcare benefits are paid. For the fiscal years ended June 30, 2013 and 2012, the board-allocated employer contributions equal to 1 percent of covered payroll to postemployment health care. The balance in the Health Care Stabilization Fund was $2.96 billion on January 1, 2012, the date of the most recent information available from STRS Ohio.

For the fiscal year ended June 30, 2012, the date of the most recent information available from STRS, net healthcare costs paid by STRS Ohio were $604,000,000. There were 138,000 eligible benefit recipients.

Note 12 - Voluntary Termination Plan

On February 25, 2011, the University Board of Trustees approved a set of Early Retirement Incentive Plans ("ERIP") and Voluntarily Employment Separation Plans. Bonuses for eligible employees in OPERS, STRS, or ARP ranged from $0 to $80,000, and a possible purchase of one year of service credit depending on the eligible plan and retirement date. An ERIP allows the University to purchase additional service credit, in this case, one year, which enables eligible employees to retire early or to retire with a larger retirement benefit than they may have otherwise. The ERIP period remained open until June 30, 2012.

The cost for employees who took advantage of the voluntary termination plans for the years ended June 30, 2013 and 2012 was $0 and $5,099,800, respectively, which included payments and accruals for sick and vacation payouts in accordance with standard policy, the incentive bonus, and the OPERS or STRS payment for additional service credit.

Note 13 - Risk Management and Contingencies

Legal - During the normal course of operations, the University has become a defendant in various legal and administrative actions. Liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. However, in the opinion of in-house legal counsel and University management, the disposition of all pending litigation would not have a significant adverse effect on the University's financial position.

Self-insurance - The University provides medical and dental coverage for its employees on a self-insurance basis. Expenses for claims are recorded on an accrual basis based on the date claims are incurred.

Changes in the self-insurance claims liability for the three years ended June 30, 2013 are summarized as follows:

	2013	2012	2011
Accrued claims liability - Beginning of year	$ 3,362,000	$ 3,375,000	$ 4,006,000
Incurred claims - Net of favorable settlements	43,272,586	41,170,771	39,234,162
Claims paid	(43,221,586)	(41,183,771)	(39,865,162)
Accrued claims liability - End of year	$ 3,413,000	$ 3,362,000	$ 3,375,000

Liability for claims is accrued based on estimates of the claims liabilities made by the University's third-party actuary. These estimates are based on past experience and current claims outstanding. Actual claims experience may differ from the estimate.

Commercial Insurance Coverage - The University has the following commercial insurance policies:

Type	Deductible	Coverage
Aircraft Liability (Flight Training)	$ -	$ 5,000,000
Aircraft Liability (Corporate)	-	50,000,000
Airport Liability	10,000	10,000,000
General and Auto Liability	100,000	50,000,000
Educator's Liability	100,000	30,000,000
Medical Malpractice Liability	25,000	1,000,000
Foreign Liability	-	1,000,000
Crime	100,000	5,000,000
Property ($900 million shared with other Inter-University Council Insurance Consortium members)	100,000	1,000,000,000

Workers' Compensation Coverage - Beginning January 1, 2013, the University became self-insured for workers' compensation claims. For claims initiated prior to that date, the University participates in a plan that pays workers' compensation benefits to employees who have been injured on the job. The Ohio Bureau of Workers' Compensation calculates the estimated amount of cash needed in the subsequent fiscal year to pay the claims for these workers and sets rates to collect this estimated amount from participating state agencies and universities in the subsequent year.

Note 14 - Capital Project Commitments

At June 30, 2013, the University is committed to future capital expenditures as follows:

Contractual commitments	$ 72,461,302
Estimated completion costs of projects	148,052,838
Total	$ 220,514,140
These projects will be funded by:	
State appropriations	$ 30,222,049
University funds (including bond funds)	186,371,250
Gifts, grants, and other	3,920,841
Total	$ 220,514,140

Note 15 - Other Noncurrent Liabilities

Refundable Advances for Federal Student Loans - Refundable advances for federal student loans for the two years ended June 30, 2013 are summarized as follows:

	Beginning Balance	Reductions - Net	Ending Balance	Current Portion
For the year ended:				
June 30, 2013	$ 7,531,402	$ (48,011)	$ 7,483,391	$ -
June 30, 2012	$ 8,230,936	$ (699,534)	$ 7,531,402	$ -

Note 16 - Pollution Remediation

The GASB requires the University to account for pollution (including contamination) remediation obligations.

Future expected payments for pollution remediation activities include legal obligations due to commencing purchase orders for asbestos removal. This liability is measured at the cost of the construction contract including consultants and the amount assumes no unexpected change orders.

Pollution remediation obligations continued to include expected payments imposed by the Ohio Environmental Protection Agency (OEPA). The violation of OAC Rule 3745-27-13(A) and ORC Rule 3734.02 (H) lists the University as responsible for the methane gas level monitoring of a disposal site on the University's Southern Campus. The University's monitoring on this site in fiscal year 2009 was estimated at 40 years. The liability is accrued based on reasonably expected potential outlays for performing this monitoring. The current value of expected cash flows method was used to measure the estimated liability using the prior year expenditures as an estimate of future annual obligations. Future expected payments for all significant pollution remediation activities include the following:

Years Ending June 30		Minimum Payments
2014		$ 206,080
2015		5,000
2016		5,000
2017		5,000
2018		5,000
2019-2049		155,000
	Total minimum payments	$ 381,080

These amounts are included in the current portion of accounts payable and accrued liabilities, as well as in other long-term liabilities on the statements of net position.

Note 17 - Donor-restricted Endowments

Under the standard established by Section 1715.56 of the ORC, an institution may appropriate as much as is prudent of the realized and unrealized net appreciation of the fair value of the assets of the endowment fund over the historic dollar value of the fund for the uses and purposes for which an endowment fund is established. The University's endowment spending policy is based on the concept of total return and the spending rate for fiscal year 2013 was 6 percent, which included a 2 percent administrative fee. The spending rate for fiscal year 2012 was 5 percent, which included a 1 percent administrative fee.

The amounts of net appreciation on investments of donor-restricted endowments that are available for authorization for expenditure by the Board were $12,083,806 and $10,497,664 for June 30, 2013 and 2012, respectively. Those amounts are reported as restricted expendable net position.

Note 18 - Net Position

Restricted and unrestricted net position for the years ended June 30, 2013 and 2012 are as follows:

	2013	2012
Restricted - nonexpendable:		
Permanent endowments	$ 20,035,671	$ 19,039,643
Restricted - expendable:		
Sponsored programs	$ 7,170,104	$ 7,600,749
Loans	9,424,050	9,266,476
Grant funded capital projects and debt service funds	10,539,567	10,375,120
Endowments- net income and appreciation	12,083,806	10,497,664
Total restricted - expendable	$ 39,217,527	$ 37,740,009
Unrestricted - allocated:		
Auxiliaries	$ 37,330,713	$ 32,818,207
Quasi endowments	35,978,856	32,193,895
Capital projects and reserves	23,480,374	29,454,812
Ongoing academic and research programs, and reserves	192,860,533	165,693,091
Total unrestricted	$ 289,650,476	$ 260,160,005

Restricted net position is subject to external restrictions and is categorized as either nonexpendable or expendable. Restricted nonexpendable net position consists entirely of endowments whose corpus is held in perpetuity. Restricted expendable net position is made up of the categories above.

Unrestricted net position is not subject to external restrictions; however, the University's unrestricted net position has been internally designated for specific purposes or for contractual purchase obligations. This category includes amounts set aside for auxiliaries, academic and research programs, reserves, and capital projects.

Note 19 – The Ohio University Foundation

Organization and Operation

The Ohio University Foundation (the "Foundation") was incorporated in Ohio in October 1945 to support the educational undertakings of the University. The Foundation is authorized to solicit and receive gifts and contributions for the benefit of the University and to ensure that funds and property received are applied to the uses specified by the donor.

The Foundation's wholly owned subsidiary, Inn-Ohio of Athens, Inc. (the "Inn"), owns and operates a 139-room hotel and restaurant facility in Athens, Ohio known as The Ohio University Inn.

Another controlled entity, Housing for Ohio, Inc. ("Housing"), constructed and operates a 182-unit student housing facility in Athens, Ohio. It has been granted tax-exempt status under Section 501(a)(3) of the Internal Revenue Code (the "Code") as an organization described in Section 501(c)(3).

The Foundation entered into an agreement with the Sugar Bush Foundation ("Sugar Bush"), an Ohio not-for-profit corporation, in August 2005. Sugar Bush is a supporting organization as defined in Code Section 509(a)(3) and the Foundation is its primary supported organization receiving 51 percent of its charitable distributions. This agreement was further amended in August 2007 with Sugar Bush pledging to commit all of its charitable distributions to the Foundation. Upon dissolution of Sugar Bush and payment of all Sugar Bush liabilities, all of its assets shall be transferred to the Foundation, provided the Foundation is then recognized as a nonprofit Ohio corporation and as a tax-exempt organization under Section 501(c)(3) of the Code. The Foundation consolidates this supporting organization that is deemed to be financially interrelated.

During 2009, the Foundation created three limited liability companies to receive property distributions from The Dolores H. Russ Trust for the benefit of the Russ College of Engineering. The three limited liability companies are Fritz J. and Dolores H. Russ Holdings LLC, Russ North Valley Road LLC, and Russ Research Center LLC (collectively referred to as the "Russ LLCs"). The limited liability companies are treated as disregarded entities for federal income tax purposes. The Foundation is the sole member of Fritz J. and Dolores H. Russ Holdings LLC. Fritz J. and Dolores H. Russ Holdings LLC is the sole member of Russ North Valley Road LLC and Russ Research Center LLC.

Summary of Significant Accounting Policies

Basis of Accounting – The consolidated financial statements of the Foundation have been prepared on the accrual basis of accounting. The accompanying consolidated financial statements present the financial position and results of activities of the

Foundation and its wholly owned subsidiary and other related entities – the Inn, Housing, one supporting organization, and three limited liability companies. All intercompany transactions have been eliminated.

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 and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of Credit Risk – Financial instruments, which potentially subject the Foundation to a concentration of credit risk, consist principally of pledges receivable, investments for the Foundation, and receivables related to operations of the Inn and Russ Research Center LLC. Exposure to losses on pledges receivable is principally dependent on each donor's financial condition. The Foundation monitors the exposure for credit losses and maintains allowances for anticipated losses on receivables.

Investments are recorded at fair value. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect the Foundation's consolidated statements of financial position and activities.

The management companies that operate the Inn and the Russ Research Center are responsible for collection of receivables. Each entity provides a reserve for any estimated uncollectible balances, as appropriate.

Gifts and Contributions – Contributions are recorded at their fair value on the date of receipt. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset categories. When a donor restriction expires (when a stipulated time restriction ends or the purpose of restriction is accomplished), temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions.

Contributed property is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used or restrict the use of such assets for a specific purpose, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property are recorded as unrestricted support.

Contributions of charitable gift annuities are reduced by the actuarially determined liability resulting from acceptance of the gift. Contributions are held in charitable trusts at the present value of their estimated future benefits to be received when the trust assets are distributed upon notification of the donor's death.

Pledges Receivable – Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discount on those amounts is computed using an assumed inflation rate at the time the pledge is made. The discount rate utilized was 4.92 and 4.99 percent for the years ended June 30, 2013 and 2012, respectively. Amortization of the discounts is included in contribution revenue. Unconditional promises to give, which are silent as to the due date, are presumed to be time restricted by the donor until received and are reported as temporarily restricted net assets. Conditional promises to give are not included as support until the conditions on which they depend are substantially met.

Intentions – The Foundation receives communications from donors indicating that the Foundation has been included in the donor's will or life insurance policy as beneficiary, representing intentions to give rather than promises to give. Such communications are not unconditional promises to give because the donors retain the ability to modify their wills and insurance policies during their lifetimes. The total realizable value of these intended gifts has not been established, nor have the intended gifts been recognized as an asset or contribution revenue. Such gifts are recorded when the Foundation is notified of the donor's death, the will is declared valid by a probate court, and the proceeds are measurable.

Cash Surrender Value of Insurance Policies – The Foundation records as an asset the cash surrender value of insurance policies for which it is the owner and beneficiary.

Investments – Investments in securities are recorded at fair value based on quoted market values, with changes in market value during the year reflected in the consolidated statements of activities. Investments not publicly traded are either stated at cost, which approximates market, or at appraised market values when applicable. Alternatives are recorded at their most recent available valuation as provided by the investment custodian. Purchases and sales of investments are accounted for as of the trade date.

Income from Investments – All investment income in the form of interest and dividends is credited to unrestricted net assets unless otherwise designated by the donor. All capital appreciation/depreciation earned on permanently restricted, temporarily restricted, and unrestricted investments is credited to unrestricted net assets unless otherwise restricted by the donor or by state law.

Property and Equipment – Property and equipment are recorded at the estimated fair value, if received as a gift, or at the purchase cost, plus any expenditures for improvements.

Depreciation of buildings is recorded over periods ranging from 20 to 40 years using the straight-line method. Depreciation and amortization of other property, equipment, and improvements are recorded over periods ranging from 3 to 15 years using the straight-line method.

Annually, or more frequently if events or circumstances change, a determination is made by management to ascertain whether property and equipment and intangibles have been impaired based on the sum of expected future undiscounted cash flows from operating activities. If the estimated net cash flows are less than the carrying amount of such assets, the Foundation will recognize an impairment loss in an amount necessary to write down the assets to a fair value as determined from expected future discounted cash flows. Based upon its most recent analysis, the Foundation has determined that no impairment to the carrying value of its long-lived assets existed at June 30, 2013 and 2012.

Cash – At times, cash may exceed federally insured amounts. The Foundation believes it mitigates risks by depositing cash with major financial institutions. At June 30, 2013, the Foundation held $10,223,165 in cash that was uninsured by the Federal Deposit Insurance Corporation (FDIC).

Cash Equivalents – The Foundation considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents.

Restricted Cash – Restricted cash represents cash that, under terms of the bond issue trust indenture agreement (the "Trust Indenture"), is restricted for various purposes. In accordance with the terms of the Trust Indenture and related agreements, the proceeds from the bonds not used to construct the student housing facility and certain equipment and improvements were deposited with the trustee. The Foundation is also required to deposit all revenue directly into a designated revenue fund. The trustee is then authorized, without further direction from the Foundation, to transfer funds out of the revenue fund to other funds as outlined in the Trust Indenture.

Functional Allocation of Expenses – The costs of providing the various programs and support services have been summarized on a functional basis in the consolidated statements of activities. Certain costs have been allocated among the programs and support services benefited. Although methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

Income Taxes – The Internal Revenue Service has determined that the Foundation is an exempt organization under Section 501(c)(3) of the Internal Revenue Code, except for taxes on unrelated income. The provision for income taxes for the Inn, including deferred tax expenses, totaled $194,233 and $127,924 for the years ended June 30, 2013 and 2012, respectively.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Foundation and to recognize a tax liability if the Foundation has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities. Management has analyzed the tax positions taken by the Foundation and has concluded that as of June 30, 2013 and 2012, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the consolidated financial statements. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes that it is no longer subject to income tax examinations for years prior to June 30, 2010.

Fair Value of Financial Instruments – The carrying values of the Foundation's financial instruments in the accompanying consolidated statements of financial position approximate their respective estimated fair value at June 30, 2013 and 2012.

The Foundation has estimated the fair values of its financial instruments using available quoted market information and other valuation methodologies. Accordingly, the estimates presented are not necessarily indicative of the amounts that the Foundation could realize in a current market exchange. Determinations of fair value are based on subjective data and significant judgment relating to timing of payments and collections and the amounts to be realized. Different market assumptions and/or estimation methodologies might have a significant effect on the estimated fair value amounts.

The fair values of short-term financial instruments, including cash equivalents and trade accounts receivable and payable, approximate the carrying amounts in the accompanying consolidated financial statements due to the short maturity of such instruments. The fair value of long-term obligations approximates the carrying amounts in the accompanying consolidated financial statements. The carrying value of the debt approximates fair value based on current borrowing rates. The inputs are based upon terms in contractual agreements. The fair value of these financial instruments is determined using Level 2 inputs.

Advertising Costs – Advertising costs of the Inn are included in marketing expenses and are expensed as incurred.

Net Assets

Unrestricted Net Assets – The unrestricted net assets consist of operating funds available for any purpose authorized by the board of trustees.

Unrestricted net assets as of June 30, 2013 and 2012 are available for the following purposes:

	2013	2012
Designated:		
Board-designated 1804 grants	$ 92,011	$ 183,284
Designated underwater accounts	(648,358)	(290,619)
Subtotal designated	(556,347)	(107,335)
Undesignated:		
The Inn	3,673,949	3,358,564
Housing	(997,451)	(1,555,888)
Other	(3,333,748)	(5,407,336)
Subtotal undesignated	(657,250)	(3,604,660)
Total unrestricted net assets	$(1,213,597)	$(3,711,995)

Temporarily Restricted Net Assets – Temporarily restricted net assets consist of funds that are restricted for a specific use or time determined by the donor. Temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions when the restrictions are satisfied either by the passage of time or by actions of the Foundation. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Foundation reports the support as unrestricted.

Temporarily restricted net assets as of June 30, 2013 and 2012 are available for the following purposes:

	2013	2012
Academic support	$ 13,608,421	$ 12,077,219
Alumni relations	242,530	445,761
Fundraising and development	656,757	789,485
Institutional support	11,831,713	16,876,518
Instruction and departmental research	201,076,911	177,598,567
Intercollegiate athletics	1,961,953	1,923,578
Public service	467,460	623,143
Research	1,742,620	1,835,790
Student aid	53,038,090	44,008,337
Student services	1,722,353	1,448,006
Total	$ 286,348,808	$ 257,626,404

Permanently Restricted Net Assets – Permanently restricted net assets consist of funds arising from a gift or bequest in which the donor has stipulated, as a condition of the gift, that the principal be maintained in perpetuity and only the investment income from investment of the funds be expended. Certain donor endowments also specify that a portion of the earnings from the investment be reinvested as principal, or that all income earned over a period of time be reinvested. Amounts are also transferred for specific uses as authorized from time to time by the donor. Earnings, gains, and losses on restricted net assets are classified as unrestricted unless otherwise restricted by the donor or by applicable state laws.

Permanently restricted net assets as of June 30, 2013 and 2012 are available for the following purposes:

	2013	2012
Academic support	$ 10,569,687	$ 9,570,274
Alumni relations	98,067	405,091
Fundraising and development	76,843	306,856
Institutional support	3,397,541	4,405,321
Instruction and departmental research	71,643,577	70,095,672
Intercollegiate athletics	1,731,020	1,623,669
Public service	360,793	367,518
Research	1,188,095	3,126,589
Student aid	77,013,240	70,893,957
Student services	2,772,902	2,658,784
Total	$ 168,851,765	$ 163,453,731

Pledges Receivable

Amounts included in pledges receivable for unconditional promises to give at June 30, 2013 and 2012 are as follows:

At June 30, 2013	Temporarily Restricted	Permanently Restricted	Total
Gross amounts due in:			
Less than one year	$ 5,234,880	$ 4,390,561	$ 9,625,441
One to five years	4,407,008	7,106,705	11,513,713
More than five years	204,433	1,000	205,433
Gross pledges receivable	9,846,321	11,498,266	21,344,587
Less allowance for uncollectible pledges	(2,210,985)	(2,581,928)	(4,792,913)
Less discount to present value	(386,105)	(742,129)	(1,128,234)
Total pledges receivable - Net	$ 7,249,231	$ 8,174,209	$ 15,423,440

At June 30, 2012	Temporarily Restricted	Permanently Restricted	Total
Gross amounts due in:			
Less than one year	$ 4,500,808	$ 4,007,597	$ 8,508,405
One to five years	5,524,406	8,939,497	14,463,903
More than five years	283,900	2,000	285,900
Gross pledges receivable	10,309,114	12,949,094	23,258,208
Less allowance for uncollectible pledges	(2,172,850)	(2,689,823)	(4,862,673)
Less discount to present value	(489,495)	(1,058,789)	(1,548,284)
Total pledges receivable - Net	$ 7,646,769	$ 9,200,482	$ 16,847,251

The allowance for uncollectible contributions is a general valuation based on the percentage of prior years' pledge write-offs. Specific pledges deemed uncollectible are charged against the allowance for uncollectible pledges in the period in which the determination is made. Both the general allowance and the specific write-offs are reported as the loss on fair value of pledges receivable in the statement of activities.

As of June 30, 2013, the Foundation has approximately $47 million in numerous outstanding pledges that are considered to be intentions to give and are contingent upon future events. These pledges are not accrued as pledges receivable or recognized as revenue because they do not represent unconditional promises to give. It is not practicable to estimate the ultimate realizable value of these commitments or the period over which they might be collected.

Fair Value Measurements

The Foundation's investments include endowed funds, as well as a portion of working capital funds. The Foundation's investment policy provides that the long-term objective of the investment pool is to maximize the real return, or the nominal return less inflation, of the assets over a complete market cycle with emphasis on preserving capital and reducing volatility through prudent diversification. Further, the investment strategy seeks to provide real growth of assets in excess of endowment spending requirements plus inflation. The asset allocation of the Foundation's investments at June 30, 2013 and 2012 is summarized in the following table:

Fair Value and Cost of Investments at June 30, 2013 and 2012

	June 30, 2013		June 30, 2012	
	Fair Value	Cost	Fair Value	Cost
Fixed-income investments:				
Money market mutual funds	$ 21,113,517	$ 21,113,517	$ 10,791,592	$ 10,791,592
Bonds and bond mutual funds	40,300,495	39,188,554	38,863,601	36,865,330
TIPS mutual funds	12,073,226	11,814,984	12,989,052	11,603,588
Subtotal fixed income	73,487,238	72,117,055	62,644,245	59,260,510
Public equity investments:				
Domestic large-cap equity	91,589,917	75,039,493	89,717,278	77,566,333
Domestic small-cap equity	9,362,263	7,542,023	8,349,008	8,512,989
REITs	730,519	722,448	713,090	732,708
Developed international equity	89,133,259	78,253,139	80,095,680	80,000,605
Commodities	22,159,516	23,843,737	7,597,814	8,085,500
Emerging markets international equity	30,123,093	23,996,460	25,576,463	19,404,091
Subtotal public equity	243,098,567	209,397,300	212,049,333	194,302,226
Alternative investments:				
Commodities	8,845,589	12,254,000	9,504,659	12,098,277
Absolute return funds	45,497,617	51,330,119	49,180,019	52,407,230
Private equity funds	23,863,532	15,806,438	17,146,101	16,409,797
Private real estate funds	10,880,456	9,480,533	11,474,746	10,046,623
Venture capital funds	4,702,302	3,961,005	4,558,405	3,636,558
Subtotal alternative investments	93,789,496	92,832,095	91,863,930	94,598,485
Total investments	$ 410,375,301	$ 374,346,450	$ 366,557,508	$ 348,161,221

The Foundation reports investments and split-interest agreements at estimated fair value, in accordance with the fair value hierarchy prescribed by Financial Accounting Standards Board Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*. The framework for determining fair value is based on a hierarchy that prioritizes the valuation techniques and inputs used to measure fair value, as follows:

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access. The Foundation's Level 1 assets consist primarily of fixed-income or equity mutual funds, publicly traded large- and small-cap stocks, and REITs. Prices for these investments are widely available through major financial reporting services.

Level 2 – Inputs other than quoted prices that are observable, either directly or indirectly.

These may include quoted prices for similar assets and liabilities in active markets, and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals. The Foundation's Level 2 assets include government and corporate bonds, as well as commingled money market, bond, and equity funds that are not registered with the Securities and Exchange Commission and do not trade on an exchange.

Level 3 – Inputs that are unobservable, including inputs that are available in situations where there is little, if any, market activity for the related asset or liability. The Foundation's Level 3 assets include allocations to commodities, absolute return funds, private equity, private real estate, and venture capital funds. The Foundation's Level 3 assets also include split-interest agreements that are valued using an actuarial approach. The Foundation has processes in place to select the appropriate valuation technique and unobservable inputs to perform Level 3 fair value measurements. These processes include quarterly meetings with the Foundation's investment committee for calibration and review of Level 3 investment monthly or quarterly fund manager statements and annual audited financial statements. The Foundation cannot independently assess the value of these underlying positions through a public exchange or over-the-counter market. The Foundation utilizes a third-party investment manager to monitor, participate in fund manager calls, and obtain underlying financial information on the Level 3 investments.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the least observable input that is significant to the valuation. The Foundation's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability. The Foundation's fair value assets and liabilities, by level, at June 30, 2013 and 2012 are summarized in the following tables:

Assets Measured at Fair Value on the Recurring Basis at June 30, 2013

		Fair Value at Reporting Date Using		
	June 30, 2013	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Fixed-income investments:				
Money market mutual funds	$ 21,113,517	$ 21,104,883	$ 8,634	$ -
Bonds and bond mutual funds	40,300,495	37,342,273	2,958,222	-
TIPS mutual funds	12,073,226	12,073,226	-	-
Subtotal fixed income	73,487,238	70,520,382	2,966,856	-
Public equity investments:				
Domestic large-cap equity	91,589,917	91,589,917	-	-
Domestic small-cap equity	9,362,263	9,362,263	-	-
REITs	730,519	730,519	-	-
Developed international equity	89,133,259	89,133,259	-	-
Commodities	22,159,516	22,159,516	-	-
Emerging markets international equity	30,123,093	18,194,911	11,928,182	-
Subtotal public equity	243,098,567	231,170,385	11,928,182	-
Alternative investments:				
Commodities (1)	8,845,589		-	8,845,589
Absolute return funds (2)	53,634,717	-	-	53,634,717
Private equity funds (3)	15,726,432	-	-	15,726,432
Private real estate funds (4)	10,880,456	-	-	10,880,456
Venture capital funds (5)	4,702,302	-	-	4,702,302
Subtotal alternative investments	93,789,496	-	-	93,789,496
Total investments	$ 410,375,301	$ 301,690,767	$ 14,895,038	$ 93,789,496
Split-interest Agreements Assets				
Charitable gift annuities	$ 2,380,660	$ 1,562,552	$ 818,108	$ -
Charitable trusts (6)	17,196,625	15,896,894	478,479	821,252
Total split-interest agreements	$ 19,577,285	$ 17,459,446	$ 1,296,587	$ 821,252
Total fair value measurements	$ 429,952,586	$ 319,150,213	$ 16,191,625	$ 94,610,748

Assets Measured at Fair Value on the Recurring Basis at June 30, 2012

		Fair Value at Reporting Date Using		
	June 30, 2012	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Fixed-income investments:				
Money market mutual funds	$ 10,791,592	$ 4,708	$ 10,786,884	$ -
Bonds and bond mutual funds	38,863,601	36,239,278	2,624,323	-
TIPS mutual funds	12,989,052	12,989,052	-	-
Subtotal fixed income	62,644,245	49,233,038	13,411,207	-
Public equity investments:				
Domestic large-cap equity	89,717,278	89,717,278	-	-
Domestic small-cap equity	8,349,008	8,349,008	-	-
REITs	713,090	713,090	-	-
Developed international equity	80,095,680	80,095,680	-	-
Commodities	7,597,814	7,597,814	-	-
Emerging markets international equity	25,576,463	14,355,834	11,220,629	-
Subtotal public equity	212,049,333	200,828,704	11,220,629	-
Alternative investments:				
Commodities (1)	9,504,659	-	-	9,504,659
Absolute return funds (2)	49,180,019	-	-	49,180,019
Private equity funds (3)	17,146,101	-	-	17,146,101
Private real estate funds (4)	11,474,746	-	-	11,474,746
Venture capital funds (5)	4,558,405	-	-	4,558,405
Subtotal alternative investments	91,863,930	-	-	91,863,930
Total investments	$ 366,557,508	$ 250,061,742	$ 24,631,836	$ 91,863,930
Split-interest Agreements Assets				
Charitable gift annuities	$ 2,426,539	$ 2,058,182	$ 368,357	$ -
Charitable trusts (6)	16,707,079	15,626,806	292,921	787,352
Total split-interest agreements	$ 19,133,618	$ 17,684,988	$ 661,278	$ 787,352
Total fair value measurements	$ 385,691,126	$ 267,746,730	$ 25,293,114	$ 92,651,282

(1) Commodities funds investing in areas that offer strong relative performance in rising inflation environments and are broadly diversified across the commodities markets, including futures, options on futures, and forward contracts on exchange-traded agricultural goods, metals, minerals, and energy products. The fair value of this investment has been estimated using the net asset value per share of the investment.

(2) Hedge funds broadly diversified across managers, investment strategies, and investment venues. Includes both fund investments as well as fund-of-funds investments. The fair value of this investment has been estimated using the net asset value per share of the investment.

(3) Private equity funds broadly diversified across managers, investment stages, geography, industry sectors, and company size. Includes individual fund investments, as well as fund of funds investments. The fair value of this investment has been estimated using the net asset value per share of the investment.

(4) Private real estate funds broadly diversified across managers, investment strategies, geography, and industry sectors. The fair value of this investment has been estimated using the net asset value per share of the investment.

(5) Venture capital funds with the objective of investing in early stage business entities and enterprises with a primary focus on medical and information technologies. The fair value of this investment has been estimated using the net asset value per share of the investment.

(6) Level 3 asset represents the present value of the revenue expected to be received from charitable trusts, where the Foundation does not serve as trustee. The Foundation estimates the fair value of these liabilities based upon the present value of the expected future cash flows using management's best estimates of key assumptions including life expectancies of annuitants, payment periods, and a discount rate commensurate with the current market and other risks involved. Significant changes in these key assumptions would result in a significantly lower or higher fair value measurement.

Investments are reported as Level 3 assets if the valuation is based on significant unobservable inputs. Often, these assets trade infrequently, or not at all. For some Level 3 assets, both observable and unobservable inputs may be used to determine fair value. As a result, the unrealized gains and losses presented in the tables below may include changes in fair value that were attributable to both observable and unobservable inputs.

The Foundation's policy is to recognize transfers between levels of the fair value hierarchy as of the beginning of the reporting period. For the fiscal years ended June 30, 2013 and June 30, 2012, there were no transfers between levels of the fair value hierarchy.

Additional information on the changes in Level 3 assets is summarized in the tables below as of June 30, 2013 and 2012:

Changes in Level 3 Assets Measured at Fair Value on a Recurring Basis for the Year Ended June 30, 2013

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)		
		Alternative Investments	
	Total Level 3 Investments	Commodities	Hedge Funds
Beginning balance	$ 91,863,930	$ 9,504,659	$ 49,180,019
Gains (losses) included in changes in net assets:			
Realized gains (losses)	1,826,679	(3,322)	(605,756)
Unrealized gains (losses)	3,840,731	(654,164)	5,523,879
Total gains (losses)	5,667,410	(657,486)	4,918,123
Purchases and sales:			
Purchases	14,548,625	56,859	11,762,720
Sales	(18,290,469)	(58,443)	(12,226,145)
Total purchases and sales	(3,741,844)	(1,584)	(463,425)
Ending balance	$ 93,789,496	$ 8,845,589	$ 53,634,717

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3) (Continued)		
	Alternative Investments (Continued)		
	Private Equity Funds	Private Real Estate Funds	Venture Capital Funds
Beginning balance	$ 17,146,101	$ 11,474,746	$ 4,558,405
Gains (losses) included in changes in net assets:			
Realized gains	2,029,510	347,534	58,713
Unrealized losses	(818,764)	(29,671)	(180,549)
Total gains	1,210,746	317,863	(121,836)
Purchases and sales:			
Purchases	1,288,448	1,068,114	372,484
Sales	(3,918,863)	(1,980,267)	(106,751)
Total purchases and sales	(2,630,415)	(912,153)	265,733
Ending balance	$ 15,726,432	$ 10,880,456	$ 4,702,302

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3) (Continued)
	Split-interest Agreements
	Charitable Trust Assets
Beginning balance	$ 787,352
Change in value of split-interest agreements included in changes in net assets:	
Change in actuarial estimate	33,900
Total change in value	33,900
Ending balance	$ 821,252

Changes in Level 3 Assets Measured at Fair Value on a Recurring Basis for the Year Ended June 30, 2012

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)			
		Fixed Income	Alternative Investments	
	Total Level 3 Investments	Bond Mutual Funds	Commodities	Hedge Funds
Beginning balance	$ 122,544,113	$ 175,000	$ 10,968,983	$ 50,500,753
Gains (losses) included in changes in net assets:				
Realized gains (losses)	37,597,817	-	(2,785)	1,849,206
Unrealized losses	(13,855,823)	-	(1,426,010)	(3,169,940)
Total gains (losses)	23,741,994	-	(1,428,795)	(1,320,734)
Purchases and sales:				
Purchases	4,055,414	-	113,201	-
Sales	(58,477,591)	(175,000)	(148,730)	-
Total purchases and sales	(54,422,177)	(175,000)	(35,529)	-
Ending balance	$ 91,863,930	$ -	$ 9,504,659	$ 49,180,019

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3) (Continued)			
	Alternative Investments (Continued)			
	Private Equity Funds	Private Real Estate Funds	Venture Capital Funds	Direct Private Equity Investments
Beginning balance	$ 28,954,097	$ 10,705,252	$ 3,434,857	$ 17,805,171
Gains (losses) included in changes in net assets:				
Realized gains	3,604,193	120,237	-	32,026,966
Unrealized (losses) gains	(4,958,280)	(96,123)	1,480,424	(5,685,894)
Total (losses) gains	(1,354,087)	24,114	1,480,424	26,341,072
Purchases and sales:				
Purchases	1,877,152	1,865,061	200,000	-
Sales	(12,331,061)	(1,119,681)	(556,876)	(44,146,243)
Total purchases and sales	(10,453,909)	745,380	(356,876)	(44,146,243)
Ending balance	$ 17,146,101	$ 11,474,746	$ 4,558,405	$ -

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3) (Continued)
	Split-interest Agreements
	Charitable Trust Assets
Beginning balance	$ 705,585
Change in value of split-interest agreements included in changes in net assets:	
Change in actuarial estimate	81,767
Total change in value	81,767
Ending balance	$ 787,352

Investments in Entities that Calculate Net Asset Value per Share

The Foundation holds shares or interests in investment companies at year end whereby the fair value of the investment held is estimated based on the net asset value per share (or its equivalent) of the investment company.

Certain investments measured at net asset value per share (or its equivalent) may be classified within Level 2 of the fair value hierarchy if the investment can be redeemed at, or within 1-10 days. If the investment holdings cannot be redeemed at, or within this timeframe, due to redemption restrictions or other factors, then the investment is classified within Level 3 of the fair value hierarchy. Although the Foundation considers all available data in reporting the fair value of investments, the NAV, or its equivalent, is used as the primary valuation input for some Level 2 and most Level 3 assets.

The following table provides additional information regarding the fair value, liquidity, and unfunded commitment for investments where the NAV was used as a practical expedient.

Level 2 and Level 3 Investments Reported at Net Asset Value at June 30, 2013

	Fair Value	Redemption Frequency	Redemption Notice Period	Estimated Termination Date (Fiscal Year)	Unfunded Commitment
Fixed-income investments:					
Money market mutual funds (Level 2)	$ 8,634	daily	none	not applicable	$ -
Bonds and bond mutual funds (Level 2)	1,672,279	daily	1 day	not applicable	-
Subtotal fixed income	1,680,913				-
Public equity investments:					
Emerging markets international equity mutual funds (Level 2)	11,928,182	monthly	30 days	not applicable	-
Subtotal public equity	11,928,182				-
Alternative investments:					
Commodities (Level 3)	8,845,589	monthly	10 - 30 days	not applicable	-
Absolute return funds (Level 3)	53,634,717	quarterly	60 - 95 days	not applicable	-
Private equity funds (Level 3)	15,726,432	not liquid	not liquid	2013 - 2022	16,468,825
Private real estate funds (Level 3)	10,880,456	not liquid	not liquid	2013 - 2018	500,502
Venture capital funds (Level 3)	4,702,302	not liquid	not liquid	2013 - 2014	442,598
Subtotal alternative investments	93,789,496				17,411,925
Total investments	$ 107,398,591				$ 17,411,925

Level 2 and Level 3 Investments Reported at Net Asset Value at June 30, 2012

	Fair Value	Redemption Frequency	Redemption Notice Period	Estimated Termination Date (Fiscal Year)	Unfunded Commitment
Fixed-income investments:					
Money market mutual funds (Level 2)	$ 10,786,884	daily	none	not applicable	$ -
Bonds and bond mutual funds (Level 2)	1,270,038	daily	1 day	not applicable	-
Subtotal fixed income	12,056,922				-
Public equity investments:					
Emerging markets international equity mutual funds (Level 2)	11,220,629	monthly	30 days	not applicable	-
Subtotal public equity	11,220,629				-
Alternative investments:					
Commodities (Level 3)	9,504,659	monthly	10 - 30 days	not applicable	-
Absolute return funds (Level 3)	49,180,019	quarterly	60 - 95 days	not applicable	-
Private equity funds (Level 3)	17,146,101	not liquid	not liquid	2012 - 2021	8,223,776
Private real estate funds (Level 3)	11,474,746	not liquid	not liquid	2012 - 2018	757,575
Venture capital funds (Level 3)	4,558,405	not liquid	not liquid	2012 - 2014	815,082
Subtotal alternative investments	91,863,930				9,796,433
Total investments	$ 115,141,481				$ 9,796,433

Donor- and Board-restricted Endowments

The Foundation's endowment includes both donor-restricted endowment funds and funds designated by the board of trustees as quasi-endowments. Certain quasi-endowments have been created with unrestricted funds, while others have been created with gifts that were temporarily restricted by the donor for the benefit of a particular college within the University. Both types of quasi-endowments have been included in the following schedules because both have been invested to provide income for a long, but unspecified period in accordance with board-imposed restrictions. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions or board-imposed restrictions.

Interpretation of Relevant Law - The Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the contributed value of the original gift of donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to distribute or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund

(2) The purposes of the gifting organization or individual and the donor-restricted endowment fund

(3) General economic conditions

(4) The possible effect of inflation and deflation

(5) The expected total return from income and the appreciation of investments

(6) Other resources of the Foundation

(7) The investment policies of the Foundation

Endowment Net Asset Composition by Type of Fund as of June 30, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment	$ (648,358)	$ 129,236,725	$ 157,859,625	$ 286,447,992
Board-designated (quasi) endowment created with donor-restricted funds	-	92,166,008	-	92,166,008
Total funds	$ (648,358)	$ 221,402,733	$ 157,859,625	$ 378,614,000

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Market value - Beginning of the year	$ (290,619)	$ 195,422,276	$ 152,083,400	$ 347,215,057
Net realized and unrealized gains and losses and investment income	(357,739)	41,093,134	439,853	41,175,248
Contributions	-	-	5,336,372	5,336,372
Spending policy transfer	-	(10,406,944)	-	(10,406,944)
Transfers (from) to board - designated endowments	-	(16,660)	-	(16,660)
Administrative fee	-	(4,689,073)	-	(4,689,073)
Market value - End of the year	$ (648,358)	$ 221,402,733	$ 157,859,625	$ 378,614,000

Endowment Net Asset Composition by Type of Fund as of June 30, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment	$ (290,619)	$ 103,175,081	$ 152,083,400	$ 254,967,862
Board-designated (quasi) endowment created with donor-restricted funds	-	92,247,195	-	92,247,195
Total funds	$ (290,619)	$ 195,422,276	$ 152,083,400	$ 347,215,057

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Market value - Beginning of the year	$ 12,168,755	$ 167,992,691	$ 142,078,701	$ 322,240,147
Net realized and unrealized gains and losses and investment income	(670,534)	28,550,828	(68,562)	27,811,732
Contributions	-	-	10,073,261	10,073,261
Spending policy transfer		(142,494)		(142,494)
Transfers (from) to board - designated endowments	(11,788,840)	1,153,504	-	(10,635,336)
Administrative fee	-	(2,132,253)	-	(2,132,253)
Market value - End of the year	$ (290,619)	$ 195,422,276	$ 152,083,400	$ 347,215,057

Funds with Deficiencies – From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the contributed value that the donor or UPMIFA requires the Foundation to retain as the corpus. These funds are known as “underwater accounts.” In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets were $648,358 and $290,619 as of June 30, 2013 and 2012, respectively. These deficiencies resulted from unfavorable market fluctuations and allowable distributions made over time.

Return Objectives and Risk Parameters – The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the long-term purchasing power of the endowment assets. Endowment assets include donor-restricted funds that are held in perpetuity or for donor-specified periods, as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to outperform, over rolling 12-quarter periods, a composite benchmark of appropriately weighted indices, while maintaining acceptable risk levels. The Foundation anticipates the endowment funds will provide an average rate of return of approximately 7.6 percent annually, gross of investment management fees of approximately 1 percent. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives - To satisfy its long-term rate-of-return objectives, the Foundation relies on a total-return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy - For the fiscal year ended June 30, 2013, the Foundation's spending policy stipulated that 6 percent of a three-year moving average of the market value of the endowment was available to spend, with 2 percent of the amount being set aside to support the Foundation's administrative expenses. The spending rate applied to all endowment accounts except underwater accounts, where spending was limited to 1 percent of a three-year moving average of the market value. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow the endowment to grow at an average of 1.6 percent annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through investment returns and new gifts.

Property and Equipment

As of June 30, 2013 and 2012, property and equipment are as follows:

	2013	2012
Land	$ 2,455,998	$ 2,455,998
Land improvements	829,229	780,105
Building and building improvements	40,084,104	39,821,131
Furnishings, fixtures, and equipment	5,339,174	4,898,374
Subtotal	48,708,505	47,955,608
Less accumulated depreciation and amortization	(18,823,046)	(17,434,890)
Property and equipment - Net	$ 29,885,459	$ 30,520,718

Total depreciation expense of $1,509,232 and $1,543,586 was recorded in fiscal years 2013 and 2012, respectively.

Support from Ohio University

During 2013 and 2012, the University paid certain payroll costs amounting to $5,436,801 and $5,274,285, respectively, for the Foundation's Development Office, Office of Alumni Relations, and Accounting Office. The support costs paid by the University are reflected in the consolidated statements of activities as University support, with a like amount included in expenses.

The University provides office space and the use of certain common facilities and services to the Foundation at no cost. These costs have not been recorded as University support because they are not considered to be significant to the results of activities of the Foundation.

The Foundation has a noncontrolling economic interest in Ohio South East Enterprise Development Fund, Inc. ("SEED"), a tax-exempt organization under Code Section 501(c)(4). SEED was created in July 1994 for the purpose of supporting the scientific and technological research, educational activities, and economic development of Ohio University. Currently, the Foundation is the named beneficiary of SEED's assets in the event that the entity is dissolved. During 2013 and 2012, SEED distributed $0 and $200,000, respectively, to the Foundation. Distributions from SEED are reflected in the consolidated statements of activities as gifts and contributions.

Split-interest Agreements

Charitable Gift Annuities – Under charitable gift annuity agreements, all assets are held by the Foundation. Therefore, the Foundation has recorded the donated assets at fair value and the liabilities to the donor or his/her beneficiaries discounted to the present value of the estimated future payments to be distributed by the Foundation to such individuals. The amount of the contribution is the difference between the asset and liability and is recorded as contribution revenue. The Foundation uses the Internal Revenue Service (IRS) discount rate, or Applicable Federal Rate, to determine net present value of the liability. This rate is published monthly and represents the annual rate of return that the IRS assumes the gift assets will earn during the gift term. The discount rate for each charitable gift annuity is established at the beginning of the agreement. The discount rate applied to gift annuities held at June 30, 2013 and 2012 ranged from 1.2 to 9.4 percent.

Charitable Remainder Trusts – Under charitable remainder trust agreements, the Foundation serves as the remainderman and will receive the net assets of the trust upon death of the donor's beneficiary. During the life of the trust, the donor, or the donor-designated beneficiary, will receive regular payments as established by the trust.

In instances where the donor has not specifically reserved the right to change the remainderman, and all assets of charitable remainder trust are maintained by a third-party trustee in an irrevocable trust for the benefit of the Foundation, the Foundation will recognize, as contribution revenue and as a receivable, the present value of the estimated future benefits to be received when the trust assets are distributed. The trustee disburses income earned on the assets of the charitable remainder trust to the donor or donor-designated beneficiaries.

In instances where the donor has not specifically reserved the right to change the remainderman, and the Foundation serves as the trustee, the Foundation will recognize the fair market value of the assets of the trust, as well as a liability for the net present value of future payments to be distributed by the Foundation to the donor or his/her designated beneficiaries. The amount of the contribution is the difference between the asset and liability at the inception of the trust. The Foundation uses the IRS discount rate, or Applicable Federal Rate, to determine net present value of the liability. This rate is published monthly and represents the annual rate of return that the IRS assumes the gift assets will earn during the gift term. The discount rate for each charitable remainder trust is established at the beginning of the agreement. The discount rate applied to charitable remainder trusts held at June 30, 2013 and 2012 ranged from 3.4 to 8.2 percent.

Certain charitable remainder trust transactions are not reported on the consolidated statements of financial position or the consolidated statements of activities as, in these cases, the remainderman can be changed by the donor prior to his/her death.

Adjustments to the receivable to reflect amortization of the discount, revaluation of the present value of the estimated future payments to the donor-designated beneficiaries, and changes in actuarial assumptions during the term of the trust are recognized as changes in the value of split-interest agreements. Upon the death of the donor-designated beneficiaries, the receivable is closed, the assets received from the trust are recognized at fair value, and any difference is reported as a change in the value of split-interest agreements.

Lead Trusts – Charitable lead trusts provide an income stream to the Foundation for a set period of time established by the donor. The income stream is recorded at the net present value of the payments. Once the set period of time ends, the Foundation will no longer receive the income stream and the remaining principal is transferred back to the donor. If the Foundation serves as trustee, an asset and a liability will be recorded for the trust. The asset is booked at the fair market value. The liability is recorded at fair market value less the net present value of the income stream. If the Foundation does not serve as trustee, only the asset, at the net present value of the income stream, will be recorded for the trust. The Foundation uses the IRS discount rate, or Applicable Federal Rate, to determine net present value of the income stream. This rate is published monthly and represents the annual rate of return that the IRS assumes the gift assets will earn during the gift term. The discount rate for each charitable lead trust is established at the beginning of the agreement. The discount rate applied to the lead trusts held at June 30, 2013 and 2012 ranged from 1.05 to 5.00 percent.

Perpetual and Other Trusts – Perpetual trusts are those trusts that provide a perpetual income stream to the Foundation but are held by a third party. An asset and revenue are recorded for the fair market value of the instrument. Each year, the net change in fair market value to the asset is recorded as an increase or decrease in revenue.

Pooled Income Fund - A pooled income fund allows a donor to place funds into an investment pool from which an income stream is provided. The income stream is paid to the donor and/or the donor-designated beneficiaries, and the Foundation will receive the net assets of the fund upon their death.

Revocable Trusts - Under revocable trust agreements, the Foundation serves as the remainderman and will receive the net assets of the trust upon death of the donor's beneficiary. All assets of the trust may be maintained by a third-party trustee for the benefit of the Foundation, or by the Foundation if named as a trustee. The trustee disburses income earned on the assets of the trust to the donor or donor-designated beneficiaries. Under revocable trust agreements, the donor maintains the ability to legally dissolve the trusts and may or may not reserve the right to change the remainderman. For these reasons, the Foundation does not report revocable trust transactions on the consolidated statements of financial position or the consolidated statements of activities if the trust is held by a third-party trustee.

Inn-Ohio of Athens, Inc.

The Inn was purchased by the Foundation on August 30, 1986. The primary purpose for which the Foundation invested in the Inn was to provide affordable and convenient housing, dining, and conference facilities for University employees, alumni, and guests. As a significant portion of the Inn's revenue is derived from these customers, the Foundation is committed to financially supporting the Inn.

The Inn's business is subject to all of the risks inherent in the lodging industry. These risks include, among other factors, varying levels of demand for rooms and related services, adverse effects of general and local economic and market conditions, changes in governmental regulations that influence wages or prices, changes in interest rates, the availability of credit, changes in real estate taxes and other operating expenses, and the recurring need for renovation, refurbishment, and improvements.

Operations - The Inn's operations for the years ended June 30, 2013 and 2012 are summarized below:

	2013	2012
Revenue	$ 4,838,051	$ 4,457,098
Operating and general expenses	3,754,778	3,567,486
Depreciation and amortization	493,850	536,105
Interest expense - Net	33,048	45,198
Provision for income taxes	194,233	127,924
Total expenses	4,475,909	4,276,713
Net income	362,142	180,385
Unrealized (losses) gains	(46,757)	39,796
Change in net assets	$ 315,385	$ 220,181

Effective November 30, 1996, a management agreement (the "Management Agreement") was entered into with Winegardner & Hammons, Inc. (the "Manager"). The Management Agreement was amended during fiscal 2001 to automatically renew annually unless notified in writing 60 days prior to the end of the fiscal year. The Manager's compensation is a base fee plus 15 percent of the hotel's net available operating profit as defined in the Management Agreement.

In fiscal years 2013 and 2012, base management fees incurred by the Inn with respect to the Manager were $100,000 per year and incentive fees were $136,887 and $97,489, respectively.

Debt Obligations – Long-term debt of the Inn as of June 30, 2013 and June 30, 2012 consists of the following:

	2013	2012
Term loan - Principal due through June 2021, interest at 3.31 percent through June 2016 and adjusted thereafter	$ 2,582,400	$ 2,824,400
Less current portion of long-term debt	(257,400)	(242,000)
Total	$ 2,325,000	$ 2,582,400

In June 2006, the Inn obtained a $4,000,000 term loan, the proceeds of which were used to pay a dividend of $3,000,000 in June 2006 and $1,000,000 of which was placed in the bond fund to retire the 1996 Serial and Term Project Bonds in November 2006. The term loan is guaranteed by the Foundation.

Substantially all of the property and equipment are pledged as collateral for the term loan. The interest rate on the term loan was fixed at 6.20 percent through June 2011 and was adjusted to 3.31 percent as of July 1, 2011. The interest rate will be adjusted to the index rate as defined in the agreement plus 1.40 percent in June 2016 and every five years thereafter.

Maturities of long-term debt at June 30, 2013 are set forth in the following schedule:

Years Ending June 30	Amount
2014	$ 257,400
2015	273,800
2016	291,300
2017	291,300
2018	291,300
Thereafter	1,177,300
Total	$ 2,582,400

The fair value of the debt obligations approximates the carrying value at June 30, 2013 and 2012.

Housing for Ohio, Inc.

In November 1999, the Foundation established Housing, a limited liability company and 501(c)(3) corporation, with the purpose of acquiring, developing, constructing, and operating a 182-unit student-housing rental project which contains 580 beds. The property, known as University Courtyard Apartments (the "Project"), is located in Athens, Ohio on property owned by the University and leased to Housing. The facility is managed and operated by a private entity.

Operations – Housing's operations for the years ended June 30, 2013 and 2012 are summarized below:

	2013	2012
Revenue	$ 3,448,559	$ 3,419,605
Operating and general expenses	1,340,422	1,360,555
Depreciation and amortization	748,904	786,069
Interest expense and bond fees	592,138	704,817
Tax and insurance	208,658	78,180
Total expenses	2,890,122	2,929,621
Change in net assets	$ 558,437	$ 489,984

Debt – In September 2000, Housing offered $31,985,000 of variable-rate, tax-exempt bonds (the "2000 Bonds"). The proceeds of the 2000 Bonds financed the construction, installation, and equipping of the Project. The 2000 Bonds will be fully matured at June 2032 and bear interest at an adjustable rate as determined weekly by the remarketing agent, based on its knowledge of prevailing market conditions, except that in no event will the interest rate exceed 12 percent.

The average interest rate for the years ended June 30, 2013 and 2012 was 0.14 percent, and the actual interest rates at June 30, 2013 and 2012 were 0.08 and 0.20 percent, respectively.

As collateral, until all principal and interest on any of the 2000 Bonds have been paid, Housing has pledged, assigned, and granted a security interest to its right, title, and interest in gross revenue of University Courtyard Apartments and related assets. The Foundation has made no additional pledge of assets or revenue to the 2000 Bonds, which are nonrecourse to the Foundation.

Principal payments for the bonded debt for the years subsequent to June 30, 2013 are summarized as follows:

Years Ending June 30	Principal
2014	$ 820,000
2015	865,000
2016	910,000
2017	960,000
2018	1,010,000
Thereafter	21,405,000
Total	$ 25,970,000

Debt issuance costs are included in property on the consolidated statements of financial position and are amortized over the term of the 2000 Bonds. Amortization was $26,157 during each of the years ended June 30, 2013 and 2012.

Additionally, Housing has an outstanding promissory note to the Project's developer in the original amount of $700,000. The note is payable in 10 annual installments of $70,000 through June 2014. The payment terms are predicated on the Project's current management company remaining the manager of the Project. In the event that the current management company's services are terminated prior to the final payment, the remaining balance shall become immediately due and payable. There is no interest accruing on the note, and management of Housing believes that the present value discount of future payments and the calculation of imputed interest on this note are not significant to the consolidated financial statements.

In March 2012, Housing was notified by a financial institution that the developer had listed the remaining installment payments as collateral on a loan with that financial institution. The notification advised that all subsequent payments were to be made to that financial institution. Although a payment was due June 1, 2013 and 2012, Housing was in the process of negotiating a settlement of all payments with the financial institution, and the outstanding promissory note balance was $210,000 on June 30, 2013 and 2012. During September 2013, Housing and the financial institution reached a settlement agreement and the $210,000 balance was paid in full.

Supplemental Information

Plante & Moran, PLLC
Suite 600
65 E. State St.
Columbus, OH 43215
Tel: 614.849.3000
Fax: 614.221.3535
plantemoran.com

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To Management and the Board of Trustees
Ohio University

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Ohio University, a component unit of the State of Ohio, and its discretely presented component unit, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the University's financial statements, and have issued our report thereon dated October 9, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Ohio University's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To Management and the Board of Trustees
Ohio University

Compliance and Other Matters

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

We also noted certain matters that we have reported to management of Ohio University in a separate letter dated October 9, 2013.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

Columbus, Ohio
October 9, 2013

plante moran

Plante & Moran, PLLC
Suite 600
65 E. State St.
Columbus, OH 43215
Tel: 614.849.3000
Fax: 614.221.3535
plantemoran.com

Report on Compliance For Each Major Federal Program;
Report on Internal Control Over Compliance

Independent Auditor's Report

To the Board of Trustees
Ohio University

Report on Compliance for Each Major Federal Program

We have audited Ohio University's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013. Ohio University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Ohio University's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Ohio University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Ohio University's compliance.

To the Board of Trustees
Ohio University

Opinion on Each Major Federal Program

In our opinion, Ohio University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with OMB Circular A-l33 and which are described in the accompanying schedule of findings and questioned costs as items 2013-001 and 2013-002. Our opinion on each major federal program is not modified with respect to these matters.

Report on Internal Control Over Compliance

Management of Ohio University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Ohio University's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, identified material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness and another deficiency that we consider to be a significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as Finding 2013-002 to be a material weakness.

To the Board of Trustees
Ohio University

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as Finding 2013-001 to be a significant deficiency.

Ohio University's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plans. Ohio University's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Plante & Moran, PLLC

Columbus, Ohio
October 9, 2013

Ohio University

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013

Federal Agency/Pass-Through Grantor	CFDA No.	Federal/Pass-Through Grant Number	Expenditures
STUDENT AID CLUSTER			
DEPARTMENT OF EDUCATION			
Direct Programs:			
Supplemental Educational Opportunity Grants	84.007	P007A123342, P007A133342	$ 1,039,112
Work-Study Program	84.033	P033A123342	889,705
Work-Study Program (Prior Year)	84.033	P033A113342	149,772
Federal Perkins Loans Outstanding	84.038	UNKNOWN	9,671,093
Federal Pell Grant Program	84.063	P063P120345, P063P130345	43,987,147
Pell Grant Program (Prior Year)	84.063	P063P110345	(118,830)
Federal Direct Student Loan	84.268	P268K130345, P268K136641	221,243,028
TEACH Grant	84.379	P379T130345, P379T140345	959,659
Total Department of Education			277,820,686
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Direct Programs:			
Primary Care Loans (HPSL) Outstanding	93.342	UNKNOWN	2,318,300
Disadvanataged Student Loans Outstanding	93.342	UNKNOWN	1,371,701
Total Department of Health and Human Services			3,690,001
TOTAL STUDENT AID CLUSTER			**281,510,687**
RESEARCH AND DEVELOPMENT CLUSTER			
APPALACHIAN REGIONAL COMMISSION			
Direct Programs:			
APPALACHIAN REGIONAL COMMISSION	23.009	OH-16259-09	800
Total Appalachian Regional Commission			800
DEPARTMENT OF AGRICULTURE			
Direct Programs:			
U S DEPARTMENT OF AGRICULTURE	10.001	58-1230-2-490	3,886
U S DEPARTMENT OF AGRICULTURE	10.206	2008-35318-04572	21,608
U S DEPARTMENT OF AGRICULTURE	10.206	2009-35320-05623	7,988
U S DEPARTMENT OF AGRICULTURE	10.961	58-3148-1-166	43,955
U S DEPARTMENT OF AGRICULTURE	10.XXX	10-CR-11242302-056	12,511
U S DEPARTMENT OF AGRICULTURE	10.XXX	11-JV-11242309-117	13,609
U S DEPARTMENT OF AGRICULTURE	10.XXX	12-JV-11242309-018	1,555
U S DEPARTMENT OF AGRICULTURE	10.XXX	11-PA-11091400-015	10,382
Total Department of Agriculture			115,494
DEPARTMENT OF DEFENSE			
Direct Programs:			
U S ARMY CORP OF ENGINEERS	12.xxx	W912DR-12-P-0050	31,883
U S ARMY CORP OF ENGINEERS	12.xxx	W912DR-13-P-0083	15,902
US ARMY CONSTRUCTION ENGINEERING RESEARCH LABORATO	12.630	W9132T-09-1-0001	837,159
US ARMY CONSTRUCTION ENGINEERING RESEARCH LABORATO	12.630	W9132T-12-2-0006	72,001
US ARMY RDECOM ACQUISITION CENTER	12.431	W911NF-11-1-0358	45,286
			1,002,231
DEFENSE THREAT REDUCTION AGENCY	12.351	HDTRA1-09-1-0059	153,096
AIR FORCE INSTITUTE OF TECHNOLOGY	12.xxx	FA8601-13-P-0220	2,022
OFFICE OF NAVAL RESEARCH	12.300	N00014-12-1-0335	1,022
US MARINE CORPS	12.369	M67001-12-P-1460	17,429
Subtotal Direct Programs			1,175,800

See Notes to Schedule of Expenditures of Federal Awards.

Schedule of Expenditures of Federal Awards (Continued)
June 30, 2013

Federal Agency/Pass-Through Grantor	CFDA No.	Federal/Pass-Through Grant Number	Expenditures
RESEARCH AND DEVELOPMENT CLUSTER (cont.)			
DEPARTMENT OF DEFENSE (cont.)			
Pass-Through Programs From:			
BOISE STATE UNIVERSITY	12.351	Contract # 4835-A	$ 4,899
DAYTON AREA GRADUATE STUDIES INSTITUTE	12.xxx	RY9-OU-09-4	57,110
INFOSCITEX (IST)	12.xxx	4009-S010	28,820
MIAMI UNIVERSITY	12.800	G01901	128,345
MIAMI UNIVERSITY	12.xxx	P0067120	14,367
OHIO AEROSPACE INSTITUTE	12.xxx	R-300-100303-40104	54,579
OHIO STATE UNIVERSITY	12.xxx	60018316, 60019548, 60019917	672,208
OHIO STATE UNIVERSITY	12.xxx	60019394	39,463
PERFORMANCE POLYMER SOLUTIONS, INC	12.xxx	UNKNOWN	20,934
PERFORMANCE POLYMER SOLUTIONS, INC	12.xxx	HQOI47-I2-C-7732	4,624
PERFORMANCE POLYMER SOLUTIONS, INC	12.xxx	FA8650-11-C-5103	12,992
QUANTUM DIMENSION	12.xxx	C0053-1	3,237
QUANTUM DIMENSION	12.xxx	C0236-1	18,254
SCIENCE APPLICATIONS INTERNATIONAL CORPORATION	12.xxx	4400132785	(27,781)
WILLIAM MARSH RICE UNIVERSITY	12.431	R17832, Amendment 1	84,586
Subtotal Pass-Through Programs			1,116,637
Total Department of Defense			2,292,437
DEPARTMENT OF EDUCATION			
Direct Programs:			
U S DEPARTMENT OF EDUCATION	84.324A	R324A120272	297,388
Subtotal Direct Programs			297,388
Pass-Through Programs From:			
LEHIGH UNIVERSITY	84.324	541821-78008; 541821-78002	922,689
UNIVERSITY OF SOUTH CAROLINA	84.324	12-2109; 42182	223,129
OHIO STATE UNIVERSITY	84.350C	60031733; RF01272334	13,590
ARRA-OHIO STATE UNIVERSITY	84.395A	ARRA-60035141-OU; PO# RF01289464	87,787
Subtotal Pass-Through Programs			1,247,195
Total Department of Education			1,544,583
DEPARTMENT OF ENERGY			
Direct Programs:			
U S DEPARTMENT OF ENERGY	81.049	DE-FG02-93ER40756	454,795
U S DEPARTMENT OF ENERGY	81.049	DE-FG02-88ER40387	372,098
U S DEPARTMENT OF ENERGY	81.049	DE-FG02-02ER46012	150,581
U S DEPARTMENT OF ENERGY	81.049	DE-FG02-06ER46317	181,139
U S DEPARTMENT OF ENERGY	81.049	DE-FG02-06ER46300	26,006
U S DEPARTMENT OF ENERGY	81.049	DE-SC0004084	47,792
U S DEPARTMENT OF ENERGY	81.087	DE-FG36-08GO88083	14,459
U S DEPARTMENT OF ENERGY	81.087	DE-EE0003666	68,544
U S DEPARTMENT OF ENERGY	81.112	DE-NA0001837	231,267
U S DEPARTMENT OF ENERGY	81.112	DE-FG52-09NA29455	114,665
U S DEPARTMENT OF ENERGY	81.214	DE-EM0000357	272,790
Subtotal Direct Programs			1,934,136
Pass-Through Programs From:			
AMD Advanced Research, LLC	81.123	B600716	77,345
ARGONNE NATIONAL LABORATORY	81.XXX	2F-30862, Mod 0002	22,328
ARGONNE NATIONAL LABORATORY	81.XXX	3F-30601	14,825
BIO2ELECTRIC	81.135	B2E-OU-0002	1,822
BROOKHAVEN NATIONAL LABORATORY	81.XXX	202065	36,350
IDAHO STATE UNIVERSITY	81.XXX	11-180D,12-308E	83,106
JEFFERSON SCIENCE ASSOCIATES, LLC	81.XXX	12-P1982	39,305
LAWRENCE LIVERMORE NATIONAL LABORATORY	81.XXX	B600753	27,000
LAWRENCE LIVERMORE NATIONAL LABORATORY	81.XXX	B595009	65,156
LOS ALAMOS NATIONAL LABORATORY	81.XXX	221107-1 (basic agreement # 273700)	2,700
RESEARCH PARTNERSHIP TO SECURE ENERGY FOR AMERICA	81.XXX	11122-60	35,259
Subtotal Pass-Through Programs			405,196
Total Department of Energy			2,339,332

See Notes to Schedule of Expenditures of Federal Awards.

Schedule of Expenditures of Federal Awards (Continued)
June 30, 2013

Federal Agency/Pass-Through Grantor	CFDA No.	Federal/Pass-Through Grant Number	Expenditures
RESEARCH AND DEVELOPMENT CLUSTER (cont.)			
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Direct Programs:			
NATIONAL INSTITUTE OF HEALTH	93.173	R01 DC005063	$ 179,576
NATIONAL INSTITUTE OF HEALTH	93.173	R15DC009504	(81)
NATIONAL INSTITUTE OF HEALTH	93.173	R01DC010883	557,719
NATIONAL INSTITUTE OF HEALTH	93.213	R01AT006978	180,026
NATIONAL INSTITUTE OF HEALTH	93.242	R01MH082864	455,071
NATIONAL INSTITUTE OF HEALTH	93.242	R01MH087462	137,676
NATIONAL INSTITUTE OF HEALTH	93.389	R21 RR032366-01 / R21 GM103494-02	192,049
NATIONAL INSTITUTE OF HEALTH	93.393	R01CA086928	203,717
NATIONAL INSTITUTE OF HEALTH	93.396	R15CA161830	150,878
ARRA-NATIONAL INSTITUTE OF HEALTH	93.701	ARRA-RC1DA028494	5,462
ARRA-NATIONAL INSTITUTE OF HEALTH	93.701	ARRA-R15HD065552	200,635
NATIONAL INSTITUTE OF HEALTH	93.839	R01 HL077438	127,895
NATIONAL INSTITUTE OF HEALTH	93.847	R15DK083729	66,156
NATIONAL INSTITUTE OF HEALTH	93.847	R15DK082981	27,133
NATIONAL INSTITUTE OF HEALTH	93.853	R15NS051846	8,382
NATIONAL INSTITUTE OF HEALTH	93.859	R01GM073188	184,167
NATIONAL INSTITUTE OF HEALTH	93.865	R15HD065552	78,033
NATIONAL INSTITUTE OF HEALTH	93.879	G13LM010878	45,291
NATIONAL INSTITUTE OF HEALTH	93.989	D43TW008261	169,393
Subtotal Direct Programs			2,969,178
Pass-Through Programs From:			
FORDHAM UNIVERSITY	93.279	R25-DA031608	8,600
HARVARD UNIVERSITY	93.173	R01 DC002290	82,370
LC TECHNOLOGIES, INC.	93.173	CRCF SBIR-007	13,816
NORTHWESTERN UNIVERSITY	93.394	SP0019627-PROJ0004939	7,627
SOUTHERN ILLINOIS UNIVERSITY	93.866	520317	344,791
THE TRUSTEES OF INDIANA UNIVERSITY	93.847	IN-4685559-OU; 1025174	237,181
THE TRUSTEES OF INDIANA UNIVERSITY	93.866	BL-4631388-UO	7,596
UNIVERSITY OF FLORIDA	93.853	UF13075	36,343
UNIVERSITY OF GEORGIA	93.242	RR766-050/4944296	25,636
UNIVERSITY OF ROCHESTER	93.866	5-23994 (PO# 415966-G)	11,206
VANDERBILT UNIVERSITY	93.859	VUMC 35830	65,073
Subtotal Pass-Through Programs			840,239
Total Department of Health and Human Services			3,809,417
DEPARTMENT OF THE INTERIOR			
Pass-Through Programs From:			
COMMONWEALTH OF KENTUCKY DEPARTMENT OF FISH AND WI	15.605	0700006848; 0800016307; 1000004546; 1200002079	691
MARYLAND DEPARTMENT OF NATURAL RESOURCES	15.XXX	K00P1400772; K00P2400989	9,718
WEST VIRGINIA DIVISION OF NATURAL RESOURCES	15.6XX	UNKNOWN	1,253
Total Department of the Interior			11,662
DEPARTMENT OF JUSTICE			
Direct Programs:			
U S DEPARTMENT OF JUSTICE	16.560	2010-DE-BX-K002	36,751
Total Department of Justice			36,751
DEPARTMENT OF STATE			
Pass-Through Programs From:			
NATIONAL ACADEMY OF SCIENCES	19.XXX	PGA-P210852	84,457
Total Department of State			84,457
DEPARTMENT OF TRANSPORTATION			
Direct Programs:			
FEDERAL AVIATION ADMINISTRATION	20.108	09-G-010	341,374
FEDERAL AVIATION ADMINISTRATION	20.108	10-G-018	107,793
FEDERAL AVIATION ADMINISTRATION	20.108	12-G-004	227,611
FEDERAL AVIATION ADMINISTRATION	20.XXX	DTFAAC-09-A-80000	131,255
FEDERAL AVIATION ADMINISTRATION	20.XXX	DTFAWA-10-D-00020	328,292
FEDERAL AVIATION ADMINISTRATION	20.XXX	DTFAWA-10-D-00020	522
FEDERAL AVIATION ADMINISTRATION	20.XXX	DTFAWA-10-D-00020	37,807
FEDERAL AVIATION ADMINISTRATION	20.XXX	DTFAWA-10-D-00020	46,206
FEDERAL AVIATION ADMINISTRATION	20.XXX	DTFAWA-10-D-00020	8,500
FEDERAL AVIATION ADMINISTRATION	20.XXX	DTFAWA-10-D-00020	37,182
FEDERAL AVIATION ADMINISTRATION	20.XXX	DTFAWA-10-D-00020	134,549
FEDERAL AVIATION ADMINISTRATION	20.XXX	DTFAWA-10-D-00020	6,903
FEDERAL AVIATION ADMINISTRATION	20.XXX	DTFAWA-10-D-00020	52,328
U S DEPARTMENT OF TRANSPORTATION	20.XXX	DTFH64-12-G-00075, DTFH64-13-G-00047	4,923
Subtotal Direct Programs			1,465,245

See Notes to Schedule of Expenditures
of Federal Awards.

Ohio University

Schedule of Expenditures of Federal Awards (Continued)
June 30, 2013

Federal Agency/Pass-Through Grantor	CFDA No.	Federal/Pass-Through Grant Number	Expenditures
RESEARCH AND DEVELOPMENT CLUSTER (cont.)			
DEPARTMENT OF TRANSPORTATION (cont.)			
Pass-Through Programs From:			
APPLIED RESEARCH ASSOCIATES	20.205	TSA-0001491-OhioU-00; 16961	$ 66,067
ARRA-BEAVER EXCAVATING COMPANY	20.XXX	ARRA-3466-047	372,604
CLEVELAND STATE UNIVERSITY	20.205	100000108	19,043
DELTA AIRPORT CONSULTANTS, INC.	20.XXX	3-49-0024-021-2012	28,700
ENGILITY CORPORATION	20.XXX	S-12-032	614,905
ENGINEERING & SOFTWARE CONSULTANTS, INC.	20.200	12-15	40,604
ENGINEERING & SOFTWARE CONSULTANTS, INC.	20.XXX	09-01; 10-06	623
FAYETTE COUNTY ENGINEER'S OFFICE	20.205	FAY-CR4-1.60	7,216
ITT CORPORATION	20.XXX	ITT 09-2401-041; 328200	325,805
LR KIMBALL	20.XXX	UNKNOWN	14,300
MICHAEL BAKER CORPORATION	20.XXX	MAA-AE-10-004	15,351
NATIONAL ACADEMY OF SCIENCES	20.200	HR-20-05 (44-10); SUB0000186	2,694
WAYNE STATE UNIVERSITY	20.200	WSU12010; P0521413	68,628
Subtotal Pass-Through Programs			1,576,540
Total Department of Transportation			3,041,785
ENVIRONMENTAL PROTECTION AGENCY			
Direct Programs:			
U S ENVIRONMENTAL PROTECTION AGENCY	66.202	EM-83350201	57,953
U S ENVIRONMENTAL PROTECTION AGENCY	66.516	SU-83601201	5,884
Total Environmental Protection Agency			63,837
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION			
Direct Programs:			
NASA GLENN RESEARCH CENTER	43.002	NNX12AD53G	23,751
NASA GLENN RESEARCH CENTER	43.007	NNX09AD87G	22,586
NASA GLENN RESEARCH CENTER	43.XXX	NNX10AK21G	17,429
NASA GODDARD SPACE FLIGHT CENTER	43.001	NNX11AP15G	51,836
NASA GODDARD SPACE FLIGHT CENTER	43.001	NNX11AO20G	29,105
NASA GODDARD SPACE FLIGHT CENTER	43.001	NNX12AE31G	109,963
NASA GODDARD SPACE FLIGHT CENTER	43.001	NNX12AP20G	36,008
NASA GODDARD SPACE FLIGHT CENTER	43.XXX	NNX10AC79G	121,475
NASA GODDARD SPACE FLIGHT CENTER	43.XXX	NNX10AE67G	190
NASA LANGLEY RESEARCH CENTER	43.001	NNX12AP28A	73,373
Subtotal Direct Programs			485,716
Pass-Through Programs From:			
JACOBS ESTS GROUP	43.XXX	ESTS-0075; 32-000003-LR; 32-040104-00	2,217
JACOBS ESTS GROUP	43.XXX	20042	22,539
JACOBS TECHNOLOGY, INC	43.XXX	PO 13N0071	26,386
OHIO AEROSPACE INSTITUTE	43.XXX	Ck# 1472	3,363
SMITHSONIAN ASTROPHYSICAL OBSERVATORY	43.XXX	TM1-12002X	12,928
SPACE TELESCOPE SCIENCE INSTITUTE	43.XXX	HST-GO-11571.01-A	13,917
SPACE TELESCOPE SCIENCE INSTITUTE	43.XXX	HST-GO-12253.01-A	36,952
SPACE TELESCOPE SCIENCE INSTITUTE	43.XXX	HST-GO-12871.07-A	2,418
UNISYS CORPORATION	43.XXX	TSM-000599	135,817
WILLIAM MARSH RICE UNIVERSITY	43.001	R53291	25,272
Subtotal Pass-Through Programs			281,809
Total National Aeronautics and Space Administration			767,525

See Notes to Schedule of Expenditures of Federal Awards.

Schedule of Expenditures of Federal Awards (Continued)
June 30, 2013

Federal Agency/Pass-Through Grantor	CFDA No.	Federal/Pass-Through Grant Number	Expenditures
RESEARCH AND DEVELOPMENT CLUSTER (cont.)			
NATIONAL SCIENCE FOUNDATION			
Direct Programs:			
NATIONAL SCIENCE FOUNDATION	47.041	CBET-0547165	$ 474
NATIONAL SCIENCE FOUNDATION	47.041	CMMI-0926420	54,821
NATIONAL SCIENCE FOUNDATION	47.041	CBET-0933415	71,311
NATIONAL SCIENCE FOUNDATION	47.041	CBET-1039869	43,549
NATIONAL SCIENCE FOUNDATION	47.041	CBET-1106118	172,948
NATIONAL SCIENCE FOUNDATION	47.041	ECCS-1129010	121,256
NATIONAL SCIENCE FOUNDATION	47.041	ECCS-1138749	5,781
NATIONAL SCIENCE FOUNDATION	47.041	CMMI-1235273	16,585
NATIONAL SCIENCE FOUNDATION	47.041	EEC-1242154	33,267
NATIONAL SCIENCE FOUNDATION	47.041	IIP-1265974	2,075
NATIONAL SCIENCE FOUNDATION	47.049	AST-0708284	35,087
NATIONAL SCIENCE FOUNDATION	47.049	CHE-0745590	22,809
NATIONAL SCIENCE FOUNDATION	47.049	CHE-0809669	9,416
NATIONAL SCIENCE FOUNDATION	47.049	CHE-0848081	5,289
NATIONAL SCIENCE FOUNDATION	47.049	DMR-0902936	71,953
NATIONAL SCIENCE FOUNDATION	47.049	PHY-0969986, PHY-1308299	128,848
NATIONAL SCIENCE FOUNDATION	47.049	DMR-1005525	70,407
NATIONAL SCIENCE FOUNDATION	47.049	PHY-1005578	18,008
NATIONAL SCIENCE FOUNDATION	47.049	DMR-1056493	82,672
NATIONAL SCIENCE FOUNDATION	47.049	AST-1109576	141,490
NATIONAL SCIENCE FOUNDATION	47.049	CHE-1112250	116,454
NATIONAL SCIENCE FOUNDATION	47.049	CHE-1149367	133,385
NATIONAL SCIENCE FOUNDATION	47.049	DMR-1206636	137,064
NATIONAL SCIENCE FOUNDATION	47.049	CHE-1230961	155,481
NATIONAL SCIENCE FOUNDATION	47.049	PHY-0969297	123,750
NATIONAL SCIENCE FOUNDATION	47.049	PHY-1306137	7,456
NATIONAL SCIENCE FOUNDATION	47.049	PHY-0969788	129,330
NATIONAL SCIENCE FOUNDATION	47.049	PHY-1306376	33,481
NATIONAL SCIENCE FOUNDATION	47.049	DMR-1108285	103,349
NATIONAL SCIENCE FOUNDATION	47.050	EAR-0844256	31,993
NATIONAL SCIENCE FOUNDATION	47.050	OCE-1061973	50,442
NATIONAL SCIENCE FOUNDATION	47.050	EAR-1305610	39,380
NATIONAL SCIENCE FOUNDATION	47.050	EAR-1305609	16,115
NATIONAL SCIENCE FOUNDATION	47.070	IIS-1018590	88,753
NATIONAL SCIENCE FOUNDATION	47.070	CCF-1054339	122,901
NATIONAL SCIENCE FOUNDATION	47.070	IIS-1117489	108,034
NATIONAL SCIENCE FOUNDATION	47.074	DEB-0629819	12,075
NATIONAL SCIENCE FOUNDATION	47.074	IOS-0821930	8,806
NATIONAL SCIENCE FOUNDATION	47.074	IOS-0818412	11,360
NATIONAL SCIENCE FOUNDATION	47.074	IOS-0842624	41,872
NATIONAL SCIENCE FOUNDATION	47.074	DEB-0936855	106,557
NATIONAL SCIENCE FOUNDATION	47.074	IOS-0958926	171,410
NATIONAL SCIENCE FOUNDATION	47.074	IOS-0955569	139,799
NATIONAL SCIENCE FOUNDATION	47.074	IOS-1050154	88,507
NATIONAL SCIENCE FOUNDATION	47.074	DBI-1062327	20,088
NATIONAL SCIENCE FOUNDATION	47.074	IOS-1145887	121,294
NATIONAL SCIENCE FOUNDATION	47.074	IOS-1147087	86,858
NATIONAL SCIENCE FOUNDATION	47.074	IOS-1146789	73,489
NATIONAL SCIENCE FOUNDATION	47.074	EF-1206750	37,001
NATIONAL SCIENCE FOUNDATION	47.075	BCS-0921952	123,914
NATIONAL SCIENCE FOUNDATION	47.075	BCS-1010118	17,275
NATIONAL SCIENCE FOUNDATION	47.075	SES-1127710	48,359
NATIONAL SCIENCE FOUNDATION	47.075	BSC-1127164	66,008
NATIONAL SCIENCE FOUNDATION	47.075	BCS-1228258	62,026
NATIONAL SCIENCE FOUNDATION	47.076	HRD-0930229	1,288
NATIONAL SCIENCE FOUNDATION	47.076	DUE-0941224	89,667
NATIONAL SCIENCE FOUNDATION	47.076	DGE-0947813	530,340
NATIONAL SCIENCE FOUNDATION	47.076	DGE-1060934	7,006
NATIONAL SCIENCE FOUNDATION	47.076	DUE-1154126	70,069
NATIONAL SCIENCE FOUNDATION	47.076	DUE-0833295	193,915
NATIONAL SCIENCE FOUNDATION	47.076	DUE-0837751	232
NATIONAL SCIENCE FOUNDATION	47.078	ANT-1043576	104,124
NATIONAL SCIENCE FOUNDATION	47.078	ANT-1142104	3,503
NATIONAL SCIENCE FOUNDATION	47.078	ANT-1142720	6,813
NATIONAL SCIENCE FOUNDATION	47.079	OISE-0730257	363,152
NATIONAL SCIENCE FOUNDATION	47.XXX	AST-0956640	133,749
NATIONAL SCIENCE FOUNDATION	47.XXX	IOS-1250620	118,316
ARRA-NATIONAL SCIENCE FOUNDATION	47.082	ARRA-DBI-0845955	72,181
ARRA-NATIONAL SCIENCE FOUNDATION	47.082	ARRA-SES-0851764	11,110
ARRA-NATIONAL SCIENCE FOUNDATION	47.082	ARRA-DMR-0906825	109,308
ARRA-NATIONAL SCIENCE FOUNDATION	47.082	ARRA-CCF-0915418	28,832
ARRA-NATIONAL SCIENCE FOUNDATION	47.082	ARRA-DEB-0918681	74,490
ARRA-NATIONAL SCIENCE FOUNDATION	47.082	ARRA-IOS-0918661	41,787
ARRA-NATIONAL SCIENCE FOUNDATION	47.082	ARRA-EAR-0922067	79,815
ARRA-NATIONAL SCIENCE FOUNDATION	47.082	ARRA-DBI-0922988	6,770
ARRA-NATIONAL SCIENCE FOUNDATION	47.082	ARRA-EAR-0933619	28,151
ARRA-NATIONAL SCIENCE FOUNDATION	47.082	ARRA-ANT-0944168	75,388
Subtotal Direct Programs			5,892,118

Ohio University

Schedule of Expenditures of Federal Awards (Continued)
June 30, 2013

Federal Agency/Pass-Through Grantor	CFDA No.	Federal/Pass-Through Grant Number	Expenditures
RESEARCH AND DEVELOPMENT CLUSTER (cont.)			
NATIONAL SCIENCE FOUNDATION (cont.)			
Pass-Through Programs From:			
GEORGIA STATE UNIVERSITY	47.070	Ck# 01522019	$ 1,500
UNIVERSITY OF MAINE	47.076	UMS-908	10,323
UNIVERSITY OF ALASKA FAIRBANKS	47.078	UAF 09-0036; FP901996	21,945
Subtotal Pass-Through Programs			33,768
Total National Science Foundation			5,925,886
TOTAL RESEARCH AND DEVELOPMENT CLUSTER			**20,033,966**
CHILD NUTRITION CLUSTER			
DEPARTMENT OF AGRICULTURE			
Pass-Through Programs From:			
OHIO DEPARTMENT OF EDUCATION	10.559	KOC Summer Food Reim IRN 123331	14,825
TOTAL CHILD NUTRITION CLUSTER			**14,825**
ECONOMIC DEVELOPMENT CLUSTER			
ECONOMIC DEVELOPMENT ADMINISTRATION			
Direct Programs:			
ECONOMIC DEVELOPMENT ADMINISTRATION	11.307	06-79-05483	287,288
TOTAL ECONOMIC DEVELOPMENT CLUSTER			**287,288**
HIGHWAY PLANNING AND CONSTRUCTION CLUSTER			
DEPARTMENT OF TRANSPORTATION			
Pass-Through Programs From:			
OHIO DEPARTMENT OF TRANSPORTATION	20.205	21182	
OHIO DEPARTMENT OF TRANSPORTATION	20.205	21934	110,618
OHIO DEPARTMENT OF TRANSPORTATION	20.205	State Job No. 134625	6,847
OHIO DEPARTMENT OF TRANSPORTATION	20.205	24864/24864A	169,053
OHIO DEPARTMENT OF TRANSPORTATION	20.205	24903; 134659	24,468
OHIO DEPARTMENT OF TRANSPORTATION	20.205	24605; 134626	17,669
OHIO DEPARTMENT OF TRANSPORTATION	20.205	25184	24,874
OHIO DEPARTMENT OF TRANSPORTATION	20.205	25187	131,943
OHIO DEPARTMENT OF TRANSPORTATION	20.205	25160	79,976
OHIO DEPARTMENT OF TRANSPORTATION	20.205	25363	100,219
OHIO DEPARTMENT OF TRANSPORTATION	20.205	25364	116,993
TEXAS A&M UNIVERSITY	20.205	12-S131202	11,419
TEXAS A&M UNIVERSITY	20.205	9-S120302	77,044
THE UNIVERSITY OF TOLEDO	20.205	F-2013-16; R13-90	67,331
UNIVERSITY OF AKRON	20.205	24285	88,674
UNIVERSITY OF AKRON	20.205	01265-OU; 535183; 78634	18,194
TOTAL HIGHWAY PLANNING AND CONSTRUCTION CLUSTER			**1,045,322**
TITLE I, PART A CLUSTER			
DEPARTMENT OF EDUCATION			
Pass-Through Programs From:			
ATHENS CITY SCHOOL DISTRICT	84.010	UNKNOWN	9,161
TOTAL TITLE I, PART A CLUSTER			**9,161**
SPECIAL EDUCATION (IDEA) CLUSTER			
DEPARTMENT OF EDUCATION			
Pass-Through Programs From:			
TRIMBLE LOCAL SCHOOL DISTRICT	84.027	UNKNOWN	21,572
TOTAL SPECIAL EDUCATION (IDEA) CLUSTER			**21,572**
TRIO CLUSTER			
DEPARTMENT OF EDUCATION			
Direct Programs:			
U S DEPARTMENT OF EDUCATION	84.042A	P042A100511	305,087
U S DEPARTMENT OF EDUCATION	84.047A	P047A080818	(221)
U S DEPARTMENT OF EDUCATION	84.047A	P047A121446-13	323,487
TOTAL TRIO CLUSTER			**628,353**

See Notes to Schedule of Expenditures
of Federal Awards.

Schedule of Expenditures of Federal Awards (Continued)
June 30, 2013

Federal Agency/Pass-Through Grantor	CFDA No.	Federal/Pass-Through Grant Number	Expenditures
MEDICAID CLUSTER			
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Pass-Through Programs From:			
OHIO STATE UNIVERSITY	93.778	60036810; RF01308052	$ 272,451
OHIO STATE UNIVERSITY	93.778	60036810; RF01308033	180,000
OHIO STATE UNIVERSITY	93.778	60036810; RF01308034	120,416
TOTAL MEDICAID CLUSTER			**572,867**
OTHER PROGRAMS			
APPALACHIAN REGIONAL COMMISSION			
Direct Programs:			
APPALACHIAN REGIONAL COMMISSION	23.XXX	CO-16608-2010	56,110
Total Appalachian Regional Commission			56,110
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			
Pass-Through Programs From:			
OHIO ASSOCIATION OF SECOND HARVEST FOOD BANKS	94.XXX	UNKNOWN	9,735
OHIO COMMISSION ON SERVICE AND VOLUNTEERISM	94.006	06AFH-2550-11-OC068; 06AFH-1502-12-OC068	5,704
OHIO COMMISSION ON SERVICE AND VOLUNTEERISM	94.006	12AFH-1502-13-OC068	253,487
RURAL ACTION INC	94.XXX	UNKNOWN	800
Total Corporation for National and Community Service			269,726
DEPARTMENT OF AGRICULTURE			
Pass-Through Programs From:			
OHIO STATE UNIVERSITY	10.500	60029794 (RF01243310),60033875 (RF01290212), 60038814 (RF01322193)	87,695
Total Department of Agriculture			87,695
DEPARTMENT OF COMMERCE			
Direct Programs:			
ECONOMIC DEVELOPMENT ADMINISTRATION	11.302	06-86-05482	136,164
Pass-Through Programs From:			
APPALACHIAN PARTNERSHIP FOR ECONOMIC GROWTH	11.611	TECH-12-090; APEG-FY13-0003	103,328
BOWLING GREEN STATE UNIVERSITY	11.303	06-66-04858/04616/04741/04955/05054/05301/05704	113,585
CHILLICOTHE TELEPHONE COMPANY	11.557	UNKNOWN	217
Subtotal Pass-Through Programs			217,130
Total Department of Commerce			353,294
DEPARTMENT OF DEFENSE			
Pass-Through Programs From:			
OHIO DEVELOPMENT SERVICES AGENCY	12.002	MBDD 12-015; MBDD 13-047	149,132
Total Department of Defense			149,132
DEPARTMENT OF EDUCATION			
Direct Programs:			
U S DEPARTMENT OF EDUCATION	84.015A	P015A100009	113,930
U S DEPARTMENT OF EDUCATION	84.015B	P015B100009, P015B100009-12, P015B100009-13	259,718
U S DEPARTMENT OF EDUCATION	84.215P	U215P110022	268,376
Subtotal Direct Programs			642,024

See Notes to Schedule of Expenditures of Federal Awards.

Schedule of Expenditures of Federal Awards (Continued)
June 30, 2013

Federal Agency/Pass-Through Grantor	CFDA No.	Federal/Pass-Through Grant Number	Expenditures
OTHER PROGRAMS (cont.)			
DEPARTMENT OF EDUCATION (cont.)			
Pass-Through Programs From:			
ALEXANDER LOCAL SCHOOL DISTRICT	84.XXX	UNKNOWN	$ 10,225
ARRA-MIAMI UNIVERSITY	84.395	ARRA-G02121-OU	70,526
ARRA-OHIO BOARD OF REGENTS	84.395	ARRA-Woodrow Wilson Fellowship Race to Top	603,048
ARRA-OHIO STATE UNIVERSITY	84.395A	ARRA-60037411; EDU01-0000009019; RF01304299	36,077
ATHENS CITY SCHOOL DISTRICT	84.XXX	UNKNOWN	17,446
ATHENS CITY SCHOOL DISTRICT	84.XXX	UNKNOWN	22,684
ATHENS CITY SCHOOL DISTRICT	84.XXX	UNKNOWN	1,564
BELLAIRE LOCAL SCHOOL DISTRICT	84.XXX	UNKNOWN	28,704
COTIM MEMBERS	84.015B	P015A060157	6,575
EAST CENTRAL OHIO ESC	84.287	UNKNOWN	2,845
FEDERAL HOCKING LOCAL SCHOOL DISTRICT	84.287	UNKNOWN	163,389
FEDERAL HOCKING LOCAL SCHOOL DISTRICT	84.287	UNKNOWN	191,487
GALLIA-VINTON EDUCATIONAL SERVICE CENTER	84.XXX	UNKNOWN	8,306
GALLIA-VINTON EDUCATIONAL SERVICE CENTER	84.XXX	UNKNOWN	6,648
KRATOS TECHNOLOGY AND TRAINING SOLUTIONS, INC.	84.XXX	KTTS-0048-RMC01;PO-0002879	94,852
MAHONING COUNTY EDUCATIONALSERVICE CENTER	84.323A	UNKNOWN	27,099
NATIONAL WRITING PROJECT CORPORATION	84.376D	07-OH06-SEED2012	18,732
NATIONAL WRITING PROJECT CORPORATION	84.928A	07-OH06	10,375
OHIO BOARD OF REGENTS	84.002	063024-AB-SL-2013	356,434
OHIO BOARD OF REGENTS	84.367	12.38	12,944
OHIO BOARD OF REGENTS	84.367	10-39	151
OHIO BOARD OF REGENTS	84.367	10-38, 11-35, 12-37	153,158
OHIO BOARD OF REGENTS	84.XXX	11-36	100,950
OHIO BOARD OF REGENTS	84.XXX	12-40	1,556
OHIO CHILD CARE RESOURCE AND REFERRAL ASSOCIATION	84.181	UNKNOWN	581
OHIO DOMINICAN UNIVERSITY	84.367	12-28	2,278
OHIO STATE UNIVERSITY	84.350C	RF01097801; 60012518	12,320
PERRY HOCKING EDUCATIONAL SERVICE CENTER	84.XXX	90505, 90509, 90506; 100382, 100384, 100383; 110623, 110624; 110414; 120146, 120147, 120148	9,248
SOUTHERN LOCAL SCHOOL DISTRICT (PERRY COUNTY)	84.287	UNKNOWN	75,378
SOUTHERN LOCAL SCHOOL DISTRICT (PERRY COUNTY)	84.XXX	UNKNOWN	5,562
SOUTHERN LOCAL SCHOOL DISTRICT (PERRY COUNTY)	84.XXX	UNKNOWN	20,914
STARK EDUCATION PARTNERSHIP	84.XXX	Ck# 13574	(1,819)
TRIMBLE LOCAL SCHOOL DISTRICT	84.287C	UNKNOWN	127,627
TRIMBLE LOCAL SCHOOL DISTRICT	84.287C	UNKNOWN	1,500
WELLSTON CITY SCHOOL DISTRICT	84.215K	UNKNOWN	10,359
Subtotal Pass-Through Programs			2,209,723
Total Department of Education			2,851,747
DEPARTMENT OF ENERGY			
Direct Programs:			
U S DEPARTMENT OF ENERGY	81.214	DE-EM0000357	200,311
U S DEPARTMENT OF ENERGY	81.214	DE-EM0000357	39,493
Subtotal Direct Programs			239,804
Pass-Through Programs From:			
ARRA-OHIO DEPARTMENT OF DEVELOPMENT	81.128	ARRA-EECBG-10-17	4,396
ARRA-OHIO DEPARTMENT OF DEVELOPMENT	81.128	ARRA-EECBG-10-16	2,075
FLUOR B&W PORTSMOUTH, LLC	81.XXX	PO-0002257	42,481
FLUOR B&W PORTSMOUTH, LLC	81.XXX	PO-0004931	17,250
OHIO DEVELOPMENT SERVICES AGENCY	81.041	SEP-11-05	45,338
SWIFT & STALEY INC	81.214	SC-2012-0017	11,722
WESTSIDE INDUSTRIAL RETENTION AND EXPANSION NETWOR	81.087	UNKNOWN	15,929
Subtotal Pass-Through Programs			139,191
Total Department of Energy			378,995
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Direct Programs:			
CENTERS FOR DISEASE CONTROL AND PREVENTION	93.262	1T03OH009841-01A1, 5T03OH009841-02	65,749
HEALTH RESOURCES AND SERVICES ADMINISTRATION	93.247	D09HP09349	208,632
HEALTH RESOURCES AND SERVICES ADMINISTRATION	93.358	A10HP25166	260,008
HEALTH RESOURCES AND SERVICES ADMINISTRATION	93.359	D11HP22202	99,993
HEALTH RESOURCES AND SERVICES ADMINISTRATION	93.912	D04RH12664	5,068
			573,701
Subtotal Direct Programs			639,450

See Notes to Schedule of Expenditures
of Federal Awards.

Schedule of Expenditures of Federal Awards (Continued)
June 30, 2013

Federal Agency/Pass-Through Grantor	CFDA No.	Federal/Pass-Through Grant Number	Expenditures
OTHER PROGRAMS (cont.)			
DEPARTMENT OF HEALTH AND HUMAN SERVICES (cont.)			
Pass-Through Programs From:			
ARRA-OHIO ASSOCIATION OF COMMUNITY ACTION AGENCIES	93.710	ARRA-UNKNOWN	$ 187
ARRA-OHIO HEALTH INFORMATION PARTNERSHIP (OHIP)	93.718	ARRA-90RC001201	586,797
ATHENS HOCKING VINTON 317 BOARD	93.XXX	UNKNOWN	2,165
CROSSROADS COUNSELING SERVICES, INC.	93.XXX	UNKNOWN	4,581
FAIRFIELD COUNTY DEPT OF JOBS AND FAMILY SERVICE	93.601	UNKNOWN	6,827
FAIRFIELD COUNTY FAMILY, ADULT & CHILDREN FIRST CO	93.276	UNKNOWN	6,197
FEDERAL HOCKING LOCAL SCHOOL DISTRICT	93.XXX	UNKNOWN	10,457
FRIENDS OF THE CONGRESSIONAL GLAUCOMA CAUCUS	93.XXX	SSSP# 53	2,918
INTEGRATING PROFESSIONALS FOR APPALACHIAN CHILDREN	93.767	G-1213-07-0477	37,440
INTEGRATING PROFESSIONALS FOR APPALACHIAN CHILDREN	93.767	UNKNOWN	40,693
IRONTON LAWRENCE COMMUNITY ACTION ORGANIZATION	93.XXX	UNKNOWN	9,137
NATIONAL AHEC ORGANIZATION	93.824	HHSH250200900063C	2,916
NATIONAL RURAL HEALTH ASSOCIATION	93.155	UA9RH19333	67,560
OHIO CHILD CARE RESOURCE AND REFERRAL ASSOCIATION	93.575	UNKNOWN	1,653
OHIO CHILD CARE RESOURCE AND REFERRAL ASSOCIATION	93.994	UNKNOWN	1,698
OHIO DEPARTMENT OF ALCOHOL AND DRUG ADDICTION	93.XXX	ADA01-0000001256; 1621; 1875; 2167; 2280	325,084
OHIO DEPARTMENT OF ALCOHOL AND DRUG ADDICTION	93.XXX	ADA01-0000002006	55,889
OHIO DEPARTMENT OF HEALTH	93.243	00540011LA0110/LA0211/LA0312/LA0412	584,906
OHIO DEPARTMENT OF HEALTH	93.283	5U58DP000795-04	8,104
OHIO DEPARTMENT OF HEALTH	93.994	00540011MC0613/0714	40,407
OHIO DEPARTMENT OF JOBS AND FAMILY SERVICES	93.645	G1213-06-0150; JFS01-0000013186	16,899
OHIO DEPARTMENT OF JOBS AND FAMILY SERVICES	93.654	JFS01-0000008516; JFS01-0000009830/10742	188
OHIO DEPARTMENT OF JOBS AND FAMILY SERVICES	93.658	G1213-06-0150; JFS01-0000013186	54,792
OHIO DEPARTMENT OF JOBS AND FAMILY SERVICES	93.658	JFS01-0000008516; JFS01-0000009830/10742	203
OHIO DEPARTMENT OF JOBS AND FAMILY SERVICES	93.659	JFS01-0000008516; JFS01-0000009830/10742	229
THE CENTER FOR APPALACHIAN PHILANTHROPY	93.283	01 A-2	36,694
TRINITY HOSPITAL TWIN CITY	93.912	UNKNOWN	4,613
THE UNIVERSITY OF TOLEDO	93.107	F-2012-1111	89,338
Subtotal Pass-Through Programs			1,998,572
Total Department of Health and Human Services			2,638,022
DEPARTMENT OF HOMELAND SECURITY			
Direct Programs:			
OHIO DEPARTMENT OF PUBLIC SAFETY	97.036	FEMA-4077-DR-09UAGH2	80,247
Pass-Through Programs From:			
FRANKLIN COUNTY OFFICE OF HOMELAND SECURITY & JUST	97.008	0298-12	2,603
Total Department of Homeland Security			82,850
DEPARTMENT OF THE INTERIOR			
Pass-Through Programs From:			
BUCKEYE HILLS-HOCKING VALLEY REGIONAL DEVELOPMENT	15.XXX	UNKNOWN	192
Total Department of the Interior			192
DEPARTMENT OF JUSTICE			
Direct Programs:			
U S DEPARTMENT OF JUSTICE	16.525	2009-WA-AX-0003	103,848
Pass-Through Programs From:			
OHIO DEPARTMENT OF PUBLIC SAFETY	16.607	Ck# 0021441912; #0022010631	2,546
OHIO DEPARTMENT OF REHABILITATION AND CORRECTION	16.812	UNKNOWN	29,919
Subtotal Pass-Through Programs			32,465
Total Department of Justice			136,313
DEPARTMENT OF LABOR			
Direct Programs:			
U S DEPARTMENT OF LABOR	17.268	HG-22714-12-60-A-39	487,131
Total Department of Labor			487,131

See Notes to Schedule of Expenditures of Federal Awards.

Schedule of Expenditures of Federal Awards (Continued)
June 30, 2013

Federal Agency/Pass-Through Grantor	CFDA No.	Federal/Pass-Through Grant Number	Expenditures
OTHER PROGRAMS (cont.)			
DEPARTMENT OF STATE			
Direct Programs:			
U S DEPARTMENT OF STATE	19.401	S-ECAGD-13-CA-100(CD)	$ 69,552
U S DEPARTMENT OF STATE	19.401	S-ECAAE-12-CA-041 (RJ)	258,420
Subtotal Direct Programs			327,972
Pass-Through Programs From:			
INSTITUTE OF INTERNATIONAL EDUCATION	19.402	UNKNOWN	146,039
INSTITUTE OF INTERNATIONAL EDUCATION	19.402	S-ECAAE-11-CA-011(MJ) prime	158,570
OHIO STATE UNIVERSITY	19.408	60038360	151,228
Subtotal Pass-Through Programs			455,837
Total Department of State			783,809
DEPARTMENT OF TRANSPORTATION			
Direct Programs:			
FEDERAL AVIATION ADMINISTRATION	20.106	3-39-0006-1609	18,715
FEDERAL AVIATION ADMINISTRATION	20.106	3-39-0006-1710	10,382
FEDERAL AVIATION ADMINISTRATION	20.106	3-39-0006-1308	(395)
FEDERAL AVIATION ADMINISTRATION	20.106	3-39-0006-1812	125,621
Total Department of Transportation			154,323
DEPARTMENT OF VETERANS AFFAIRS			
Direct Programs:			
VETERANS AFFAIRS MEDICAL CENTER	64.XXX	V538S-336	5,146
Total Department of Veterans Affairs			5,146
ENVIRONMENTAL PROTECTION AGENCY			
Direct Programs:			
U S ENVIRONMENTAL PROTECTION AGENCY	66.034	XA-83492901	144,763
Pass-Through Programs From:			
MIAMI VALLEY REGIONAL PLANNING COMMISSION	66.XXX	PO 25303; 26259; 28138; 29118; 210141; 211017; 212010	761
MIDWEST BIODIVERSITY INSTITUTE	66.XXX	UNKNOWN	7,277
OHIO ENVIRONMENTAL PROTECTION AGENCY	66.460	10(h) EPA-11	15,829
Subtotal Pass-Through Programs			23,867
Total Environmental Protection Agency			168,630
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION			
Pass-Through Programs From:			
OHIO AEROSPACE INSTITUTE	43.XXX	OSCG 064749	8,902
OHIO AEROSPACE INSTITUTE	43.XXX	Ck# 1369	7,152
OHIO AEROSPACE INSTITUTE	43.XXX	UNKNOWN	28,500
Total National Aeronautics and Space Administration			44,554
NATIONAL ENDOWMENT FOR THE ARTS			
Direct Programs:			
OHIO HUMANITIES COUNCIL	45.XXX	OHC-R12-026	266
Total National Endowment for the Arts			266
SMALL BUSINESS ADMINISTRATION			
Direct Programs:			
U S SMALL BUSINESS ADMINISTRATION	59.000	SBAHQ-08-I-0044; SBAHQ-09-I-0192	2,780
Pass-Through Programs From:			
OHIO DEVELOPMENT SERVICES AGENCY	59.037	ECDD 11-232/12-090/OSB-131A	97,571
OHIO DEVELOPMENT SERVICES AGENCY	59.037	12-265A	3,636
OHIO DEVELOPMENT SERVICES AGENCY	59.XXX	ECDD 11-288	20,000
Subtotal Pass-Through Programs			121,207
Total Small Business Administration			123,987
UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT			
Pass-Through Programs From:			
FHI360	98.XXX	3879-OU-01; 3879-CARE-01	152,471
Total United States Agency for International Development			152,471
TOTAL OTHER PROGRAMS			**8,924,393**
GRAND TOTAL FEDERAL AWARDS			$ 313,048,434

See Notes to Schedule of Expenditures
of Federal Awards.

Note 1 - Basis of Presentation and Significant Accounting Policies

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Ohio University under programs of the federal government for the year ended June 30, 2013. Expenditures reported on the Schedule are reported on the same basis of accounting as the basic financial statements, although the basis for determining when federal awards are expended is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. In addition, expenditures reported on the Schedule are recognized following the cost principles contained in OMB Circular A-21, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Because the Schedule presents only a selected portion of the operations of Ohio University, it is not intended to and does not present the financial position, changes in net position or cash flows, if applicable, of Ohio University. Pass-through entity identifying numbers are presented where available.

Note 2 - Noncash Assistance

During the year ended June 30, 2013, Ohio University did not receive any nonmonetary assistance.

Note 3 - Catalog of Federal Domestic Assistance (CFDA) Numbers

All programs with identifiable CFDA numbers have been listed separately. Grant numbers have been provided for several programs for which CFDA numbers were not available.

Note 4 - Subrecipient Awards

Of the federal expenditures presented in the schedule, federal awards were provided to subrecipients as follows:

Federal Program Title	CFDA Number	Amount Provided to Subrecipients
Economic Adjustment Assistance	11.307	$ 13,712
Basic, Applied, and Advanced Research in Science and Engineering	12.630	7,201
Aviation Research Grants	20.108	5,160
Highway Planning and Construction	20.205	72,393
Aerospace Education Services Program	43.001	21,070
Signatures of Relativistic Shock Acceleration in Blazar Emission	43.XXX	67,208
Engineering Grants	47.041	14,049
Biological Sciences	47.074	8,582
Social, Behavioral, and Economic Sciences	47.075	39,845
Trans-NSF Recovery Act Research Support	47.082	24,217
State Energy Program	81.041	5,000
Renewable Energy Research and Development	81.087	67,658
Fund for the Improvement of Education	84.215P	20,358
Research in Special Education	84.324A	110,582
Research Related to Deafness and Communication Disorders	93.173	318,249
Mental Health Research Grants	93.242	17,278
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	225,449
Health Information Technology Regional Extension Centers Program	93.718	438,000
Biomedical Research and Research Training	93.859	43,551
International Research and Research Training	93.989	142,848
Ohio Strategic Prevention Framework State Incentive Grant (SPF-SIG) Evaluation	93.XXX	177,252
	Total	$ 1,839,662

Note 5 - Adjustments and Transfers

As allowable and in accordance with federal regulations issued by the U.S. Department of Education, in the year ended June 30, 2013, the University expended $114,391 of the 2011-2012 Federal Work Study (FWS) Program (84.033) award carried forward to the 2012-2013 award year. The University also carried forward $119,278 of the 2012-2013 FWS Program (84.033) to be expended in the 2013-2014 award year.

During the year ended June 30, 2013, the University transferred $298,197 of the 2012-2013 FWS Program (84.033) award to the Supplemental Educational Opportunity Grant (SEOG) Program (84.007). In addition, the University expended $65,721 of the 2011-2012 SEOG Program (84.007) award carried forward to the 2012-2013 award year. The University carried forward $57,027 of the 2012-2013 SEOG Program (84.007) to be expended in the 2013-2014 award year.

Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ______ Yes __X__ No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ______ Yes __X__ None reported

Noncompliance material to financial statements noted? ______ Yes __X__ No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? __X__ Yes ______ No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? __X__ Yes ______ None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? __X__ Yes ______ No

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
84.007, 84.033, 84.038, 84.063, 84.268, 84.379, and 93.342	Student Financial Aid Cluster
Various	Research and Development Cluster
20.205	Highway Planning and Construction Cluster

Dollar threshold used to distinguish between type A and type B programs: $946,132

Auditee qualified as low-risk auditee? ______ Yes __X__ No

Section II - Financial Statement Audit Findings

None

Section III - Federal Program Audit Findings

Reference Number	Finding
2013-001	**Program Name** - Student Financial Aid Cluster - Federal Direct Student Loans and Perkins Loan Program - 84.268 and 84.063

Pass-through Entity - NA

Finding Type - Significant Deficiency

Criteria - Special tests and provisions compliance requirement - Changes in a student's status are required to be reported to the National Student Loan Data System (NSLDS) within 30 days of the change or included in a Student Status Confirmation Report (SSCR) sent to the NSLDS within 60 days of the status change (34 CFR § 682.610).

Condition - The University did not report status changes within the required time frame.

Questioned Costs - None

Context - Of the 25 students tested for status change testing, one of those students did not have status changes reported in a timely manner. The reporting period for the selected student was in the fall semester. This is a repeat finding that has existed since prior year.

Cause and Effect - The University transmits student enrollment data to the Federal Clearinghouse, but not within the timeline required by federal regulations. As a result, these students did not have status changes updated with the Federal Clearinghouse or the NSLDS within the required time frame.

Recommendation - The University should submit student enrollment information more frequently to ensure compliance with federal regulations by having the registrar's office upload reports on a monthly basis.

Views of Responsible Officials and Planned Corrective Actions - Due to the transition and implementation of a new student system that went into effect for summer 2011, reports to the National Student Clearinghouse were delayed for the 2011-2012 year. Ohio University has been working closely with the National Student Clearinghouse to get its data submitted manually and timely. Data were submitted monthly for the 2012-2013 year. Ohio University fully expects to submit data timely for the 2013-2014 year and will continue to follow the Clearinghouse recommendation of submitting data monthly.

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding
2013-002	**Program Name** - Student Financial Aid Cluster - 84.007, 84.033, 84.063, 84.268, 84.038, and 84.379

Pass-through Entity - None

Finding Type - Material Weakness and Material Noncompliance with Laws and Regulations

Criteria - Special tests and provisions compliance requirement - When a recipient of Title IV grant or loan funds withdraws, the amount of Title IV grant or loan assistance earned by the student must be determined. Any unearned Title IV funds must be returned to the applicable Title IV program within 45 days of the date the school determined the student withdrew (34 CFR 668.22(j)). The withdrawal date is the date that the student began the withdrawal process, provided official notification to the school in writing or orally, or ceases attendance (34 CFR § 668.22(c) and (d)).

Condition - The University did not return Title IV funds to applicable Title IV programs within 45 days.

Questioned Costs - None

Context - Of the 25 students tested for return of Title IV funds, there were 10 instances in which Title IV funds were not returned to the applicable programs within 45 days. All returns occurred during the fall semester. This is a repeat finding that has existed since prior year.

Cause and Effect - The calculations were not performed in a timely manner, resulting in a delay in the recording of the funds.

Recommendation - We recommend the Office of the Bursar implement a review process and establish internal deadlines to ensure Title IV funds are returned to the applicable programs in a timely manner.

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding
2013-002 (Cont'd)	**Views of Responsible Officials and Planned Corrective Actions** - The conversion to a new student system in summer quarter 2011 resulted in a delay in developing reports to identify students subject to the Return to Title IV calculation as reflected in the 2011-12 audit report. A student withdrawal report was developed, and the University reviewed and adjusted student accounts per federal regulations. All Return to Title IV calculations for the 2011-12 fiscal year and the beginning of the 2012-13 fiscal year were completed by mid-November 2012. The drawdown for federal funds was adjusted to eliminate excess cash issues with the return of funds to the federal programs. A student withdrawal report is generated weekly, and the applicable Return to Title IV calculations are being prepared in a timely manner. The actual error rate for the 2012-13 fiscal year is much lower than the error rate represented by the audit sample as evidenced by the fact that the auditors found no errors in Return to Title IV calculations sampled from the second half of the fiscal year.

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2013

Prior Year Finding Number	Federal Program	Original Finding Description	Status	Corrective Action
2012-01	Student Financial Aid Cluster - Federal Direct Student Loans and Perkins Loan Program - 84.268 and 84.063	Student withdrawal date was not determined within the required time frame.	This issue was remediated in the second quarter of fiscal year 2013. See Finding 2013-001.	Due to the transition and implementation of a new student system that went into effect for summer 2011, reports to the National Student Clearinghouse were delayed for the 2011-2012 year. Ohio University has been working closely with the National Student Clearinghouse to get its data submitted manually and timely. Data were submitted monthly for the 2012-2013 year. Ohio University fully expects to submit data timely for the 2013-2014 year and will continue to follow the Clearinghouse recommendation of submitting data monthly.
2012-02	Student Financial Aid Cluster - 84.007, 84.033, 84.063, 84.375, 84.376, 84.268, 84.038, and 84.379	Title IV refunds were not returned within the required 45 days after a student withdrawal date.	This issue was remediated in the second quarter of fiscal year 2013. See Finding 2013-002.	The conversion to a new student system in summer quarter 2011 resulted in a delay in developing reports to identify students subject to the Return to Title IV calculation as reflected in the 2011-12 audit report. A student withdrawal report was developed, and the University reviewed and adjusted student accounts per Federal regulations. All Return to Title IV calculations for the 2011-12 fiscal year and the beginning of the 2012-13 fiscal year were completed by mid-November 2012. The drawdown for federal funds was adjusted to eliminate excess cash issues with the return of funds to the federal programs. A student withdrawal report is generated weekly, and the applicable Return to Title IV calculations are being prepared in a timely manner. The actual error rate for the 2012-13 fiscal year is much lower than the error rate represented by the audit sample as evidenced by the fact that the auditors found no errors in Return to Title IV calculations sampled from the second half of the fiscal year.

Ohio University
National Collegiate Athletics Association

Agreed-upon Procedures Report
Related to NCAA Constitution 3.2.4.16
June 30, 2013

Ohio University
National Collegiate Athletics Association Report

Contents

Plante & Moran, PLLC
Suite 600
65 E. State St.
Columbus, OH 43215
Tel: 614.849.3000
Fax: 614.221.3535
plantemoran.com

Independent Accountant's Report on the Application of Agreed-upon Procedures

Dr. Roderick J. McDavis,
President
Ohio University
Athens, OH 45701

We have performed the procedures enumerated below, which were agreed to by the VP for finance and administration of Ohio University (the "University"), solely to assist you in evaluating whether the accompanying Intercollegiate Athletics Program statement of revenue and expenditures of Ohio University is in compliance with the National Collegiate Athletics Association (NCAA) Constitution 3.2.4.16 for the year ended June 30, 2013. Ohio University's management is responsible for the statement of revenue and expenditures (the "statement") and the statement's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Agreed-upon Procedures Related to the Statement of Revenue and Expenditures

The procedures that we performed and our results are as follows:

Internal Control Structure

A. In preparation for our procedures related to the University's internal control structure, we met with Jim Schaus, Director of Athletics, and Julie Allison, University Controller, and inquired about the general control environment over intercollegiate athletic finances, the level of control consciousness in the University, the competence of personnel, and the protection of records and equipment. We obtained the audited financial statements for the year ended June 30, 2013 and we obtained the documentation of the accounting systems and procedures unique to the intercollegiate athletics department. We did not obtain any additional reports regarding internal control and any corrective action taken in response to comments concerning the internal control structure, as none were available. We noted the control environment and accounting systems are unique to the intercollegiate athletics and not addressed in connection with the audit of the University's financial statements for the athletic department's cash receipts and the ticket collection receipting process. We then performed the following procedures:

   (1) **Procedure:** We selected six athletic department cash receipts and agreed the following to those receipts:

      a. Remittance advice or copies of checks
      b. Deposits made to the business office

Dr. Roderick J. McDavis,
President
Ohio University

The deposit dates for these cash receipts tested were July 2, 2012, September 13, 2012, November 7, 2012, November 9, 2012, May 21, 2013, and May 22, 2013.

Result: Management indicated that receipting processes were unique to athletics. For the cash receipts selected for testing, we found no discrepancies between the remittance advice or copy of check and the related cash deposit amount with the bank.

(2) **Procedure:** We selected three home games and tested the ticket collection receipting process by comparing the total receipts for such games to the reconciliation and documentation of the related cash deposit amount with the bank. The games selected for this testing were football against New Mexico State on September 8, 2012, football against Eastern Michigan University on November 1, 2012, and football against Bowling Green State University on November 7, 2012.

Result: Management indicated that the ticket collection process was unique to athletics; therefore, we selected three home football games during the year and agreed the total receipts for such events, as documented by the University's ticket reconciliation procedures, to supporting documentation of the related cash deposit amount with the bank. We obtained reconciliations for three home football games and agreed the revenue based on the actual attendance figures to revenue reported on the statement of revenue and expenses. We found no discrepancies between the reconciliation, the receipts for each event, and the related cash deposit amount with the bank.

Capital Expenditure Survey and Related Debt

B. In preparation for our procedures related to the capital expenditure survey, we obtained the capital expenditure survey for the reporting period prepared by management; we obtained the University's policies and procedures for acquiring, approving, depreciating, and disposing of intercollegiate athletics-related assets; and we obtained repayment schedules for all outstanding intercollegiate athletics debt maintained by the University during the reporting period. We then performed the following procedures:

(1) **Procedure:** As of August 15, 2013, the capital expenditure survey requirement has been removed from the submission to the NCAA, and instead fields for athletics and institutional debt service and debt balance have been added to the miscellaneous information screen. We agreed the data provided for athletics and institutional debt service and debt balance fields in the miscellaneous information screen for the submission to the NCAA to the University's general ledger, including additions, deletions, and book values as disclosed in the report in Notes 2 and 3.

Result: See Note 2 for additions, deletions, and book values.

(2) **Procedure:** We recalculated the annual maturities (consisting of principal and interest) provided in the schedules obtained. We then agreed the total annual maturities to the amortization schedules and the University's general ledger and disclosed the results in the report.

Result: Procedures were performed without exception. Annual maturities are disclosed in Note 3.

Intercollegiate Athletics Restricted and Endowment and Plant Funds

C. **Procedure:** We requested a summary of additions exceeding 10 percent of restricted funds related to intercollegiate athletics, as well as changes exceeding 10 percent of endowment and plant funds related to intercollegiate athletics prepared by management.

Result: We obtained a summary of contributions received during the year and noted no additions exceeding 10 percent of total contributions related to intercollegiate athletics during the year except for the $1,000,000 contribution disclosed in Note 1. There were no changes of endowment and plant funds related to intercollegiate athletics which exceeded 10 percent.

Statement of Revenue and Expenditures

D. **Procedure:** We obtained the Intercollegiate Athletics Program statement of revenue and expenditures for the reporting period prepared by management and recalculated the amounts on the statement. We then agreed the amounts on the statement to management's worksheets supporting the preparation of the statement and agreed the amounts on such worksheets to the University's general ledger.

Result: Procedures were performed without exception.

E. **Procedure:** We agreed revenue and expenditure amounts from the statement to prior year amounts and budget estimates. We obtained and documented any variations exceeding 10 percent and $100,000.

Results: The following variations between actual revenue or expenditures in the current year and actual revenue or expenditures in the prior year were identified and discussed with the University controller:

- We obtained and documented a variation from the prior year exceeding 10 percent for guarantee revenue. We noted an increase in revenue of $343,000 from the prior year balance of $749,500 to the current year balance of $1,092,500. We noted that the largest paying game in 2012 was with Rutgers University at $600,000, and in 2013 the largest paying game was with Penn State University with a payment of $850,000, which was an increase of $250,000. The remaining increase was associated with the men's basketball team receiving an additional $160,000 in guarantee payments for away games over the prior year.

- We obtained and documented a variation from the prior year exceeding 10 percent for contribution revenue. We noted an increase in contributions of $197,003 from the prior year balance of $2,007,290 to the current year balance of $2,204,293. We noted the increase was mainly attributed to fundraising related to capital projects with the men's basketball locker room renovation and the multi-purpose facility.

- We obtained and documented a variation from the prior year exceeding 10 percent for student fees. We noted a decrease in student fees of $2,598,573 from the prior year balance of $18,322,976 to the current year balance of $15,724,403. We noted the decrease was due to the additional funding received in fiscal year 2012 to resolve a fund balance deficit which was not received in fiscal year 2013.

- We obtained and documented a variation from the prior year exceeding 10 percent for royalties, advertisements, and sponsorships. We noted an increase in royalties of $372,821 from the prior year balance of $930,928 to the current year balance of $1,303,749. We noted an increase of $360,000 in additional revenue from a new sponsorship agreement and a renegotiated sponsorship agreement.

- We obtained and documented a variation from the prior year exceeding 10 percent for endowment and investment income. We noted an increase in endowment and investment income of $114,878 from the prior year balance of $0 to the current year balance of $114,878. This line item represents the spending allocation on the foundation endowment accounts. The process for booking the spending allocation changed for fiscal year 2012. Prior to fiscal year 2012, the spending allocation was booked in June of each year for the following fiscal year. However, in fiscal year 2012 the timing of this was moved so that the allocation would be booked in the fiscal year in which it was related. Therefore, the June 2012 entry was moved to July 2012, so there is a one-year adjustment in which no activity was recognized, which was fiscal year 2012. This amount was up as compared to fiscal year 2011 (the last year this line was booked and reported) by about 26 percent (fiscal year 2011 was $90,920) and the increase is attributed to the fact that the markets have improved.

- We obtained and documented a variation from the prior year exceeding 10 percent for other revenue. We noted a decrease in other revenue of $210,380 from the prior year balance of $389,929 to the current year balance of $179,549. We noted a decrease due to the buyout of the men's basketball contract of $200,000 that occurred in fiscal year 2012 and was not a recurring event.

- We obtained and documented a variation from the prior year exceeding 10 percent for coaching salaries, benefits, and bonuses paid by the University and related parties. We noted an increase in coaching salaries, benefits, and bonuses paid by the University and related party expenditures of $1,062,609 from the prior year balance of $4,364,988 to the current year balance of $5,427,597. We noted that the increase was due to contract adjustments for men's football coaches totaling $341,000. We noted both the men's basketball and women's basketball salaries and benefits expenses increased by $250,000 and $203,000, respectively, due to the hiring of new coaching staff.

- We obtained and documented a variation from the prior year exceeding 10 percent for fundraising, marketing, and promotion expenditures. We noted a decrease in fundraising, marketing, and promotion expenditures of $80,902 from the prior year balance of $1,207,910 to the current year balance of $1,127,008. We noted the decrease is associated with a decrease in events that were put on for donors during the men's football post season and the men's basketball post season.

- We obtained and documented a variation from the prior year exceeding 10 percent for direct facilities, maintenance, and rental expenditures. We noted an increase in direct facilities, maintenance, and rental expenditures of $1,036,511 from the prior year balance of $930,167 to the current year balance of $1,966,678. We noted an increase of $243,000 associated with the installation of field lights and stadium work at the softball field, $388,000 due to the addition of the multi-purpose facility, $198,000 for the Convocation Center renovation project, a $77,000 increase in debt service related to the new facilities investments, $28,000 related to a service agreement on the ticketing system, and $15,000 spent on new radios for events.

- We obtained and documented a variation from the prior year exceeding 10 percent for medical expenses and medical insurance expenditures. We noted an increase in medical expenses and medical insurance expenditures of $281,819 from the prior year balance of $325,604 to the current year balance of $607,423. We noted an increase of approximately $60,000 related to a substantial increase in the number of uninsured student athletes. We noted an increase of $50,000 due to the addition of a team physician, which was not present in fiscal year 2012. The additional increases related to the number of surgeries increasing to 51 in the current fiscal year, compared to 36 in the prior fiscal year.

- We obtained and documented a variation from the prior year exceeding 10 percent for other operating expenses. We noted an increase in other operating expenses of $130,225 from the prior year balance of $605,039 to the current year balance of $735,264. We noted the increase is related to an additional amount placed in the football guarantee reserve account during fiscal year 2013. Guarantee reserve allows ICA to save for future years in which guarantee revenue falls below the budgeted amount since guarantee games and revenues vary each year.

- We inquired of management, and a budget to actual comparison is not performed at the account level as presented in the statement of revenue and expenditures. We did obtain the budget for the year ended June 30, 2013 by natural account code.

Revenue

F. **Revenue Procedures:** We agreed each operating revenue category reported in the statement during the reporting period to supporting schedules provided by the University.

(1) Ticket Sales

Procedure: We agreed tickets sold during the reporting period, complimentary tickets provided during the reporting period, and unsold tickets to the related revenue reported by the University in the statement and related attendance figures and recalculated totals. We agreed one revenue receipt obtained from the above supporting schedule to supporting documentation. The receipt selected was received on November 8, 2012 for the home women's basketball game against Wheeling Jesuit University.

Result: We agreed one revenue receipt obtained from the above supporting schedule to the bank deposit slip and the amount deposited with the bank. For the men's basketball ticket sales reconciliation between the NCAA statement of revenues and expenditures and the general ledger, management was unable to provide detail for the $50,068 reconciling item related to post-season game play. For the reconciliation provided between the general ledger and the ticket system reports for the following four sports, we noted a difference, listed below:

Sport	Difference
Football	$ (1,687)
Men's Basketball	1,250
Baseball	(95)
Softball	40

(2) Guarantees

Procedure: We inquired of management and the University does not receive settlement reports for away games. We selected a sample of three contractual agreements pertaining to revenue derived from guaranteed contests during the reporting period and agreed the selection to the University's general ledger and/or the statement, and recalculated totals. We agreed a sample of three revenue receipts obtained from the above revenue-supporting schedule to supporting documentation. The games selected for this testing were men's football against Penn State University on September 1, 2012, men's basketball against University of Memphis on December 5, 2012, and men's basketball against University of Oklahoma on December 29, 2012.

Result: We agreed a sample of three revenue receipts obtained from the above revenue-supporting schedule to bank deposit slips. We noted no exceptions.

(3) Contributions

Procedure: We obtained supporting documentation for each contribution of monies, goods, or services received directly by an Intercollegiate Athletics Program for any affiliated or outside organization, agency, or group of individuals that constitutes 10 percent or more of all contributions received for intercollegiate athletics during the reporting period and disclosed the source and dollar value of these contributions in the report. We agreed one revenue receipt obtained from the above revenue-supporting schedules to supporting documentation.

Result: We disclosed the source and dollar amount of these contributions in Note 1. We agreed one revenue receipt received on June 21, 2013 to the bank deposit slip. We noted no exceptions.

(4) NCAA/Conference Distributions Including All Tournament Revenue

Procedure: We obtained one agreement related to the University's participation in revenue from tournaments during the reporting period. We agreed the related revenue to the University's general ledger and recalculated totals. We agreed one revenue receipt obtained from the above revenue-supporting schedules to supporting documentation.

Result: We agreed one revenue receipt, received June 24, 2013 in the amount of $113,308, from the above revenue-supporting schedules to a distribution report received by the University from the NCAA disclosing the total distributions to be received by each NCAA conference. We noted no exceptions.

Expenditures

G. **Expenditure Procedures:** We agreed each operating expenditure category reported in the statement during the reporting period to supporting schedules provided by the University.

(1) Athletic Student Aid

Procedure: We selected a sample of 15 students from the listing of University student aid recipients during the reporting period. We obtained individual student account detail for each selection and agreed total aid allocated from the related aid award letter to the student's account and recalculated totals. We agreed a sample of 15 expenses from the above expense-supporting schedules to supporting documentation.

Dr. Roderick J. McDavis,
President
Ohio University

Result: We agreed a sample of 15 expenses from the above expense-supporting schedules to the related aid award letter. For eight of the 15 students selected, no aid award letter was available. For one of the 15 students selected, the amount disbursed to the student exceeded the amount in the related award letter. The student accounts tested are summarized below:

Student	Amount Awarded
1	$ 17,400
2	10,701
3	13,357
4	12,000
5	9,448
6	33,180
7	500
8	14,489
9	20,376
10	33,180
11	37,064
12	31,436
13	14,000
14	35,007
15	34,154

(2) Guarantees

Procedure: We inquired of management and the University does not prepare settlement reports for home games. We obtained three contractual agreements pertaining to expenses recorded by the University from home football games during the reporting period. We agreed related amounts expensed by the University during the reporting period to the University's general ledger and recalculated totals. We agreed a sample of three expenses obtained from the above expense-supporting schedules to supporting documentation. The games selected for this testing were men's football against New Mexico State University on September 8, 2012, football against Norfolk State University on September 22, 2012, and men's basketball against University of Maryland Eastern Shore on December 22, 2012.

Result: We agreed a sample of three expenses obtained from the above expense-supporting schedules to check copies. We noted no exceptions.

Dr. Roderick J. McDavis,
President
Ohio University

(3) Coaching Salaries, Benefits, and Bonuses Paid by the University and Related Entities

Procedure: We obtained a listing of coaches employed by the University during the reporting period. We selected a sample of five coaches' contracts that included the head football coach, head men's basketball coach, head women's basketball coach, wrestling coach, and volleyball coach from the above listing. We agreed the financial terms and conditions of each selection to the related coaching salaries, benefits, and bonuses recorded by the University and related entities in the statement during the reporting period. We obtained W-2s or 1099s for each selection. We agreed related W-2s to the related coaching salaries, benefits, and bonuses paid by the University and related entities' expense recorded by the University in the statement during the reporting period and recalculated totals. We agreed a sample of three expenses obtained from the above expense-supporting schedules to supporting documentation.

Result: We agreed a sample of three expenses obtained from the above expense-supporting schedules to supporting payroll reports. We noted no exceptions.

Related to Affiliated and Outside Organizations Not Under the University's Accounting Control

H. **Procedure:** In preparation for our procedures related to the University's affiliated and outside organizations we:

(1) Inquired of management as to whether they have identified any affiliated and outside organizations that meet any of the following criteria:

a. Booster organizations established by or on behalf of an Intercollegiate Athletics Program

b. Independent or affiliated foundations or other organizations that have, as a principal purpose, the generating or maintaining of grants-in-aid or scholarship funds, gifts, endowments, or other monies, goods, or services to be used entirely or in part by the Intercollegiate Athletics Program

c. Alumni organizations that have as one of their principal purposes the generating of monies, goods, or services for or on behalf of an Intercollegiate Athletics Program and that contribute monies, goods, or services directly to an Intercollegiate Athletics Program, booster group, or independent or affiliated foundation as previously noted

Result: We inquired of management as to whether it had identified any affiliated or outside organizations that meet the above criteria. Management indicated that the Green and White Boosters Club, which was previously the only organization identified, was dissolved in fiscal year 2012. No further procedures were performed.

Dr. Roderick J. McDavis,
President
Ohio University

Procedure: We obtained the financial data detailing operating revenue and expenses related to the University's Intercollegiate Athletics Program that is submitted to the NCAA, referred to as "EADA reporting," and agreed the amounts to the Intercollegiate Athletics Program statement of revenue and expenditures for the reporting period.

Result: No exceptions were noted in total revenues and total expenses.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on the accompanying Intercollegiate Athletics Program statement of revenue and expenditures. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of Ohio University's management and the National Collegiate Athletics Association and is not intended to be and should not be used by anyone other than these specified parties.

Plante & Moran, PLLC

December 18, 2013

Ohio University
National Collegiate Athletics Association Report

Intercollegiate Athletics Program Statement of Revenue and Expenditures
Year Ended June 30, 2013

	Men's Football	Men's Basketball	Women's Basketball	Other Sports	Nonprogram Specific	Total
Operating Revenue						
Ticket sales - Gate receipts	$ 637,533	$ 463,544	$ 4,772	$ 13,097	$ 96,725	$ 1,215,671
Guarantees	900,000	180,000	5,000	7,500	-	1,092,500
Contributions	131,889	258,233	540	130,577	1,683,054	2,204,293
Student fees	2,614,963	455,162	441,553	3,158,886	9,053,839	15,724,403
Indirect facilities and administrative support	677,715	280,434	140,217	677,712	560,872	2,336,950
NCAA/Conference distributions including all tournament revenue	1,002,037	621,153	47,914	541,763	453,233	2,666,100
Program sales, concessions, novelty sales, and parking	38,921	25,612	1,347	1,882	108,544	176,306
Royalties, advertisements, and sponsorships	-	-	-	-	1,303,749	1,303,749
Sports camp revenue	30,979	135,906	2,845	80,932	-	250,662
Endowment and investment income	6,879	6,174	-	33,835	67,990	114,878
Other	4,320	-	-	73,642	101,587	179,549
Total operating revenue	6,045,236	2,426,218	644,188	4,719,826	13,429,593	27,265,061
Operating Expenditures						
Athletic student aid	2,676,195	471,189	454,508	3,289,354	177,445	7,068,691
Guarantees	400,000	286,500	9,200	5,500	-	701,200
Coaching salaries, benefits, and bonuses paid by the University and related entities	1,953,267	1,025,722	614,899	1,833,709	-	5,427,597
Support staff/Administrative salaries, benefits, and bonuses paid by the University and related entities	185,396	38,762	11,920	20,222	2,210,954	2,467,254
Recruiting	264,928	90,206	69,462	123,700	-	548,296
Team travel	848,360	375,849	145,851	871,454	-	2,241,514
Equipment, uniforms, and supplies	355,175	41,191	23,360	298,755	289,835	1,008,316
Game expenses	73,725	88,984	44,750	64,178	-	271,637
Fundraising, marketing, and promotion	28,826	8,944	6,725	25,224	1,057,289	1,127,008
Sports camp expenses	30,009	137,516	800	80,270	-	248,595
Direct facilities, maintenance, and rental	127,547	296,301	12,848	331,432	1,198,550	1,966,678
Indirect facilities and administrative support	677,715	280,434	140,217	677,712	560,872	2,336,950
Medical expenses and medical insurance	6,338	260	3,050	4,160	593,615	607,423
Memberships and dues	80	590	897	26,804	242,756	271,127
Other operating expenses	263,981	80,000	7,361	52,343	331,579	735,264
Total operating expenditures	7,891,542	3,222,448	1,545,848	7,704,817	6,662,895	27,027,550
Excess of Revenue (Under) Over Expenditures	**$ (1,846,306)**	**$ (796,230)**	**$ (901,660)**	**$ (2,984,991)**	**$ 6,766,698**	**$ 237,511**

See Notes to Intercollegiate Athletics Program Statement of Revenue and Expenditures.

Note 1 - Contributions

Individual contributions of monies, goods, or services received directly by the University's Intercollegiate Athletics Program from any affiliated or outside organization, agency, or individuals (e.g., contributions by corporate sponsors) that constitute 10 percent or more of all contributions received for intercollegiate athletics during the year ended June 30, 2013 are as follows:

Source of Funds, Goods, and Services	Value
A private foundation	$ 1,000,000

Note 2 - Intercollegiate Athletics-related Assets

Property and equipment are recorded at cost or, if donated, the estimated fair value at the time of donation. Expenditures for maintenance and repairs are charged to current expenditures as incurred. Depreciation is computed using the straight-line method over the estimated useful life of the asset. No depreciation is recorded on land. Expenditures for major renewals and betterments that extend the useful lives of the assets are capitalized. Estimated service lives range from 5-50 years depending on class.

The current year capitalized additions and deletions to facilities during the year ended June 30, 2013 are as follows:

	Additions	Deletions
CIP	$ 1,268,107	$ -
Infrastructure	300,077	780,696
Buildings	448,692	-
Total athletics facilities	$ 2,016,876	$ 780,696
Other institutional facilities	$ 67,869,743	$ 4,355,044

Note 2 - Intercollegiate Athletics-related Assets (Continued)

The total estimated book values of property and equipment, net of depreciation, of the University as of the year ended June 30, 2013 are as follows:

	Estimated Book Value
Athletics-related property, plant, and equipment balance	$ 14,174,547
University's total property, plant, and equipment balance	$ 687,865,540

Note 3 - Intercollegiate Athletics-related Debt

The annual debt service and debt outstanding for the University as of the year ended June 30, 2013 is as follows:

	Annual Debt Service	Debt Outstanding
Athletics-related facilities	$ 239,634	$ 2,853,396
University's total	54,340,345	324,848,654

The repayment schedule for all outstanding intercollegiate athletics debt maintained by the University during the year ended June 30, 2013 is as follows:

Years Ending June 30	Total Intercollegiate Athletics Debt
2014	$ 238,970
2015	238,462
2016	238,192
2017	238,627
2018	238,020
2019-2023	1,187,537
2024-2025	473,588
Total	$ 2,853,396

This page intentionally left blank.

Dave Yost • Auditor of State

OHIO UNIVERSITY

ATHENS COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JANUARY 28, 2014

88 East Broad Street, Fourth Floor, Columbus, Ohio 43215-3506
Phone: 614-466-4514 or 800-282-0370 Fax: 614-466-4490
www.ohioauditor.gov