Financial Statements and Supplemental Information

Bowling Green State University
Years Ended June 30, 2009 and 2008
With Report of Independent Auditors

Ernst & Young LLP

ERNST & YOUNG

Mary Taylor, CPA
Auditor of State

Board of Trustees
Bowling Green State University
907 Administration Building
Bowling Green, Ohio 43403

We have reviewed the *Report of Independent Auditors* of the Bowling Green State University, Wood County, prepared by Ernst & Young LLP, for the audit period July 1, 2008 through June 30, 2009. 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 Bowling Green State University is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

November 17, 2009

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Bowling Green State University

Financial Statements and
Supplemental Information

Years Ended June 30, 2009 and 2008

Contents

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Report of Independent Auditors on Financial Statements and Schedule of Expenditures of Federal Awards

The Board of Trustees
Bowling Green State University

We have audited the accompanying statements of net assets of Bowling Green State University (the University), a component unit of the State of Ohio, and its discretely presented component unit as of June 30, 2009 and 2008 and the related statements of revenues, expenses and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the University and its discretely presented component unit as of June 30, 2009 and 2008 and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in conformity with US generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2009 on our consideration of the University's internal control over financial reporting and 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 provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis on pages 3 through 10 is not a required part of the financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries to management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements of Bowling Green State University taken as a whole. The accompanying Schedule of Expenditures of Federal Awards for the year ended June 30, 2009, is presented for the purpose of additional analysis as required by OMB Circular A-133, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Ernst & Young LLP

October 15, 2009

Overview of the Financial Statements and Financial Analysis

This section of the Bowling Green State University (University) annual financial report presents management’s discussion and analysis of the financial performance of the University during the fiscal years ended June 30, 2009, 2008 and 2007. This discussion provides an overview of the University's financial activities and should be read in conjunction with the accompanying financial statements and footnotes.

Using the Annual Financial Statement

This annual report consists of financial statements, prepared in accordance with Governmental Accounting Standards Board (“GASB”) Statement No. 35, *Basic Financial Statements and Management’s Discussion and Analysis for Public Colleges and Universities*. The financial statements prescribed by GASB Statement No. 35 (the Statement of Net Assets, Statement of Revenues, Expenses and Changes in Net Assets, and the Statement of Cash Flows) present financial information in a form similar to that used by corporations. They are prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged.

Under the provision of GASB Statement No. 39, Determining Whether Certain Organizations Are Component Units, the Bowling Green State University Foundation, Inc. (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 has been excluded from Management’s Discussion and Analysis. Complete financial statements for the Foundation can be obtained from the Assistant Vice President for Advancement Services/Controller at Mileti Alumni Center, Bowling Green, Ohio 43403.

The Statement of Net Assets includes all assets and liabilities. Over time, an increase or decrease in net assets (the difference between assets and liabilities) is one indicator of the improvement or erosion of the University’s financial health when considered with non-financial facts such as enrollment levels and the condition of facilities.

The Statement of Revenues, Expenses and Changes in Net Assets presents the revenues earned and expenses incurred during the year. Activities are reported as either operating or nonoperating. A public university’s dependency on state aid and gifts typically results in operating deficits because the financial reporting model classifies state appropriations and gifts as nonoperating revenues. The utilization of capital assets is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

The Statement of Cash Flows presents information related to cash inflows and outflows summarized by operating, non-capital financing, capital financing and related investing activities, and helps measure the ability of the institution to meet financial obligations as they mature.

Noteworthy Financial Activity

The University continues its long term planning initiative that will eventually encompass most aspects of University life including an extensive review and mission realignment of all academic programs and the capital facilities and infrastructure needed to support them. It is anticipated that a variety of new and renovated facility projects will occur over the next five to ten years in conjunction with a renewed focus on the backlog of deferred maintenance needs throughout the main campus. While the primary focus of these efforts is expected to be in academic buildings and related facility needs, significant attention will be devoted to a variety of student-focused auxiliary facilities including residence and dining halls.

The University's financial position, as a whole, declined during the fiscal year ended June 30, 2009 as compared to the previous year; key contributing factors are identified below:

- The University's total assets decreased over the prior year by $24.2 million, of which $36.6 million is attributed to a decrease in total current assets and is attributable to the decrease in investments of $38 million. Total non-current assets increased by $12.4 million. Capital assets, net, increased by $10.2 million and restricted investments increased by $2.4 million.

- Total liabilities decreased by $603 thousand. Long-term debt and other obligations decreased by $2.6 million, offset by increases of $4.6 million in accounts payable and accrued expenses.

- The University's net assets are $365.8 million, a decrease of $23.6 million compared to the prior year's decrease of $5.7 million. Contributing to the change was a $38 million decrease in investments, offset by a $10.2 million increase in capital assets, net of related debt. Of the total net assets, $252.8 million is invested in either capital assets or is restricted. Of the remaining $112.9 million in unrestricted net assets, $88.7 million has been designated or allocated for specific academic, research and support purposes, reserves, and quasi-endowments.

- Total operating revenues decreased by $14.0 million compared to the prior year with $10.5 million directly related to a decrease in student tuition and fees, $2.4 million decrease in grants and contracts, and $700 thousand related to a decrease in auxiliary enterprises.

- The University's operating expenses decreased by $13.8 million; $8.2 million in educational and general expenses, $2.1 million in auxiliary enterprise expenses, and $3.5 million in other expenses.

- Non-operating revenues decreased by $26.8 million, primarily due to a decrease in market value (unrealized losses) of investments of $15.6 million, reductions in realized gains and investment income of $7.7 million over the prior year, and a $14.8 million write-down of the Westridge Enhanced Cash Fund. Other changes in the non-operating revenue category consist of an increase in state appropriations of $7.2 million, and an increase in nonexchange grants and contracts of $1.3 million.

- Total other changes increased by $9.0 million attributable to an increase in funds of $5.4 million received from the BGSU Foundation for capital projects, primarily the Wolfe Center for the Arts, and the Stroh Center, and the donation of the Huntington Building. Capital appropriations received from the State for construction projects were greater by approximately $3.6 million in 2009.

Bowling Green State University
Condensed Statement of Net Assets
as of June 30, 2009, 2008 and 2007 (in thousands)

	2009	2008	2007
ASSETS			
Current assets	$ 158,320	$ 194,964	$ 205,867
Non-current assets:			
Capital assets	319,626	309,403	310,740
Other	25,180	22,986	31,073
Total non-current assets	$ 344,806	$ 332,389	$ 341,813
Total assets	$ 503,126	$ 527,353	$ 547,680
LIABILITIES			
Current liabilities	$ 50,298	$ 48,261	$ 53,756
Non-current liabilities	87,069	89,709	98,892
Total liabilities	$ 137,367	$ 137,970	$ 152,648
NET ASSETS			
Invested in capital assets, net of related debt	$ 247,176	$ 235,958	$ 238,645
Restricted, expendable	5,625	11,846	10,954
Unrestricted	112,958	141,578	145,433
Total net assets	$ 365,759	$ 389,382	$ 395,032

2009 versus 2008:

At June 30, 2009, total University assets were $503.1 million, compared to $527.3 million at June 30, 2008. The University's largest asset is its investment in capital assets of $319.6 million at June 30, 2009 compared to $309.4 million at June 30, 2008.

In fiscal year 2009, the University's current assets of $158.3 million were sufficient to cover current liabilities of $50.3 million (current ratio of 3.1). In fiscal year 2008, the University's current assets of $195.0 million were sufficient to cover current liabilities of $48.3 million (current ratio of 4.0). Cash increased by $1.8 million in 2009 compared to an increase of $2.8 million in 2008 due to timing differences in normal operations. At June 30, 2009, University investments were $131.5 million, or 26.1% of total assets, and decreased by $38.0 million in 2009 due primarily to $15.6 million in market depreciation of investments, a $7.7 million decrease in recognized gains from prior year, and the $14.8 million write down of the Westridge Enhanced Cash Fund. Capital assets (net of depreciation) of $319.6 million represent 63.5% of the University's total assets.

University liabilities totaled $137.4 million at June 30, 2009, 27.3% of total assets and $603 thousand less than the prior year. Long-term debt decreased overall by $2.6 million to $87.0 million in 2009 due to principle payments on outstanding debt of $8.6M, offset by new principle obligation of $6 million relating to a master lease arrangement entered into in September, 2008. University liabilities totaled $138.0 million at June 30, 2008, 26.2% of total assets.

Total net assets decreased by $23.6 million to $365.7 million in 2009 primarily due to decreases in realized and unrealized investment losses and decreases in student enrollment. Unrestricted net assets total $112.9 million in 2009 of which $88.7 million was designated or allocated for specific ongoing academic, research and support purposes, reserves, and quasi-endowments.

2008 versus 2007:

At June 30, 2008, total University assets were $527.4 million, compared to $547.7 million at June 30, 2007. The University's largest asset is its investment in capital assets of $309.4 million at June 30, 2008 compared to $310.4 million at June 30, 2007.

In fiscal year 2008, the University's current assets of $195.0 million were sufficient to cover current liabilities of $48.3 million (current ratio of 4.0). In fiscal year 2007, the University's current assets of $205.9 million were sufficient to cover current liabilities of $53.7 million (current ratio of 3.8). Cash increased by $2.8 million in 2008 compared to a decrease of $1.5 million in 2007 primarily due to the timing of normal operations. At June 30, 2008, University investments were $169.5 million, or 31.9% of total assets, and decreased by $7.1 million due primarily to the market depreciation of investments. Capital assets (net of depreciation) of $309.4 million represent 58.2% of the University's total assets.

University liabilities totaled $138.0 million at June 30, 2008, 26.2% of total assets and $14.7 million less than the prior year. Long-term debt decreased $9.2 million to $89.7 million in 2008 due to the principle payments of outstanding debt. University liabilities totaled $152.6 at June 30, 2007, 27.9% of total assets and $6.4 million less than the prior year. Long term debt decreased by $9.9 million to $98.9 million in fiscal year 2007 due to principle payments of outstanding debt.

Total net assets decreased by $5.6 million to $389.0 million in 2008. Unrestricted net assets total $141.6 million in 2008 of which $124.4 million has been designated or allocated for specific ongoing academic, research and support purposes, reserves, and quasi-endowments.

Bowling Green State University
Condensed Statement of Revenues, Expenses and Changes in Net Assets
as of June 30, 2009, 2008 and 2007
(in thousands)

	2009	2008	2007
Operating Revenues:			
Student tuition and fees	$ 141,371	$ 151,895	$ 154,973
Auxiliary enterprises	70,065	70,765	74,341
Grants and contracts	16,845	19,249	18,560
Sales and service	4,977	5,120	5,560
Other operating revenues	5,656	5,928	3,736
Total operating revenues	$ 238,914	$ 252,957	$ 257,170
Operating Expenses:			
Educational and general	$ 272,272	$ 280,474	$ 271,450
Auxiliary enterprises	74,468	76,570	77,596
Other expenses	3,131	6,616	4,667
Total operating expenses	$ 349,871	$ 363,660	$ 353,713
Operating loss	$ (110,957)	$ (110,703)	$ (96,543)
Non-operating Revenues:			
State appropriations	$ 94,020	$ 86,863	$ 81,312
Other non-operating revenues and expenses	(19,354)	14,559	42,755
Total non-operating revenues	$ 74,666	$ 101,422	$ 124,067
(Loss) income before other changes	(36,291)	(9,281)	27,524
Capital appropriations, grants and gifts	12,668	3,631	1,882
Total (decrease) increase in net assets	$ (23,623)	$ (5,650)	$ 29,406
Net assets at the beginning of the year	389,382	395,032	365,626
Net assets at the end of year	$ 365,759	$ 389,382	$ 395,032

2009 versus 2008:

The most significant sources of operating revenues for the University are tuition and fees of $141.4 million, a decrease of $10.5 million, or 6.9% over 2008, which is attributable to an overall reduction in enrollments during the year.

Total operating expenditures of $349.9 million decreased by $13.8 million, or 3.8% in 2009. Educational and General expenses decreased by $8.2 million comprised of decreases in the following categories: instructional expense $2.4 million, research expenses $1.5 million, Public Services $1.1 million, Academic Support $645 thousand, and Student Service $1.9 million. Overall decreases in expenses are primarily attributable to reductions in salaries and benefits.

State appropriations, the most significant non-operating revenue, totaled $94.0 million in the current year, reflecting an increase of $7.2 million, or 8.2% over 2008.

2008 versus 2007:

The most significant sources of operating revenues for the University are tuition and fees of $151.9 million for 2008, a decrease of $3.1 million, or 2.0% over 2007, which is attributable to an overall reduction in enrollments during the year.

Total operating expenditures of $363.7 million increased by $9.9 million, or 2.8% in 2008. Educational and General expenses increased by $9.0 million, with instructional expense and depreciation expense increasing $7.9 million and $955 thousand, respectively. In general, increases in instructional expenses are primarily attributable to increases in salaries and benefits.

State appropriations, the most significant non-operating revenue, totaled $86.9 million in 2008, an increase of $5.5 million from 2007.

Capital Assets and Debt Administration

During the fiscal year ended June 30, 2009, costs were incurred on the initial phases of the Wolfe Center for the Arts and the Stroh Center. Construction continued on renovation projects for various student housing facilities, stadium improvements, and utility upgrades.

At June 30, 2009, the University had $319.6 million of capital assets, net of accumulated depreciation of $284.4 million, compared to $309.4 million of capital assets for the prior fiscal year. The charges for depreciation included in the Statement of Revenues, Expenses, and Changes in Net Assets was $22.2 million for 2009 and $22.4 million for 2008. Detailed information about the University's capital assets is presented in the Notes to the Financial Statements.

Economic Factors That Will Affect the Future

The ability of the University to fulfill its mission and execute its strategic plan is directly influenced by enrollment, legislative restrictions on tuition, changes in state support, and the cost of employee compensation, health care, and utilities.

The economic position of the University is closely tied to the economic condition of the state, as all state universities in Ohio receive state financial support for both operations and capital improvements through appropriations by the legislature. These appropriations contribute substantially to the successful maintenance and operation of the University.

In July, 2009, the state of Ohio passed its biennial budget bill for fiscal years 2010-2011 which included a planned increase in operating appropriations to public colleges and universities of 6.3% in fiscal year 2010 and a planned decrease of 7.9% in fiscal year 2011. Additionally, the budget bill permitted public colleges and universities to increase tuition and fees up to 3.5% in each of the fiscal years.

The University's affiliated Foundation completed its first comprehensive fundraising campaign December 31, 2008. The final amount raised in gifts and commitments was $146.5 million – significantly exceeding the original $120 million goal. More than 70,000 alumni and friends participated in the campaign. Funds raised will be directed to endowed scholarships, new facilities, and other faculty and academic priorities. The Foundation has chosen to focus on smaller fund raising efforts including additional scholarships, capital renovation projects, and increasing unrestricted annual funds for the next few years until the University's next major fundraising campaign commences in approximately 2012.

The Board of Trustees appointed the University's 10^{th} president on January 6, 2009 followed by the appointment of a new provost on August 13, 2009. Building on the University's national reputation for student success, including first-year programs, residential learning communities and a strong commitment to teaching, and based on a new strategic plan which was approved by the Trustees in June, 2009, the president and provost are leading the implementation of several key strategic priorities. A faculty-led project to review the general education requirements to assure that they align with 21st century learning outcomes has been combined with a University-wide initiative called Connecting the Undergraduate Experience (CUE). The CUE project envisions an approach in which students participating in the baccalaureate experience at BGSU are guided by a systematic roadmap that helps all students make meaningful connections among curricular and out-of-class experiences for every academic major. The ability to integrate and apply knowledge through discipline content and co-curricular programming is a key to career success in the 21st century. This ambitious project will create a distinctive identity for BGSU and is scheduled to be implemented beginning in fall 2011. The CUE vision serves as the foundation for many other institutional efforts such as academic restructuring, campus master planning, and capital facility replacements and renovations for the next decade.

Beginning in January of 2010, the University will begin a year-long celebration of the 100^{th} anniversary of its founding in 1910. Numerous special events throughout the calendar year have been planned, including shared events with the City of Bowling Green as well as Kent State University, which was also founded in 1910. Each event is intended to provide an opportunity for the University to strengthen or re-establish relationships and connections with members of many different stakeholder and constituent groups. The year of centennial celebrations also allows the University to begin to showcase the many facility and infrastructure investments that will significantly change the physical environment of the University's Bowling Green campus.

The University has experienced three consecutive years of decreasing enrollment, partly due to the graduation of an exceptionally large class admitted in 2004. Promoting the distinctive undergraduate experience, as designed by CUE, will also improve enrollment in the future. Coinciding with the arrival of new executive leadership, the University began a multi-year effort of refocusing significant human and financial resources to perform a turn-around effort in all areas associated with enrollment management. While it is still too soon to forecast with certainty, early indications of interest for fall of 2010 enrollment suggest that University has already made significant efforts toward reversing the earlier enrollment decline. In addition, an early alert program initiated in the fall of 2009 should begin to yield results in improved retention and progress to graduation.

The University has received approval by the Board of Trustees to issue approximately $85 million of new debt in the winter of 2010. The proceeds of the debt will be utilized to construct a replacement convocation center, replace, renovate or refresh several residents halls, install the University's first significant energy conservation systems, parking lot renovations, and a number of other smaller facility renovations such as roofs and mechanical system upgrades. These investments, along with the state-funded academic building replacements and renovations already begun, will position the University well to serve our students, families and the community in our second century of service to the state of Ohio.

Bowling Green State University
Statements of Net Assets
As of June 30

	Bowling Green State University		Bowling Green State University Foundation, Inc.	
	2009	**2008**	**2009**	**2008**
ASSETS				
Current Assets				
Cash	$ 6,717,751	$ 4,886,227	$ 929,200	$ 784,183
Investments	131,521,140	169,504,772	-	-
Accrued interest receivable	123,711	218,755	29,840	44,204
Accounts receivable, net	13,924,944	14,831,585	6,629,326	9,009,428
Inventories	4,297,287	3,396,932	-	-
Notes receivable	1,087,857	1,426,179	-	-
Prepaid and other assets	647,554	699,409	4,200	4,200
Total current assets	158,320,244	194,963,859	7,592,566	9,842,015
Noncurrent Assets				
Accounts receivable, net	-	-	8,597,518	7,869,534
Restricted investments	16,953,289	14,545,647	81,238,680	102,994,993
Cash surrender value of life insurance and annuities	378,137	386,993	1,373,855	1,157,748
Notes receivable	7,848,661	8,052,541	-	-
Capital assets, net	319,626,179	309,403,564	-	-
Total noncurrent assets	344,806,266	332,388,745	91,210,053	112,022,275
Total assets	503,126,510	527,352,604	98,802,619	121,864,290
LIABILITIES				
Current Liabilities				
Accounts payable and accrued expenses	25,298,174	20,742,797	318,662	308,699
Deferred revenue	8,940,254	12,032,755	-	-
Deposits	774,005	526,706	-	-
Current portion of long-term debt and other obligations	15,285,398	14,958,398	-	-
Total current liabilities	50,297,831	48,260,656	318,662	308,699
Noncurrent Liabilities				
Long-term debt and other obligations	87,069,631	89,709,652	1,350,345	1,366,161
Total liabilities	137,367,462	137,970,308	1,669,007	1,674,860
NET ASSETS				
Invested in capital assets, net of related debt	247,176,148	235,957,792	-	-
Restricted for expendable:				
Loans	1,032,088	995,378	-	-
Capital projects and debt service	4,592,736	10,850,905	-	-
Unrestricted	112,958,076	141,578,221	(6,181,132)	2,879,995
Temporarily restricted	-	-	34,682,245	50,291,318
Permanently restricted	-	-	68,632,499	67,018,117
Total net assets	$ 365,759,048	$ 389,382,296	$ 97,133,612	$ 120,189,430

See accompanying notes to financial statements

Bowling Green State University
Statements of Revenues, Expenses, and Changes in Net Assets
Years Ended June 30

	Bowling Green State University		Bowling Green State University Foundation, Inc.	
	2009	**2008**	**2009**	**2008**
REVENUES				
Operating Revenues				
Student tuition and fees (net of scholarship allowances of $58,796,363 for 2009 and $62,472,686 for 2008)	$ 141,371,389	$ 151,894,909	$ -	$ -
Federal grants and contracts	6,387,563	6,949,708	-	-
State grants and contracts	2,394,924	2,765,027	-	-
Local grants and contracts	33,877	51,887	-	-
Nongovernmental grants and contracts	8,029,251	9,482,586	-	-
Contributions and gifts	-	-	7,528,915	10,091,981
Sales and services of educational departments	4,976,929	5,120,181	-	-
Auxiliary enterprises (net of scholarship allowances of $1,494,268 for 2009 and $1,488,762 for 2008)	70,064,654	70,764,918	-	-
Other operating revenues	5,655,607	5,928,243	1,492,918	1,275,696
Total operating revenues	238,914,194	252,957,459	9,021,833	11,367,677
EXPENSES				
Operating Expenses				
Educational and General				
Instruction	127,646,124	130,091,674	-	-
Research	5,800,657	7,307,590	-	-
Public services	7,504,047	8,648,715	-	-
Academic support	26,727,642	27,372,528	12,198,521	9,079,427
Student services	17,231,099	19,115,607	-	-
Institutional support	28,440,846	26,494,552	675,124	634,230
Support of college fundraising	-	-	865,335	850,818
Operations and maintenance of plant	17,131,792	17,134,232	-	-
Depreciation	22,289,226	22,355,019	-	-
Student aid	19,499,587	21,954,636	-	-
Auxiliary enterprises	74,468,353	76,569,724	-	-
Other expenses	3,131,430	6,616,277	-	-
Total operating expenses	349,870,803	363,660,554	13,738,980	10,564,475
Operating (loss) income	(110,956,609)	(110,703,095)	(4,717,147)	803,202
NONOPERATING REVENUES (EXPENSES)				
State appropriations	94,019,913	86,862,612	-	-
Nonexchange grants and contracts	20,611,062	19,336,245	-	-
Investment loss, net	(37,688,928)	(978,137)	(19,727,455)	(4,806,251)
Additions to permanent endowments	-	-	1,388,784	6,693,547
Interest on capital asset-related debt	(2,427,564)	(3,807,284)	-	-
Other nonoperating revenues	151,545	326,157	-	-
Net nonoperating revenues	74,666,028	101,739,593	(18,338,671)	1,887,296
(Loss) income before other changes	(36,290,581)	(8,963,502)	(23,055,818)	2,690,498
OTHER CHANGES IN NET ASSETS				
Capital appropriations	6,364,754	2,715,324	-	-
Capital grants and gifts	6,302,579	598,082	-	-
Total other changes in net assets	12,667,333	3,313,406	-	-
(Decrease) increase in net assets	(23,623,248)	(5,650,096)	(23,055,818)	2,690,498
NET ASSETS				
Net assets at the beginning of year	389,382,296	395,032,392	120,189,430	117,498,932
Net assets at the end of year	$ 365,759,048	$ 389,382,296	$ 97,133,612	$ 120,189,430

See accompanying notes to financial statements

Bowling Green State University
Statements of Cash Flows
Years Ended June 30

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	$ 141,802,305	$ 151,476,877
Research grants and contracts	16,650,261	21,289,931
Payments to vendors for supplies and services	(89,163,510)	(88,812,853)
Payments to employees and benefits	(215,002,081)	(225,995,028)
Payments for scholarships and fellowships	(19,499,587)	(21,954,636)
Student loans granted, net of repayments	255,573	(719,515)
Auxiliary enterprises	68,399,825	69,839,136
Sales and services of educational departments	4,976,929	5,120,181
Other receipts	4,945,399	1,080,178
Net cash used in operating activities	(86,634,886)	(88,675,729)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	94,019,913	86,862,612
Direct lending receipts	89,761,902	77,207,733
Direct lending disbursements	(89,761,902)	(77,207,733)
Grants received for other than capital purposes	20,611,062	19,336,245
Net cash provided by noncapital financing activities	114,630,975	106,198,857
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Proceeds from capital debt	6,000,000	-
Capital appropriations	6,364,754	2,715,324
Capital grants received	4,279,124	924,239
Purchases of capital assets	(33,693,421)	(21,018,974)
Principal paid on long-term debt	(8,035,000)	(9,055,000)
Interest paid on long-term debt	(3,420,983)	(3,807,284)
Net cash used in capital financing activities	(28,505,526)	(30,241,695)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	377,188,893	234,825,727
Investment income	4,466,404	7,288,767
Purchase of investments	(379,314,336)	(226,583,858)
Net cash provided by investing activities	2,340,961	15,530,636
Net increase in cash	1,831,524	2,812,069
Cash at beginning of year	4,886,227	2,074,158
Cash at end of year	$ 6,717,751	$ 4,886,227

Bowling Green State University
Statements of Cash Flows
Years Ended June 30

	2009	2008
Reconciliation of net operating loss to net cash used by operating activities:		
Operating loss	$ (110,956,609)	$ (110,703,095)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	22,289,226	22,355,019
Amortization of bond premium	(539,398)	(539,398)
Changes in assets and liabilities:		
Accounts receivable, net	906,641	94,031
Inventories	(900,355)	1,271,231
Other assets	51,855	370,413
Accounts payable and accrued liabilities	4,555,377	3,374,550
Deferred revenue	(3,092,501)	(3,841,757)
Deposits held for others	247,299	(234,458)
Compensated absences	261,377	(102,760)
Loans to students	542,202	(719,505)
Net cash used by operating activities	$ (86,634,886)	$ (88,675,729)
Noncash capital financing activity:		
Donated building	$ 2,175,000	$ -
Noncash investing activity:		
Changes in fair value of investments	$ (24,132,568)	$ (9,058,514)

See accompanying notes to financial statements

1. ORGANIZATION, BASIS OF PRESENTATION, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations: Bowling Green State University is an instrumentality of the State of Ohio that serves the state, national, and international communities by providing its students with opportunities in learning, leadership, and research by providing expert faculty, premier facilities and modern resources.

Reporting Entity: Bowling Green State University (the "University"), founded in 1910, is a component unit of the State of Ohio as established by the General Assembly of the State of Ohio under Chapter 3341 of the Revised Code of the State of Ohio. The University offers degrees at the undergraduate, masters, and doctoral levels.

The accompanying financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity,* in that the financial statements include those activities and functions over which the University is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and either (1) the University's ability to impose its will over the component unit, or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the University.

Financial Statement Presentation: The accompanying financial statements consist of the University and Bowling Green State University Foundation, Inc. and subsidiary (the "Foundation"). GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units", requires the University to reflect the Foundation as a discretely presented component unit in the financial statements based on the significance of its relationship with the University. The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the University's financial reporting entity for these differences.

The Foundation is a legally separate, tax-exempt component unit of the University. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the University in support of its programs. The thirty-six member board of the Foundation is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing and amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests are restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

During the year ended June 30, 2009 and 2008, the Foundation distributed $9,359,751 and $5,363,044, respectively, to the University for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Assistant Vice President for Advancement Services/Controller at Mileti Alumni Center, Bowling Green, Ohio 43403.

1. ORGANIZATION, BASIS OF PRESENTATION, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting: For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities. Accordingly, the University's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant interfund transactions have been eliminated.

The University follows all applicable GASB pronouncements. In addition, the University has the option to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. The University has elected not to apply FASB pronouncements issued after the applicable date.

Accounts Receivable: Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff. Accounts receivable also include amounts due from the Federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts.

Inventories: Inventories are stated at the lower of average cost or market (net realizable value).

Investments: All investments are stated at fair value in accordance with GASB Statement No. 31 *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Investments in publicly traded securities are stated at fair value as established by major securities markets. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the Statement of Revenue, Expenses, and Changes in Net Assets.

Limited partnerships, hedge funds and collective equity funds are also included in investments and are not necessarily readily marketable. The components of the individual investments within these funds are not readily determinable. The estimated fair value is based on valuations provided by external investment managers. The valuation is based on independent appraisals and estimates which represent the net asset value of shares held by the University or based on periodic financial information (including annual audited financial statements) obtained from the funds. The University believes the carrying amount of these financial instruments is a reasonable estimate of fair value. Because these investments are not readily marketable, their estimated value is subject to uncertainty and, therefore, may significantly differ from the value that would have been used had a ready market for such investments existed.

Short-term Investments: Short-term investments include highly liquid and short duration assets (maturities less than 90 days). These assets can be withdrawn on demand.

Restricted Investments: Restricted investments are assets that have been set aside for restricted purposes.

1. ORGANIZATION, BASIS OF PRESENTATION, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets: Capital assets are recorded at cost at the date of acquisition, or fair value at the date of donation in the case of gifts. For equipment, the University's capitalization policy includes all items with a cost of $3,500 or more, and an estimated useful life of greater than one year. Infrastructure and improvements other than to buildings are capitalized if the cost exceeds $100,000. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 40 years for buildings, 20 to 30 years for infrastructure and improvements, and 5 to 12 years for equipment. Library materials are capitalized and written off over 10 years.

Deferred Revenue: Deferred revenue includes amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year, but related to the subsequent accounting period. Summer term revenue and expenditures are allocated to the appropriate accounting period. Deferred revenues also include amounts received from grant and contract sponsors that have not yet been earned.

Compensated Absences: University employees earn vacation and sick leave benefits based, in part, on length of service. Vacation pay is fully vested when earned. Upon separation from service, employees are paid accumulated vacation and sick pay based upon the nature of separation (death, retirement, or termination). Certain limitations have been 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 their limitations are forfeited. The liability and expense incurred are recorded at year-end as long-term liabilities in the Statement of Net Assets, and as a component of operating expense in the Statement of Revenues, Expenses, and Changes in Net Assets.

Noncurrent Liabilities: Noncurrent liabilities include (1) principal amounts of revenue and general receipts bonds and notes payable with contractual maturities greater than one year and (2) estimated amounts for accrued compensated absences that will not be paid within the next fiscal year and (3) federal student loan deposits.

Net Assets: The University's net assets are classified as follows:

Invested in capital assets, net of related debt: This represents the University's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of Invested in capital assets, net of related debt.

Restricted for expendable: Restricted for expendable net assets include resources which the University is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties for loans, capital projects and debt service.

1. ORGANIZATION, BASIS OF PRESENTATION, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unrestricted: Unrestricted net assets represent resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general obligations of the University, and may be used at the discretion of the Board of Trustees to meet current expenses for any purpose. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty, and staff.

Temporarily restricted: Temporarily restricted net assets contain donor-imposed restrictions that permit the Foundation to use or expend the assets as specified. The restrictions are satisfied either by the passage of time or by actions of the Foundation.

Permanently restricted: Permanently restricted net assets represent contributions received whereby the donors have stipulated that the corpus is to be maintained permanently, but permit the Foundation to use or expend part or all of the income for either specified or unspecified purposes. The unexpended income from these donated assets are classified as temporarily restricted net assets.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the University's policy is to first apply the expense towards unrestricted resources, and then towards restricted resources.

Income Tax: The University, as an instrumentality of the State of Ohio, is excluded from Federal income taxes under Section 115 of the Internal Revenue Code, as amended. Certain activities of the University may be subject to taxation as unrelated business income.

Revenues: The University has classified its revenues as either operating or nonoperating revenues according to the following criteria:

Operating revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, and (3) most Federal, state and local grants and contracts.

Nonoperating revenues: Nonoperating revenues include activities that have the characteristics of nonexchange transactions that are defined as nonoperating revenues by GASB No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting,* and GASB No 34, such as State appropriations and investment income.

1. ORGANIZATION, BASIS OF PRESENTATION, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Scholarship Discounts and Allowances: Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses and Changes in Net Assets. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, state or nongovernmental programs, are recorded as either operating or nonoperating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship discount and allowance.

Auxiliary Enterprises: Auxiliary activities mainly represent revenues generated from Residence Halls and Dining Services, Intercollegiate Athletics, Bookstore, and various other activities that provide services to the student body, faculty, staff and general public.

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 in the financial statements and accompanying notes. Actual results could differ from those estimates.

Eliminations: In preparing the financial statements, the University eliminates inter-fund assets and liabilities that would otherwise be reflected twice in the Statement of Net Assets. Similarly, revenues and expenses related to internal activities are also eliminated from the Statement of Revenues, Expenses and Changes in Net Assets. Student tuition and residence fees are presented net of scholarships and fellowships applied to student accounts where the University has discretion over such expenses, while stipends and other payments made directly to students are presented as scholarships and fellowships expenses.

Reclassification: Certain amounts in the 2008 financial statements have been reclassified to conform to the 2009 presentation.

2. CASH AND INVESTMENTS

Monies held in the University treasury are pooled for the purpose of cash and investment management.

Deposits

Amounts available for deposit at June 30, 2009 and 2008 were as follows:

	2009	2008
Cash (Carry amounts)	$ 6,471,612	$ 4,796,401
Reconciling items (net) to arrive at bank balances of deposit	3,071,870	2,209,818
Total available for deposit and investment (Bank balances of deposits)	$ 3,399,742	$ 2,586,583

2. CASH AND INVESTMENTS (Continued)

The carrying amount shown above does not include $246,139 and $89,826 held in cash funds at June 30, 2009 and 2008, respectively.

Any public depository, at the time it receives a University deposit or investment in a certificate of deposit, is required to pledge to the University as collateral eligible securities of aggregate market value that, when added to the portion of the deposit insured by the Federal Deposit Insurance Corporation, equals or exceeds the amount of University funds deposited. Of the bank balance, $172,399 and $207,068 at June 30, 2009 and 2008, respectively, was covered by federal depository insurance, and $3,227,342 and $2,379,515 at June 30, 2009 and 2008, respectively, was collateralized by pools of securities pledged by the depository banks and held in the name of the respective banks.

The University invests in STAR Ohio, an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the Securities and Exchange Commission as an investment company but does operate in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2009.

A public depository may at its option pledge a single pool of eligible securities to secure the repayment of all public monies held by the depository. The current market value of the pool of securities so pledged together with the amount covered by federal insurance must be at least equal to 110% of all public monies on deposit with the depository.

Investments

The University's investment policy authorizes the University to invest operating funds; the University has no endowment funds, in the following investments:

- Obligations of the US Treasury and other federal agencies and instrumentalities
- Municipal and state bonds
- State treasury asset reserve (STAR Ohio)
- Certificates of deposit (domestic and Eurodollar)
- Repurchase agreements
- Mutual funds
- Commercial paper
- Banker's acceptances
- Corporate bonds and notes
- Common and preferred stock
- Real estate
- Collateralized mortgage obligations
- Collective equity funds
- Asset-backed securities
- Private equity funds
- Hedge funds

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

2. CASH AND INVESTMENTS (Continued)

All common stocks, corporate bonds, money market instruments, mutual funds and other investments are invested through a trust agreement with Fifth Third Bank which is the custodian for all funds managed by external money managers. Short-term investments with Huntington Bank are secured with internally designated securities as pledged to the University. The University also holds land on N. Enterprise in Bowling Green as an investment and it is recorded at cost.

The values of investments held by the University at June 30, 2009 and 2008 are as follows:

	2009	2008
Certificates of deposit and money market funds	$ 26,075,629	$ 10,254,772
Equity mutual funds	53,504,469	71,424,020
Common and preferred stock	19,401,069	28,419,903
Alternative investments:		
Limited partnerships	9,968,213	26,658,805
Collective equity funds	10,042,694	6,209,733
Real estate	2,791,674	2,791,674
US government agency obligations	14,156,644	25,145,118
US government obligations	6,396,363	6,830,056
Corporate bonds and notes	5,671,619	5,150,515
STAR Ohio	109,341	806,826
Municipal bonds	232,518	250,144
Foreign bonds	124,196	109,853
	$ 148,474,429	$184,050,419

Net appreciation (depreciation) in the fair value of investments includes both realized and unrealized gains and losses on investments. The University realized a net gain (loss) from the sale of investments of ($18,168,669) and $78,966, for the years ended June 30, 2009 and 2008, respectively. The calculation of realized gains and losses is independent of the net appreciation (depreciation) in the fair value of investments held at year-end. The net (depreciation) appreciation in the fair value of investments was ($24,132,568) and ($9,058,514), for the years ended June 30, 2009 and 2008, respectively. This amount includes all changes in fair value, both realized and unrealized, that occurred during the year. The unrealized (depreciation) appreciation was ($42,301,237) and ($8,979,548) for the years ended June 30, 2009 and 2008, respectively. The University's investments are temporary investments designated by management.

Westridge Capital Management Fund

At July 1, 2008, the University had $14.5 million invested in the Westridge Capital Management Fund, included in Limited Partnerships in the table above. On February 25, 2009, the SEC took legal action against the fund managers of Westridge Capital Management and obtained a court order to freeze the assets of the fund as the fund managers are under investigation for misappropriation of funds in a complex investment scheme involving affiliated entities owned by the fund managers. On May 27, 2009 the court appointed receiver in this legal action filed a preliminary report indicating that a substantial amount of assets had been recovered and are under the receiver's control.

2. CASH AND INVESTMENTS (Continued)

The University believes there will be a substantial recovery of assets in this legal action, however, the University is uncertain as to the ultimate amount of recovery as it will be subject to the results of the investigation which could take a significant amount of time to complete. As a result of this significant uncertainty as to the realizability of the investment, the University has recorded an adjustment to reduce the value of its investment to $0 as of June 30, 2009.

Common Fund

Effective September 29, 2008, Wachovia Bank, N.A., as Trustee of the Common Fund for Short Term Investments (the "Short Term Fund"), included in certificates of deposit and money market funds in the table above, announced its decision to terminate and liquidate the Short Term Fund. No additional contributions to the Short Term Fund will be accepted. Under the liquidation plan, investors in the Short Term Fund will be allowed to withdraw balances based on their proportional interest in the Short Term Fund as assets mature or are sold. The value of the liquidation proceeds received by the University is not expected to vary significantly from the fair value carried on the University's books based on the current net asset value of the Short Term Fund. However, the realization of this value will depend upon market conditions including the liquidity of the Short Term Fund's assets during the liquidation period.

The University's balance in the Short Term Fund as of June 30, 2009 and September 30, 2009 were $ 4,413,011 and $3,399,083, respectively.

As of June 30, 2009, the remaining investment balance represented 11% of the University's original investment as of the announcement date.

In 2005 the University adopted GASB Statement No. 40, Deposits and Investment Risk Disclosure, which requires certain additional disclosures related to the interest rate, credit, foreign currency and custodial risks associated with interest-bearing investments. At the present time, the University does not have formal policies addressing these types of risks.

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, 2009 the University had the following interest-bearing investments and maturities.

Investment Type	Fair Value	Less than 1 year	Less than 1 - 5 years	Less than 6 - 10 years	More than 10 years
US gov't agency obligations	$ 14,156,644	$ 14,064,200	$ 92,444	$ -	$ -
US government obligations	6,396,363	-	2,150,093	3,767,231	479,039
Corporate bonds and notes	5,671,619	271,977	829,884	1,328,930	3,240,828
STAR Ohio	109,341	109,341	-	-	-
Municipal bonds	232,518	18,155	78,230	88,048	48,085
Foreign bonds	124,196	-	98,559	20,191	5,446
Total	$ 26,690,681	$ 14,463,673	$ 3,249,210	$ 5,204,400	$ 3,773,398

2. CASH AND INVESTMENTS (Continued)

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit quality information – as commonly expressed in terms of the credit ratings issued by the nationally recognized statistical rating organizations (NRSRO's) 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 at June 30, 2009 are as follows:

Credit rating (Standard & Poor)	Total	US government obligations	US government agency obligations	Corporate bonds	Other investments
AAA	$ 24,822,948	$ 6,396,363	$ 14,156,644	$ 4,160,600	$ 109,341
AA	227,743	-	-	227,743	-
A	720,462	-	-	720,462	-
BBB	447,892	-	-	447,892	-
BB	19,269	-	-	19,269	-
CCC	18,029	-	-	18,029	
CC	13,695	-	-	13,695	
Not rated	420,643	-	-	63,929	356,714
Total	$ 26,690,681	$ 6,396,363	$ 14,156,644	$ 5,671,619	$ 466,055

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 facilitates several Study Abroad Programs in Austria, Spain, and France with a total cash balance of $348,543 and $591,221 at June 30, 2009 and 2008, respectively. The University also has investments in foreign bonds whose fair market value was $124,196 and $109,853 at June 30, 2009 and 2008, respectively.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the University will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The University's investment in the State Treasurer's investment program which is not evidenced by securities that exist in physical or book entry form was $109,341 and $806,626 at June 30, 2009 and 2008, respectively. The remaining investments are uninsured and unregistered with securities held by the counter party's trust department or agent in the University's name.

2. CASH AND INVESTMENTS (Continued)

The values of investments held by the Foundation at June 30, 2009 and 2008 are as follows:

	2009	2008
Corporate stocks	$ 43,733,009	$ 61,307,076
US government and agency obligations	226,505	18,561
Corporate bonds, debentures, and other	29,792,501	33,669,814
Alternative investments:		
Real estate funds	1,722,227	2,555,546
Private investment	4,309,441	4,125,147
Fund of funds	1,454,997	1,318,849
	$ 81,238,680	$ 102,994,993

The Foundation realized a net gain (loss) from the sale of investments of approximately ($3,760,000) and $1,333,000 for the years ended June 30, 2009 and 2008, respectively. The net (depreciation) appreciation in the fair value of investments was ($18,588,798) and ($9,333,497) for the years ended June 30, 2009 and 2008, respectively.

The Foundation has outstanding commitments to invest in various alternative investments at June 30, 2009 and 2008, amounting to approximately, $6,100,000 and $3,900,000, respectively.

Foundation assets held in charitable remainder trust are principally comprised of corporate stocks and corporate bonds and debentures. Unrealized losses amounts to approximately $62,000 and $90,000 at June 30, 2009 and 2008, respectively and realized losses of approximately $89,000 and $1,800 were recognized for the years ended 2009 and 2008, respectively.

Certain Foundation investment securities are held by independent custodial and management agents. Custodial and management fees paid approximated $188,000 and $282,000 in 2009 and 2008, respectively, and are reported as reductions to interest and dividends in the accompanying statements of revenues, expenses and changes in net assets.

3. ACCOUNTS RECEIVABLE

The composition of accounts receivable at June 30, 2009 and 2008 was as follows:

	2009	2008
Student receivables for fees, room and board	$ 7,233,432	$ 5,368,900
Research and sponsored programs	7,088,594	9,866,470
Other	532,843	246,215
	14,854,869	15,481,585
Less allowance for doubtful accounts	929,925	650,000
TOTALS	$ 13,924,944	$ 14,831,585

4. NOTES RECEIVABLE

Principal repayment and interest rate terms of federal and university loans vary considerably. Federal loan programs are funded principally with federal contributions to the University under the Perkins and Nursing Loan programs. All amounts recorded are believed collectible. Any uncollectible amounts are not expected to have a significant impact on the financial statements.

The University distributed $89,636,711 for student loans in 2009 and $76,207,733 in 2008 through the U.S. Department of Education federal direct lending program. These distributions and related funding sources are not included as expenses and revenues or as cash disbursements and cash receipts in the accompanying financial statements.

5. CAPITAL ASSETS

Capital assets and accumulated depreciation as of June 30, 2009 are summarized as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Capital Assets				
Land	$ 6,066,970	$ -	$ -	$ 6,066,970
Construction in Progress	11,186,304	23,290,361	16,883,237	17,593,428
Non-depreciable Assets	17,253,274	23,290,361	16,883,237	23,660,398
Buildings	395,426,156	6,767,583	-	402,193,739
Infrastructure	63,380,486	146,621	-	63,527,107
Equipment	69,434,750	16,338,515	1,071,869	84,701,396
Library Materials	29,338,696	2,893,205	2,284,889	29,947,012
Depreciable Assets	557,580,088	26,145,924	3,356,758	580,369,254
Total Capital Assets	574,833,362	49,436,285	20,239,995	604,029,652
Less Accumulated Depreciation and Amortization				
Buildings	181,516,198	9,772,728	-	191,288,926
Infrastructure	26,463,127	2,547,960	-	29,011,087
Equipment	43,411,145	7,261,388	1,030,662	49,641,871
Library Materials	14,039,328	2,707,150	2,284,889	14,461,589
Total Accumulated Depreciation and Amortization	265,429,798	22,289,226	3,315,551	284,403,473
Capital Assets, Net	$ 309,403,564	$27,147,059	$ 16,924,444	$ 319,626,179

5. CAPITAL ASSETS (Continued)

Capital assets and accumulated depreciation as of June 30, 2008 are summarized as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Capital Assets				
Land	$ 6,066,970	$ -	$ -	$ 6,066,970
Construction in Progress	12,534,109	13,801,338	15,149,143	11,186,304
Non-depreciable Assets	18,601,079	13,801,338	15,149,143	17,253,274
Buildings	392,412,208	5,653,651	2,639,703	395,426,156
Infrastructure	54,712,341	8,668,145	-	63,380,486
Equipment	64,557,662	5,744,813	867,725	69,434,750
Library Materials	28,773,457	2,751,462	2,186,223	29,338,696
Depreciable Assets	540,455,668	22,818,071	5,693,651	557,580,088
Total Capital Assets	559,056,747	36,619,409	20,842,794	574,833,362
Less Accumulated Depreciation And Amortization				
Buildings	173,860,796	9,898,907	2,243,505	181,516,198
Infrastructure	24,321,790	2,141,337	-	26,463,127
Equipment	36,570,060	7,653,718	812,633	43,411,145
Library Materials	13,564,493	2,661,057	2,186,222	14,039,328
Total Accumulated Depreciation and Amortization	248,317,139	22,355,019	5,242,360	265,429,798
Capital Assets, Net	$ 310,739,608	$ 14,264,390	$ 15,600,434	$ 309,403,564

6. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

The composition of accounts payable and accrued expenses at June 30, 2009 and 2008 was as follows:

	2009	2008
Accounts payable	$ 13,937,737	$ 9,390,184
Payroll and withholdings	9,160,437	9,152,613
Health claims	2,200,000	2,200,000
Total	$ 25,298,174	$ 20,742,797

7. LONG-TERM DEBT AND OTHER OBLIGATIONS

Long-term debt and other obligations for June 30, 2009, are summarized as follows:

Bonds & notes payable:	Beginning Balance	Additions	Reductions	Ending Balance	Due In One Year
Dormitory system bonds	$ 22,595,000	$ -	$ 3,050,000	$ 19,545,000	$ 3,175,000
Other bonds	57,695,000	-	4,985,000	52,710,000	5,190,000
Bond premium	3,635,747	-	539,398	3,096,349	539,398
Note Payable	-	6,000,000	-	6,000,000	-
Total bonds & notes payable	83,925,747	6,000,000	8,574,398	81,351,349	8,904,398
Other liabilities:					
Vacation pay	7,941,871	6,035,100	6,188,723	7,788,248	5,975,000
Sick leave	4,482,000	880,724	465,724	4,897,000	406,000
Federal student loan deposits	8,318,432	-	-	8,318,432	-
Total other liabilities	20,742,303	6,915,824	6,654,447	21,003,680	6,381,000
Total long-term liabilities	$104,668,050	$12,915,824	$15,228,845	$ 102,355,029	$15,285,398

7. LONG-TERM DEBT AND OTHER OBLIGATIONS (Continued)

Long-term debt and other obligations for June 30, 2008, are summarized as follows:

Bonds & notes payable:	Beginning Balance	Additions	Reductions	Ending Balance	Due In One Year
Dormitory system bonds	$ 26,860,000	$ -	$ 4,265,000	$ 22,595,000	$ 3,050,000
Other bonds	62,485,000	-	4,790,000	57,695,000	4,985,000
Bond premium	4,175,145	-	539,398	3,635,747	539,398
Total bonds & notes payable	93,520,145	-	9,594,398	83,925,747	8,574,398
Other liabilities:					
Vacation pay	8,169,630	6,174,013	6,401,772	7,941,871	5,975,000
Sick leave	4,357,000	552,732	427,732	4,482,000	409,000
Federal student loan deposits	8,318,432	-	-	8,318,432	-
Total other liabilities	20,845,062	6,726,745	6,829,504	20,742,303	6,384,000
Total long-term liabilities	$114,365,207	$ 6,726,745	$16,423,902	$ 104,668,050	$14,958,398

The scheduled maturities of the bonds for the five fiscal years subsequent to June 30, 2009, and subsequent periods thereafter are as follows:

	General Receipts				
	Dormitory System	Other Bonds	Note Payable	Interest	Total
Interest rate	2.5% - 5.75%	3.125% - 5.75%	2.75%		
2010	$ 3,175,000	$ 5,190,000	$ -	$ 3,697,583	$ 12,062,583
2011	3,310,000	5,450,000	-	3,280,246	12,040,246
2012	1,825,000	5,840,000	642,857	2,842,545	11,150,402
2013	1,900,000	6,130,000	857,143	2,493,495	11,380,638
2014	2,000,000	6,385,000	857,143	2,119,620	11,361,763
2015-2020	7,335,000	23,715,000	3,642,857	4,284,655	38,977,512
Totals	$ 19,545,000	$ 52,710,000	$ 6,000,000	$ 18,718,144	$ 96,973,144

7. LONG-TERM DEBT AND OTHER OBLIGATIONS (Continued)

On June 1, 2005, the University issued $28,345,000 General Receipt Bonds, Series 2005 with an average interest rate of 4.5% to partially advance refund $27,880,000 of the General Receipt Bonds, Series 2000 with an average interest rate of 5.3%. The proceeds were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the General Receipt Bonds, Series 2000. As a result, the refunded portion of the General Receipt Bonds, Series 2000 are considered to be defeased, and the liability for those bonds has been removed from the balance sheet. The balance of debt issuance defeased in substance in prior years that remains outstanding as of June 30, 2009 is $27,880,000.

On November 2, 2004, the University issued $40,570,000 General Receipt Bonds, Series 2004 to finance an information technology system, improvements to certain education and auxiliary facilities and to partially advance refund $7,185,000 of the General Receipt Bonds, Series 1996. The General Receipt Bonds, Series 2004 has an average interest rate of 3.8% and the General Receipt Bonds, Series 1996 have an average interest rate of 5.1%. The proceeds were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the General Receipt Bonds, Series 1996. As a result, the refunded portion of the General Receipt Bonds, Series 1996 are considered to be defeased, and the liability for these bonds has been removed from the balance sheet. The balance of debt issuance defeased in substance in prior years that remains outstanding as of June 30, 2009 is $3,105,000.

In November 2000, the University issued $54,660,000 General Receipts Bonds for dormitory renovations, Bowen Thompson Student Union renovation, Recreation Center air conditioning and the campus infrastructure project. Interest rates range from 4.75% to 5.75%.

Unspent bond proceeds of $12,886,038 as of June 30, 2009 are classified as Restricted Investments.

The principal and interest payments of all General Receipts Bonds are collateralized by the pledge of the general receipts of the University. The bond indentures have various restrictive covenants with which the University management believes they have complied.

The University has an agreement with the City of Bowling Green whereby the City financed certain electrical improvements for the benefit of the University and is assessing the additional cost to the University. Under the terms of the agreement, the University may buy out the City at any time for $1 plus the outstanding note which at June 30, 2009 was $1,081,000.

In September 2008, the University entered into a master lease arrangement with a financial institution for $6,000,000. The lease agreement is secured by certain capital improvements. Under the terms of the lease, the University will make monthly payments of interest only for the first three years and monthly principle and interest payments for the remaining seven years. The University can pay the principle in full after the first two years without penalty.

Interest expense related to long-term debt at June 30, 2009 and 2008 was $3,939,532 and $4,200,775, respectively. Of this amount, $1,011,512 and $0 was capitalized at June 30, 2009 and 2008, respectively.

8. RETIREMENT BENEFITS

The University contributes to two cost-sharing multiple-employer defined benefit plans: (1) Public Employees Retirement System of Ohio (OPERS), and (2) State Teachers Retirement System of Ohio (STRS). Both plans provide retirement, disability, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code (ORC). OPERS and STRS issue stand-alone financial reports. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio, 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377 for OPERS, and 275 East Broad Street, Columbus, Ohio, 43215-3771, or by calling (614) 227-4090 or 1-888-227-7877 for STRS.

The funding policy for the above plans is as follows:

OPERS: The ORC provides statutory authority for employee and employer contributions and administers three separate pension plans as described below:

Traditional Pension Plan: a cost sharing, multiple-employer defined benefit pension plan.

Member-Directed Plan: a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulated retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.

Combined Plan: a cost sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

Member and employer contribution rates were consistent across all three plans. For the calendar year 2006, employees contributed 9.0% while the University contributed 13.54%. For the calendar year 2007, employees contributed 9.5% while the University contributed 13.77%. For the calendar years 2008 and 2009, employees contributed 10.0% while the University contributes 14.0%. For the calendar year 2006, law enforcement employees contributed 10.1% while the University contributed 16.93%. For the calendar year 2007, law enforcement employees contributed 10.1% while the University contributed 17.17%. For the calendar year 2008, law enforcement employees contributed 10.1% while the University contributed 17.4%. For the calendar 2009, law enforcement employees contributed 10.1% of their salary and the University contributed 17.63% of covered payrolls. The total employer contributions to OPERS for the years ended June 30, 2007, 2008, and 2009 approximated $8,905,000, $9,102,000 and $9,155,000 respectively, which were equal to 100% of the required contributions for each year. A portion of these employer contributions are allocated to healthcare as disclosed in Note 9.

8. RETIREMENT BENEFITS (Continued)

STRS: STRS is a statewide retirement plan for licensed teachers and other faculty members and provides a choice of three retirement plan options.

Defined Benefit Plan (DB Plan): Plan benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age.

The maximum annual retirement allowance, payable for life, is the greater of the “formula benefit” or the “money-purchase benefit” calculation. Under the “formula benefit,” the retirement allowance is based on years of credited service and final average salary, which is the average of the member’s three highest salary years. The annual allowance is determined by multiplying final average salary by 2.2% for the first 30 years of credited service. Each year over 30 years is incrementally increased by .1%, starting at 2.5% for the 31st year of contributing service up to a maximum allowance of 100% of final average salary. Upon reaching 35 years of Ohio service, the first 31 years of Ohio contributing service are multiplied by 2.5%, and each year over 31 years is incrementally increased by .1% starting at 2.6% for the 32nd year. Members retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit amounts.

Under the “money-purchase benefit” calculation, a member’s lifetime contributions plus interest at specified rates are matched by an equal amount from contributed employer funds. This total is then divided by an actuarially determined annuity factor to compute the maximum annual retirement allowance.

Define Contribution Plan (DC Plan): Benefits are established under Sections 3307.80 to 3307.89 of the ORC. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5% are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump-sum withdrawal. Employer contributions into members’ accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member’s designated beneficiary is entitled to receive the member’s account balance.

Combined Plan: Member contributions are allocated among investment choices by the member, and employer contributions are used to fund a defined benefit payment. A member’s defined benefit is determined by multiplying 1% of the member’s final average salary by the member’s years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity.

The ORC provides statutory authority for employee and employer contributions. For the years ended 2007, 2008 and 2009, STRS employees contributed 10% of their salary to the plan and the University contributed 14.0% of covered payrolls to the plan. The total employer contributions to STRS for the years ended June 30, 2007, 2008, and 2009 approximated $7,896,000, $8,045,000, and $7,806,000 respectively, which were equal to 100% of the required contributions for each year. A portion of these employer contributions are allocated to healthcare as disclosed in Note 9.

8. RETIREMENT BENEFITS (Conitnued)

Ohio Amended Substitute House Bill 586 (Ohio Revised Code 3305.2) became effective March 31, 1998, authorizing an alternative retirement system (ARP) for academic and administrative university employees of public institutions of higher education who are currently covered by the STRS or OPERS. The Bowling Green State University board of trustees adopted such a plan effective January 25, 2000. Ohio Amended Substitute Senate Bill 133 became effective September 15, 2004, authorizing participation in an alternative retirement system (ARP) by classified university employees. On September 30, 2005, the Bowling Green State University board of trustees amended its alternative retirement plan to conform with this legislative change effective August 1, 2005. This plan is a defined contribution plan under IRS section 401(a). The total employer contribution to ARP for the years ended June 30, 2007, 2008, and 2009 approximated $4,473,000, $4,806,000, and $4,851,000 respectively.

Employees have 120 days from their employment date to select a retirement plan. A retiree of STRS or OPERS is eligible for reemployment following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance.

Benefits are increased annually by 3% of the original base amount for the DB Plan participants.

The DB and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. By Ohio law, health care benefits are not guaranteed.

A DB or Combined Plan member with five or more years' credited service who becomes disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. A death benefit of $1,000 is payable to the beneficiary of each deceased retired member who participated in the DB Plan. Death benefit coverage up to $2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members' beneficiaries.

Ohio Public Employees Deferred Compensation Program

The University's employees may elect to participate in the Ohio Public Employees Deferred Compensation Program (the "Program"), created in accordance with Internal Revenue Code Section 457. The Program permits deferral of a portion of an employee's compensation until termination, retirement, death, or unforeseeable emergency. The deferred compensation and any income earned thereon are not subject to income taxes until actually received by the employee.

In 1998, the Ohio Public Employees Deferred Compensation Program Board implemented a trust to hold the assets of the Program in accordance with Internal Revenue Code Section 457. The program assets are the property of the trust, which holds the assets on behalf of the participants.

Therefore, in accordance with GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans,* the assets of this Program are not reporting in the accompanying Financial Statements.

8. RETIREMENT BENEFITS (Continued)

The amounts on deposit with the Ohio Public Employees Deferred Compensation Board at June 30, 2009 and 2008 approximated $3,822,000 and $3,933,000, respectively, which represents the fair value at such dates.

9. POST EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 8, the Ohio Revised Code provides the statutory authority requiring the University to fund postretirement health care through employer contributions to OPERS and STRS.

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans:

Traditional Pension Plan: a cost-sharing, multiple-employer defined benefit pension plan

Member-Directed Plan: a defined contribution plan

Combined Plan: a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for postretirement health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Postemployment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code (ORC) permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the ORC.

The ORC provides the statutory authority requiring public employers to fund postretirement health care through their contributions to OPERS. A portion of each employer's contribution is set aside for the funding of post retirement health care benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2008, employers contributed 14% of covered payroll and public safety and law enforcement employers contributed 17.4%. The ORC currently limits the employer contributions to a rate not to exceed 14% of covered payroll and 18.1% for payroll for public safety and law enforcement. Active members do not make contributions to the OPEB Plan.

9. POST EMPLOYMENT BENEFITS (Continued)

The OPEB plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year OPERS Retirement Board determines the portion of employer contribution rate that will be set aside for funding of the post employment health care benefits. For 2008, the employer contribution allocated to the health care plan was 7% of covered payroll. The OPERS retirement board is also authorized to establish rules for the payment, by the OPEB plan, of a portion of the health care benefits provided to retirees and surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Summary of Assumptions:

Actuarial Review: The assumptions and calculations below were based on OPERS' latest actuarial review performed as of December 31, 2007.

Funding Method: The individual entry age actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability.

Assets Valuation Method: All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach, assets are adjusted to reflect 25% of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12% corridor.

Investment Return: The investment assumption rate for 2007 was 6.50%.

Active Employee Total Payroll: An annual increase of 4.00%, compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. In addition, annual pay increases over and above the 4.00% base increase, were assumed to range from 0.50% to 6.30%.

Health Care: Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from .50% to 5.00% for the next 7 years. In subsequent years, (8 years and beyond) health care costs were assumed to increase at 4.00% (the projected wage inflation rate).

OPEB is advance-funded on an actuarially determined basis.

Participants: The Traditional Pension and Combined Plans had 363,503 active contributing participants as of December 31, 2008. The number of active contributing participants for both plans used in the December 31, 2007, actuarial valuation was 364,076.

Contributions: A portion of employer's contributions for all employees is allocated to health care. The total employer contributions allocated to OPEB for the years ended June 30, 2007, 2008 and 2009 approximated $2,913,000, $3,891,000 and $4,500,000 respectively, which are equal to 100% of the required contributions for each year.

Actuarial Value: The amount of $12.8 billion represents the actuarial value of OPERS' net assets available for OPEB at December 31, 2007.

9. POST EMPLOYMENT BENEFITS (Continued)

Liability: Based on the actuarial cost method used, the Actuarial Valuation as of December 31, 2007, reported the actuarial accrued liability and the unfunded actuarial accrued liability for OPEB at $29.8 billion and $17.0 billion, respectively.

Preservation Plan: The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective on January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

Under the HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service at retirement. This plan incorporates a cafeteria approach, offering a broad range of health care options that allow benefit recipients to use their monthly allocation to purchase health care coverage customized to meet their individual needs. If the monthly allocation exceeds the cost of the options selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses.

STRS: Ohio law authorizes the State Teachers Retirement board to offer a cost-sharing, multiple employer health care plan. STRS Ohio provides access to health care coverage to retirees who participated in the Defined Benefit or Combined Plans and their eligible family members

Coverage under the current program includes hospitalization, physician fees, prescription drugs, and reimbursement of monthly Medicare Part B premiums. Pursuant to the ORC, the Retirement Board has discretionary authority over how much, if any, of associated health care costs will be absorbed by the plan. All benefit recipients pay a portion of the health care cost in the form of a monthly premium.

Under Ohio law, the health care benefits are not guaranteed and the funds to pay health care costs may be deducted from employer contributions which are currently 14% of compensation. Of this contribution, 1% of covered payroll was allocated to post-employment health care. The total employer contribution allocated to OPEB for the years ended June 30, 2007, 2008, and 2009 approximated $79,000, $80,500, and $78,000, respectively, which are equal to 100% of the required contribution for each year.

10. RISK MANAGEMENT

During the normal course of operations, the University has become a defendant in various legal and administrative actions. In accordance with FASB Statement No. 5, 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 legal counsel and University management, the disposition of all pending litigation will not have a material adverse effect on the financial condition of the University.

The University self-insures its health care program up to a specific limit of $200,000 per individual event. Specific stop loss coverage is provided by Medical Mutual of Ohio.

Risk financing methods for Property and Casualty exposures include a combination of insurance, self insurance and risk pooling-via a joint program formed with other four-year publicly funded universities in the State. This program is referred to as the Inter-University Council Insurance

10. RISK MANAGEMENT (Continued)

Consortium [IUC-IC] and it obligates member institutions to realize the first $100,000 per covered loss for nearly all exposures before the claim reaches the pool and eventually the insured layers of the program. All of fourteen member institutions participate in the program with the exception of Ohio State. The operation of the pool is managed by a Board of Governors consisting of one member representative and one alternate from each institution.

Changes in the balances of claims liabilities for the years indicated for the health coverage are as follows:

	2009	2008	2007
Unpaid claims - July 1	$ 2,200,000	$ 1,600,000	$ 1,600,000
Incurred claims	19,915,066	19,911,218	17,099,240
Paid claims	19,915,066	19,311,218	17,099,240
Unpaid claims - June 30	$ 2,200,000	$ 2,200,000	$ 1,600,000

This actuarially determined liability for estimates of losses retained by the University for outstanding claims and claims incurred but not reported is the University's best estimate based on past experience and current claims outstanding. Actual claims experience may differ from the estimate. Settlements have not exceeded insurance coverage in each of the past three years.

The University participates in a State pool of agencies and universities that pays workers' compensation premiums into the State Insurance Fund on a pay-as-you-go basis (the Plan), which pays workers' compensation benefits to beneficiaries who have been injured on the job. Losses from asserted and unasserted claims for the participating state agencies and universities in the Plan are accrued by the Ohio Bureau of Worker's Compensation (the Bureau) based on estimates that incorporate the past experience, as well as other considerations including the nature of each claim or incident and relevant trend factors. Participants in the Plan annually fund the worker's compensation liability based on rates set by the Bureau to collect the cash needed in subsequent fiscal years to pay the worker's compensation claims of participating State agencies and universities.

11. CONTINGENCIES

In the normal course of its activities, the University is a party in various legal and administrative actions. Although some actions have been brought for large amounts, the University has not experienced significant losses or costs. After taking into consideration legal counsel's evaluation of pending action and information relative to potential future claims based on past events, the University's management is of the opinion that the outcome thereof will not have a material effect on the University's financial position.

Grants and contracts - The University receives grants and contracts from certain federal, state, and local agencies to fund research and other activities. Revenues from government grants and contracts are recognized when all eligibility requirements have been met. The University records indirect costs related to such grants and contracts at predetermined rates that are negotiated with the University's federal cognizant agency. Both direct and indirect costs charged to the grants or contracts are subject to audit and approval by the granting agencies. University management believes any adjustments of costs resulting from such examination by the granting agency would be insignificant.

12. FOUNDATION NET ASSETS

The Foundation's temporarily restricted net assets at June 30, 2009 and 2008 were available for the following purposes:

	2009	2008
General support of colleges and departments	$ 18,155,575	$ 25,394,249
Student aid	7,735,105	12,460,427
Property and equipment	5,847,024	8,647,073
Endowed chairs and professorships	1,955,138	2,159,950
Research	654,149	744,130
Fellowship	335,254	427,273
Faculty and staff	-	458,216
	$ 34,682,245	$ 50,291,318

The Foundation's summary of the net assets released from restrictions during the years ended June 30, 2009 and 2008 were as follows:

	2009	2008
General support of colleges and departments	$ 6,596,670	$ 4,709,138
Student aid	942,442	2,697,950
Property and equipment	3,880,928	372,168
Endowed chairs and professorships	(133,801)	198,820
Research	133,235	89,424
Fellowship	70,590	15,243
Faculty and staff	51,706	329,320
	$ 11,541,770	$ 8,412,063

The Foundation's permanently restricted net assets at June 30, 2009 and 2008 are investments in perpetuity, the income from which is expendable to support the following purposes:

	2009	2008
General support of colleges and departments	$ 16,807,378	$ 18,443,061
Student aid	38,473,184	34,155,258
Property and equipment	1,710,142	1,957,730
Endowed chairs and professorships	8,770,730	7,779,694
Research	1,130,515	1,504,981
Fellowship	189,334	216,947
Faculty and staff	1,551,216	2,960,446
	$ 68,632,499	$ 67,018,117

Supplemental Information

Bowling Green State University

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2009

Federal Grantor, Pass-through Grantor, CFDA Title, Project Name	CFDA Number	Agency or Pass-Through Number	Expenditures
Student Financial Assistance Cluster			
U.S. Department of Education:			
Direct awards:			
Federal Supplemental Educational Opportunity Grants	84.007	(1)	$ 802,073
Federal Work-Study Program	84.033	(1)	882,598
Federal Pell Grant Program	84.063	(1)	15,475,441
Academic Competitiveness Grant	84.375	(1)	760,904
National Science and Mathematics Access to Retain Talent (SMART) Grants	84.376	(1)	237,749
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	84.379	(1)	82,000
Total Student Financial Assistance Cluster			18,240,765
Research and Development Cluster			
U.S. Department of Agriculture:			
Grants for Agricultural Research, Special Research Grants			
Pass-through from:			
University of Toledo:			
Monitoring Agricultural Sewage Sludge	10.200	2005-38898-03269	78,462
Remote Sensing Monitoring Agricultural Sewage Sludge	10.200	2006-38898-03485	233,763
Monitoring Agricultural Sewage Sludge	10.200	(1)	4,280
Ohio State University Research Foundation:			
Research Greenhouse Ohio	10.200	(1)	8,744
			325,249
Sustainable Agriculture Research and Education			
Pass-through from:			
University of Minnesota:			
The Impact of Beauveria Bassiana, Trichogramma Pretiosum	10.215	Q4089053501	3,624
Total U.S. Department of Agriculture			328,873
U.S. Department of Commerce:			
Economic Development – Technical Assistance			
Direct awards:			
University Economic Development Center	11.303	06-66-05301	129,827
University Economic Development Center	11.303	06-66-05054-02	82,368
			212,195
Sea Grant Support			
Pass-through from:			
Ohio State University Research Foundation:			
Phylogenetic Analysis and Physiological Characterization	11.417	RF01090500	43,609
Trace Elements and Otoliths	11.417	RF01059538	43,020
			86,629

Bowling Green State University

Schedule of Expenditures of Federal Awards (continued)

Federal Grantor, Pass-through Grantor, CFDA Title, Project Name	CFDA Number	Agency or Pass-Through Number	Expenditures
Research and Development Cluster (continued)			
U.S. Department of Commerce (continued):			
Special Oceanic and Atmospheric Projects			
Direct awards:			
Monitoring Lake Erie Water Quality w/ Remote Sensing II	11.460	(1)	169,097
Monitoring Great Lakes Water Quality Remote Sensing III	11.460	NA080AR4600909	98,848
			267,945
Pass-through from:			
Ohio State University Research Foundation:			
Redfield Revisited	11.XXX		11,735
Phosphonates in Lake Erie: Unrecognized P Source Phytop	11.XXX	R/ER-080 RF0111664	50,351
Total U.S. Department of Commerce			628,855
U.S. Department of Defense:			
Basic and Applied Scientific Research			
Direct awards:			
Energy Cure Remote Location	12.300	N00014-06-1-0948	56,513
Stealthy Sensors	12.300	N660001-06-C-2010	20,467
			76,980
Military Medical Research			
Direct award:			
Luminescent Materials Devices	12.420	DAAD19-03-2-0032	6,555
Basic Scientific Research			
Direct awards:			
Protein Conformation Changes	12.431	W911NF-06-1-0337	(34,951)
Instrumentation for Novel Single-Molecule AFM-FRET Ultra	12.431	W911NF-08-1-0240	149,342
Materials Science: Controlling Protein Conformations to	12.431	W911NF-08-1-0349	116,194
			230,585
Air Force Defense Research Sciences Program			
Direct awards:			
Metal-Organic Chromophores	12.800	FA9550-05-1-0276	(12,294)
Prgmble Triplet Frmtion Decay Metal Organic Chromophores	12.800	(1)	329,229
Prgmble Triplet Frmtion Decay Metal Organic Chromophores	12.800	(1)	388,754
Pass-through from:			
University of Toledo:			
Next Generation Solar Energy Materials for Hydrogen Gene	12.800	FA9453-08-C-0172	75,911
			781,600
Research and Technology Development			
Direct award:			
Polymer Bioinspired Sensor	12.910	(1)	17,457
Total U.S. Department of Defense			1,113,177

Bowling Green State University

Schedule of Expenditures of Federal Awards (continued)

Federal Grantor, Pass-through Grantor, CFDA Title, Project Name	CFDA Number	Agency or Pass-Through Number	Expenditures
Research and Development Cluster (continued)			
U.S. Department of the Interior:			
Water Reclamation and Reuse Program			
Pass-through from:			
Central State University:			
Validation and Calibration of Remote Sensing Data	15.504	04FC811041	22,791
Conservation Grants Private Stewardship for Imperiled Species			
Direct award:			
Audubon's Crested Caracara	15.6XX	(1)	119
State Wildlife Grants			
Pass-through from:			
Ohio Department of Natural Resources:			
American Ginseng Populations	15.634	(1)	(71)
Pass-through from:			
Ohio State University Research Foundation:			
Bioremediation of Heavy Metals Using Genetically Engineering	15.XXX	RF01114341	23,791
Total U.S. Department of Interior			46,630
U.S. Department of Transportation:			
University Transportation Center			
Pass through from:			
University of Toledo:			
Combined Truck Routing and Driver Scheduling Problems Un	20.7XX	(1)	33,439
University of Detroit Mercy:			
Improving Paratransit Services in the Toledo Metropolita	20.7XX	(1)	10,868
Total U.S. Department of Transportation			44,307
National Aeronautic Space Administration (NASA):			
Aerospace Education Services Program			
Pass-through from:			
Dartmouth College:			
Global Clusters Field Halo	43.001	5-36969.572	22,164
Technology Transfer			
Direct awards:			
NASA Research Professor	43.002	NAG3-2790	(38,816)
NASA Research Professor	43.002	P.O. #GRCIPA0207	176,974
Plum Brook Alternative Professor	43.002	NNC06AA28A	27,799
			165,957
Pass-through from:			
University of Oklahoma:			
Drosophila Melanogaster	43.002	(1)	3,126
			169,083
Total National Aeronautic Space Administration			191,247

Bowling Green State University

Schedule of Expenditures of Federal Awards (continued)

Federal Grantor, Pass-through Grantor, CFDA Title, Project Name	CFDA Number	Agency or Pass-Through Number	Expenditures
Research and Development Cluster (continued)			
National Science Foundation:			
Mathematical and Physical Sciences			
Direct awards:			
Metal-Peptide Nanoassemblies	47.049	CHE-045-5441	40,378
Photocatalytic Approaches to Hydrogen Production	47.049	CHE-0719050	111,310
Materials and Devices for Fast Detection of Explosives	47.049	(1)	141,443
Intramolecular Indicator-Displacement Assays (IIDA)	47.049	CHE-0750303	98,949
Single-Molecule and Single-Nanoparticle Interfacial Elec	47.049	CHE-0822694	36,233
Workshop for New Faculty and Graduate Students on Lattic	47.049	DMS-0901560	14,120
Pass-through from:			
Indiana University:			
WIYN 0.9M Consortium	47.049	(1)	1,255
University of Minnesota			
New Directors Research Professorship	47.049	P.O.#A5286056137	36,371
			480,059
Geosciences			
Direct awards:			
Nitrifying of Lake Superior	47.050	(1)	8,761
Cyanobac Iron-Dependent Bioreporters	47.050	(1)	3,490
Design/Character of Cyanobac Bioreporters to Measure	47.050	OCE-0727644	94,982
Lake El'gygytgyn, NE Russia	47.050	EAR-0602435	14,727
			121,960
Biological Sciences			
Direct awards:			
Cytoplasmic Membrane Energy	47.074	(1)	3,282
Glucosinolate Hydrolysis Products in Arabidopsis thalian	47.074	(1)	141
Diversity of Xenobiotic Genes may Suggest Local Adaptati	47.074	0808511	1,794
RCN: RNA Ontology Consortium	47.074	MCB-0443508	146,199
			151,416
Social, Behavioral, and Economic Sciences			
Direct awards:			
Population Correlations	47.075	SES-0423825	17,398
Mechanisms of Timing and Temporal Processing	47.075	BCS-0818271	28,041
			45,439
Education and Human Resources			
Direct awards:			
Learning and Geologic Sciences	47.076	DUE-0536739	12,160
Improving Students Visual Penetration Ability and Subst	47.076	DUE-0837626	24,658
			36,818

Bowling Green State University

Schedule of Expenditures of Federal Awards (continued)

Federal Grantor, Pass-through Grantor, CFDA Title, Project Name	CFDA Number	Agency or Pass-Through Number	Expenditures
Research and Development Cluster (continued)			
National Science Foundation (continued):			
Polar Programs			
Direct awards:			
Vostok Accretion Ice	47.078	(1)	1,376
Adare Basin Seamount Lavas	47.078	ANT-0538374	9,463
Volcanism Glaciation , ANT – Minna Bluff	47.078	ANT-0538033	10,344
Petrology and Geochemistry of Miocene Volcanic Rocks	47.078	25-0550-0001-131	(1,767)
			19,416
Pass-through from:			
Ohio State University Research Foundation:			
Ethical/Social Value Issues in Drug-Eluding Stents (DES)	47.XXX	(1)	344
Total National Science Foundation			855,452
Department of Veteran Affairs:			
Direct award:			
Stress and Motivated Behavior	64.XXX	(1)	5,019
Total Department of Veteran Affairs			5,019
Department of Energy:			
Renewable Energy Research and Development			
Direct award:			
Coastal Wind Project	81.087	DE-FG36-06GO86096	118,333
Pass-through from:			
University of Toledo:			
Hydrogen Fuel Cell Vehicles	81.087	FG36-05G085025	2,122
			120,455
Direct award:			
Chemical Imaging Studies	81.XXX	DEFG02-06ER15827	183,741
Total Department of Energy			304,196
U.S. Department of Education:			
Career and Technical Education – Basic Grants to States			
Pass-through from:			
Ohio Department of Education:			
Capacity Building Faculty Support CTAE Teacher Educ 08	84.048	VEPD-CB-08-BG	7,359
Safe and Drug-free Schools and Communities – National Programs			
Direct award:			
Evaluation Wood ESC- School-Based Student Drug-Testing	84.184	2900683	13,744
Total U.S. Department of Education			21,103

Bowling Green State University

Schedule of Expenditures of Federal Awards (continued)

Federal Grantor, Pass-through Grantor, CFDA Title, Project Name	CFDA Number	Agency or Pass-Through Number	Expenditures
Research and Development Cluster (continued)			
U.S. Department of Health and Human Services:			
HIEHS Superfund Hazardous Subs			
Direct award:			
HHS NIH NIEHS:			
In Vivo Characterization of Bacteria-Mediated Extracellu	93.143	1R01ES017070-01	53,242
Research Related to Deafness and Communication Disorders			
Direct award:			
Aerodynamic and Acoustic Models of Phonation	93.173	2R56DC003577-10A1	20,901
Pass-through from:			
Indiana University:			
Development of Attention to Maternal Speech in Infants	93.173	1R01DC008581-01A1	130,646
			151,547
Policy Research and Evaluation Grants			
Direct award:			
National Center for Marriage Research	93.239	1 U01 AE000001-01	736,823
Occupational Safety and Health Program			
Pass-through from:			
Veterans Biomedical Research Institute:			
Aging and the Cholinergic System on Attention and Timing	93.262	7R01AG020560-05	15,866
Drug Abuse and Addiction Research Programs			
Direct award:			
Ethopharmacological Charact	93.279	8 RDA016435A	(266)
Cancer Treatment Research			
Direct award:			
Natural Enediyne Antibiotics	93.395	2-R15-CA091856-02	70,081
Extramural Research Programs in the Neurosciences and Neurological Disorders			
Direct award:			
Rat Head Direction Signal	93.853	5-R01-NS35191-08	5,991
Microbiology and Infectious Diseases Research			
Direct award:			
Influenza A in Asian Lakes	93.856	8 RAI063144A	585
Biomedical Research and Research Training			
Direct awards:			
HMGB1 Estrogen Receptor	93.859	2-R15-GM054357-03	41,166
Influenza of HMGB1, Nucleosomes and SWI/SNF on Estrogen	93.859	2R15GM055898-04	14,202
RNA Motifs	93.859	2-R15-GM055898-04	25,902
			81,270

Bowling Green State University

Schedule of Expenditures of Federal Awards (continued)

Federal Grantor, Pass-through Grantor, CFDA Title, Project Name	CFDA Number	Agency or Pass-Through Number	Expenditures
Research and Development Cluster (continued)			
U.S. Department of Health and Human Services (continued):			
Child Health and Human Development Extramural Research			
Direct awards:			
CFDR	93.865	1-R24-HD05959-02	255,761
Child Development Cohabiting	93.865	1-K01-HD042478-03	26,140
Sexual Risk-Taking in Youth	93.865	1-R01-HD044206-02	164,382
Effects of PCBs on Social Behavioral Development	93.865	1 R03 HD053692-01A2	44,528
Pass-through from:			
The University of Michigan:			
Youth & Scenes Ethn Violence	93.865	F014756	(954)
Children & Political Violence	93.865	(1)	40,198
The University of California, San Diego			
Expectation Generation in Sentence Processing	93.865	10202962-008	56,733
Cornell University			
Timing and Circumstances of Transition to Fatherhood	93.865	44053-8470	39,168
			625,956
HIV Prevention Activities – Health Department Based			
Pass-through from:			
Ohio Department of Health:			
Ohio HIV Evaluation and Training Project	93.940	08740012HV0108	70,570
Pass-through from:			
Healthy Marriages/Relationship	93.XXX	(1)	9,946
The University of South Carolina			
Efficacy of Laryngeal High-Speed Videoendoscopy	93.XXX	USC Sub No. 07-1434	22,926
Total U.S. Department of Health and Human Services			1,844,537
Total Research and Development Cluster			5,383,396
Other Grants and Contracts			
U.S. Department of Commerce:			
Public Telecommunications Facilities Planning and Construction			
Direct award:			
Stand By Power Generator	11.550		87,250
Sea Grant Support			
Pass through from:			
Ohio State University Research Foundation			
Knauss Fellowship	11.417	RF01145637	18,699
Total U.S. Department of Commerce			105,949
U.S. Department of Defense:			
Basic and Applied Scientific Research			
Pass through from:			
Academy of Applied Science			
Ohio Junior Science and Humanities Symposium	12.300	(1)	17,061
Total U.S. Department of Defense			17,061

Bowling Green State University

Schedule of Expenditures of Federal Awards (continued)

Federal Grantor, Pass-through Grantor, CFDA Title, Project Name	CFDA Number	Agency or Pass-Through Number	Expenditures
Other Grants and Contracts (continued)			
Department of Housing and Urban Development:			
Pass through from:			
VIVA South Toledo Community Development			
VIVA South Needs Assessment	14.XXX	(1)	7,328
Total Department of Housing and Urban Development			7,328
Bureau of Educational and Cultural Affairs, Department of State			
Professional and Cultural Exchange Programs – Citizen Exchanges			
Direct awards:			
Partners for a Sustainable Future: Aiding Practitioners	19.415	S-ECAPE-07-GR-211	25,268
Partners for a Sustainable Future: Aiding Practitioners	19.415	S-ECAPE-07-GR-211	67,477
Total Bureau of Educational and Cultural Affairs, Department of State			92,745
National Science Foundation:			
Mathematical and Physical Sciences			
Pass-through from:			
Ohio State University Research Foundation:			
LSAMP, Ohio Seed Grant	47.049	(1)	10,442
Oh Cons for Undergrad Research	47.049	RF01046308	4,921
			15,363
Biological Sciences			
Pass-through from:			
Virginia Tech			
Directed Annotation of Oomycete Genomes	47.074	CR-19755-477772	54,211
Total National Science Foundation			69,574
Environmental Protection Agency:			
National Community – Based Lead Outreach and Training Grant Program			
Direct award:			
Capacity Building for Lead Outreach Training in NW Ohio	66.718	AB-83363601-0	194,960
Total Environmental Protection Agency			194,960
U.S. Department of Education:			
TRIO Cluster:			
Direct awards:			
Student Support Services	84.042	(1)	644,321
Student Support Services	84.042	(1)	(42,400)
			601,921
Talent Search	84.044	(1)	342,548
Upward Bound	84.047	(1)	(29,817)
Upward Bound	84.047	P047A071048	301,373
Upward Bound	84.047	P047A071048	100,925
			372,481

Federal Grantor, Pass-through Grantor, CFDA Title, Project Name	CFDA Number	Agency or Pass-Through Number	Expenditures
Other Grants and Contracts (continued)			
U.S. Department of Education (continued):			
McNair Post-Baccalaureate Achievement	84.217	P217A070290	165,854
McNair Post-Baccalaureate Achievement	84.217	P217A070290	66,518
			232,372
Total TRIO Cluster			1,549,322
Fund for the Improvement of Post Secondary Education			
Pass-through from:			
Georgia Southern University:			
NAFTA’s Second Generational Challenges	84.116	P116n060024-07	6,503
NAFTA’s Second Generational Challenges	84.116	P116n060024-07	12,084
Association of American Colleges and Universities			
VALUE: Valid Assessment of Learning in Undergraduate Education	84.116	(1)	4,274
			22,861
Safe and Drug-Free Schools and Communities National Programs			
Pass-through from:			
Putnam County Educational Service Center			
Evaluation of Project SAFE	84.184	Q184I080342	60,995
Fund for the Improvement of Education			
Pass-through from:			
Fostoria Community School District:			
Expanding America	84.215	(1)	9,554
Gaining Early Awareness and Readiness for Undergraduate Programs			
Pass-through from:			
Western Michigan University:			
MERC GearUp Learning Centers 2	84.334A	(1)	745,005
Teacher Quality Partnership Grants			
Pass-through from:			
Ohio Department of Education:			
DREAMS FY2009	84.336	(1)	373,496
DREAMS Year 2	84.336	CI667-OMAP-08-10	10,745
			384,241
Transition to Teaching			
Direct awards:			
Project CLOSE the GAPS	84.350	(1)	40,503
Project CUE: Consortium for Urban Education	84.350	U350C070011	201,917
Project CUE: Consortium for Urban Education	84.350	U350C070011	264,058
			506,478
Total U.S. Department of Education			3,278,456

Bowling Green State University

Schedule of Expenditures of Federal Awards (continued)

Federal Grantor, Pass-through Grantor, CFDA Title, Project Name	CFDA Number	Agency or Pass-Through Number	Expenditures
Other Grants and Contracts (continued)			
U.S. Department of Health and Human Services:			
Environmental Health Project			
Direct award:			
Project EXCITE	93.113	(1)	(1,510)
HIV Prevention Activities – Health Department Based			
Pass-through from:			
Ohio Department of Health:			
AIDS Education	93.940	08740012HP0209	15,922
Block Grants for Prevention and Treatment of Substance Abuse			
Pass-through from:			
Ohio Department of Alcohol and Drug Addiction Services:			
BGSU High-Risk Drinking Prevention Program	93.959	99-8207-HEDUC-P-08-9	4,038
BGSU High-Risk Drinking Prevention Program	93.959	99-8207-HEDUC-P-08-9	23,782
			27,820
Total U.S. Department of Health and Human Services			42,232
Corporation for National Community Service:			
Learn and Serve America – Higher Education			
Pass-through from:			
Otterbein College:			
The Citizen Artist Community Engagement Project (CACE)	94.005	(1)	33
AmeriCorps			
Pass-through from:			
United Way of Greater Toledo			
AmeriCorps Consortium	94.006	(1)	13,100
Wood County Corps Internship	94.006	(1)	2,340
			15,440
Total Corporation for National Community Service			15,473
U.S. Agency for International Development:			
USAID Development Partnerships for University Cooperation and Development			
Pass-through from:			
Higher Education for Development:			
Civic Educ Partnership Initiative for Lebanon & Morocco	98.012	HNE-A-97--00059-00	276,544
Total U.S. Agency for International Development			276,544
Total Other Grants and Contracts			4,100,322
Total Federal Expenditures			$ 27,724,483

(1) No agency or pass-through identification number available.

See accompanying notes to schedule of expenditures of federal awards.

Bowling Green State University

Notes to the Schedule of Expenditures of Federal Awards

June 30, 2009

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Bowling Green State University (the University) and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented or used in the preparation of the financial statements.

2. Loans Outstanding

The University had the following loan balances outstanding for the Federal Perkins Loan and Nursing Student Loan programs at June 30:

Program Title	**Federal CFDA Number**	**2009 Outstanding Balance**	**2008 Outstanding Balance**
Federal Perkins Loans	84.038	$ 8,259,756	$ 8,948,585
Nursing Student Loans	93.364	546,383	524,671

Total Perkins loans advanced during 2009 was $226,500 plus additional administrative costs of $11,325.

Total Nursing loans advanced during 2009 was $87,288.

3. Federal Direct Student Loans (CFDA No. 84.268)

The University acts as the intermediary for students obtaining Federal Direct Student Loans from the U.S. Department of Education. The Department of Education is responsible for billings and collections of the loans. The University assists the Department of Education by processing the applications and disbursing the funds from the Department of Education to the students. Loans advanced to students during the fiscal year ended June 30, 2009 were as follows:

Federal Direct Student Loans:	
Direct Subsidized	$ 42,552,539
Direct Unsubsidized	35,299,908
Parent PLUS	11,784,264
	$ 89,636,711

4. Subrecipients

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

Sub-Grantee	Federal CFDA Number	Amount Provided
Miami University	**11.303**	$ 26,125
Ohio University	**11.303**	92,988
University of Tennessee	**11.417**	24,971
Central State University	**11.460**	23,730
Heidelburg College	**11.460**	94,500
Cleveland State University	**11.460**	7,058
North Eastern University	**20.760**	12,809
Advanced Cable Technologies Inc.	**43.002**	19,999
Lorain County Community College	**47.050**	12,152
Erie County	**66.718**	16,779
Henry County	**66.718**	16,129
Huron County	**66.718**	19,000
Sandusky County	**66.718**	18,132
Seneca County	**66.718**	15,058
Wood County	**66.718**	16,497
Advanced Cable Technologies Inc.	**81.087**	2,424
University of Toledo	**84.334A**	119,181
Wayne State University	**84.350**	264,198
Cleveland State University	**84.350**	101,625
Battelle	**93.143**	6,121
Washington State University	**93.239**	20,000
University of Texas	**93.239**	20,000
University of Pittsburgh	**93.239**	20,000
Rice University	**93.239**	20,000
University of Colorado	**93.239**	20,000
Center for Civic Education	**98.012**	36,664
		$ 1,046,140

5. Indirect Costs

The University recovers indirect costs by means of provisional fixed indirect cost rates. The provisional fixed rates are a result of negotiated agreements with the U.S. Department of Health and Human Services. The predetermined fixed rate for on-campus research is 39% of modified total direct costs and the off-campus predetermined rate is 20% of modified total direct costs effective July 1, 2007 until June 30, 2011.

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

The Board of Trustees
Bowling Green State University

We have audited the financial statements of Bowling Green State University (the University), a component unit of the State of Ohio, and its discretely presented component unit as of and for the year ended June 30, 2009, and have issued our report thereon dated October 15, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the University's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over financial reporting.

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 misstatements on a timely basis. A *material weakness* is a significant deficiency, or combination of significant 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.

Our consideration of internal control over financial reporting 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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

We also noted certain matters that we reported to management of the University in a separate letter dated October 15, 2009.

This report is intended solely for the information and use of management, Board of Trustees, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Ernst & Young LLP

October 15, 2009

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Report of Independent Auditors on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

The Board of Trustees
Bowling Green State University

Compliance

We have audited the compliance of Bowling Green State University (the University) with the types of compliance requirements described in the US Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the University's management. Our responsibility is to express an opinion on the University's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the University's compliance with those requirements.

In our opinion, the University complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 09-01 and 09-02.

Internal Control Over Compliance

The management of the University is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the University's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 University's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of Bowling Green State University and its discretely presented component unit as of and for the year ended June 30, 2009, and have issued our report thereon dated October 15, 2009. Our audit was conducted for the purpose of forming an opinion on the financial statements of Bowling Green State University. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by OMB Circular A-133, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the financial statements taken as a whole.

The University's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the University's responses and accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Board of Trustees, management, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Ernst & Young LLP

October 15, 2009

Bowling Green State University

Schedule of Findings and Questioned Costs

June 30, 2009

Part I – Summary of Auditor's Results

Financial Statements Section

Type of auditor's report issued (unqualified, qualified, adverse, or disclaimer):	Unqualified			
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 Section

Internal control over major programs:				
Material weakness(es) identified?		**Yes**	X	**No**
Significant deficiency(ies) identified that are not considered to be material weaknesses?		**Yes**	X	**None reported**
Type of auditor's report issued on compliance for major programs (unqualified, qualified, adverse, or disclaimer):	Unqualified			
Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133?	X	**Yes**		**No**

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.007, 84.033, 84.038, 84.063 84.268, 84.375, 84.376, and 93.364	Student Financial Assistance Cluster
84.334A	Gaining Early Awareness and Readiness for Undergraduate Programs
84.350	Transition to Teaching

Dollar threshold used to distinguish between Type A and Type B programs: $831,734

Auditee qualified as low-risk auditee? X **Yes** _____ **No**

Part II – Financial Statement Findings Section

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements for which *Government Auditing Standards* require reporting in a Circular A-133 audit.

None.

Part III – Federal Award Findings and Questioned Costs Section

This section identifies the audit findings required to be reported by Circular A-133 Section 510(a) (for example, material weaknesses, significant deficiencies, and material instances of noncompliance, including questioned costs), as well as any abuse findings involving federal awards that are material to a major program. Where practical, findings should be organized by federal agency or pass-through entity.

Finding 09-01

Federal program information:	Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR-UP, CFDA #84.334); Passed-through from Western Michigan University (WMU); Project # 25-7007360
Criteria or specific requirement (including statutory, regulatory, or other citation):	Per the Project Agreement between the University and WMU, the University is to invoice WMU, within ten (10) days after the end of each period, at least quarterly, but no more frequently than monthly. Federal and cost share expenditures shall be reported using WMU's Subcontractor Agreement. The University has a required dollar for dollar cost share match.
Condition:	The University does not have the proper controls in place to ensure that the federal expenditures and cost share reports are compiled and submitted timely to WMU.

Finding 09-01 (continued)

Questioned costs:	None.
Context:	The University submitted the final cost report for program year two (Performance Period: September 1, 2006 – August 31, 2007) in January 2009. The University also submitted one final cost report for program year three (Performance Period: September 1, 2007 – August 31, 2008) in June 2009. The University did not submit any federal or cost share expenditure reports during the fiscal year being audited related to the current program year four (Performance Period: September 1, 2008 – August 31, 2009).
Effect:	The University has not reported grant expenditures as required by the Project Agreement to WMU. As such, we were unable to substantiate with reasonable assurance that reports submitted could be supported by underlying accounting or performance records, were completed, and were fairly presented in accordance with program requirements. Since no reports have been prepared for program year four, the cost share documentation had not yet been compiled by the University. Further, we were not able to substantiate that the University was meeting the grant's dollar for dollar cost share with allowable funds.

Finding 09-01 (continued)

Cause:	Reporting for the grant was previously performed by a member of the GEAR-UP program staff who left the University in fiscal year 2008. Due to the transition, the Grants Accounting Office now performs the financial reporting for the GEAR-UP grant.
Recommendation:	We recommend that management ensure that reports are prepared and reconciled to the general ledger system within ten days of each quarter's or month's end. To meet this reporting requirement, cost share information will also have to be tracked as it is incurred.
Views of Responsible Officials and Planned Corrective Actions:	We concur. Management will ensure that the reconciling, reporting and billing will occur on a timely basis, and not less than on a quarterly basis. Cost share information will be tracked as incurred and reported during the same billing cycle.

Finding 09-02

Federal program information:	Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR-UP, CFDA #84.334); Passed-through from Western Michigan University (WMU); Project # 25-7007360
Criteria or specific requirement (including statutory, regulatory, or other citation):	OMB Circular A-21 (2 CFR Parts 215 and 220) outlines cost principles of educational institutions. • Part 220, Section B.3 Reasonable costs states that a cost may be considered reasonable if the nature of the goods or services acquired or applied, and the amount involved therefore, reflect the action that a prudent person who have taken under the circumstances prevailing at the time the decisions to incur the cost was made and whether or not the cost is necessary for the operation or the performance of the sponsored agreement. • Appendix A, Section J.17 Entertainment costs states that costs of entertainment, including amusement, diversion, and social activities and any costs directly associate with such costs (such as tickets to shows or sports events, meals, lodging, rentals, transportation, and gratuities) are unallowable. The University’s expense policy states that an overnight stay is required for meal reimbursements. Meals reimbursed for meetings are deemed entertainment by the University.

Finding 09-02 (continued)

Condition:

We selected a sample of 40 journal entries (includes multiple expenditures within each financial system line item) charged to the GEAR-UP grant during the 2009 fiscal year. We noted that 14 of the 40 journal entries are identified as questioned costs for the following reasons:

- 2 entries, included expenditures for planning meeting meals ($107)
- 1 entry, was an additional charge for excess luggage, but there was no documentation that charge was incurred for GEAR-UP program ($25)
- 3 entries, included expenditures for meals incurred while in travel status in excess of the per diem rates established in the University's travel policy and consistent with federal guidelines ($133)
- 1 entry, represented the purchase of $25 gift cards given to teachers who attended a grant writing workshop ($1,150)
- 2 entries, represented salary and fringes for outside entities, however expenditures incurred were greater than budgeted amounts and no re-budgeting was done at the time of the expenditure ($998)
- 1 entry, include an expenditure where the mileage reimbursement was improperly calculated and the expenditure was twice the amount actually incurred ($57)

Finding 09-02 (continued)

Condition (continued):	• 1 entry, included both meals documented as planning meetings in town and incurred while in travel status in excess of the per diem rates ($408) • 1 entry, represented cost incurred for an overnight stay at a local resort that is approximately 60 miles from the University while holding an in-service for the GEAR-UP teachers ($3,217)
Questioned costs:	Questioned expenditures of $6,095 were identified out of a sample of $281,330. The total population of direct nonpayroll expenditures was $428,732.
Context:	The University incurred expenditures that could be unallowable based on guidance. Total GEAR-UP expenditures were $745,005 in the current fiscal year.
Effect:	The University has incurred certain expenditures in which the costs are questionable.
Cause:	The grant expenditures were approved by University personnel in charge of the grant.

Finding 09-02 (continued)

Recommendation:	We recommend the University ensure all expenses paid by the grant are in accordance with the grant agreement and OMB Circular A-21's definition of allowable costs and activities.
Views of Responsible Officials and Planned Corrective Actions:	We concur. There is, however, some uncertainty as to whether or not the expenses in question are unallowable as the University has sought, and received, written confirmation from both the Department of Education as well as the primary grant recipient university allowing certain meals provided that pre-approval was sought and received from the primary grant recipient university.

Bowling Green State University

Summary Schedule of Prior Audit Findings

June 30, 2009

Finding 08-01

Criteria or specific requirement:	The University should analyze the percentage used to calculate the allowance for doubtful accounts to ensure it is based on historical data.
Condition:	The percentages used by the University to calculate the allowance for doubtful accounts are not based on actual historical information such as the aging of the accounts receivable and a historical look-back analysis of the amount that is actually collected on delinquent student fee accounts by aging category.
Conclusion:	Management has developed multiple analyses used to estimate the allowance for doubtful accounts based on historical write-offs. Management has also developed a student accounts receivable aging that allows management to better analyze their accounts receivable trends.

Finding 08-02

Criteria:	Transition to Teaching (CFDA # 84.350) – “Close the Gaps” – Award Number S350A020128-06 Section 75.562 of the Education Department General Administrative Regulations (EDGAR) limits the indirect cost rate of 8% for modified total direct costs for training grants, regardless of the rate negotiated with the University’s cognizant agency. In accordance with Section 75.562, a modified total direct cost base is defined as total direct costs less stipends, tuition and related fees, and capital expenditures of $5,000 or more.
Condition:	We reviewed the indirect costs charged to the University’s “Close the Gap” grant and noted that the University’s PeopleSoft system had not been properly set-up to calculate indirect costs based on the modified total direct costs. The PeopleSoft system did not properly exclude the tuition and related fees incurred for this grant from the indirect cost base as it was set-up to calculate the indirect costs based on total direct costs.
Conclusion:	Management corrected the amount of indirect costs charged to the “Close the Gaps” grant to ensure they were calculated using the modified total direct costs, which properly excludes participant costs related to tuition and fees, during the close-out procedures of the grant.

Finding 08-03

Criteria:	Trio Cluster (CFDA # 84.042, 84.044, 84.047A, and 84.217) – McNair Post-Baccalaureate Achievement – Award Number P217A070290. 34 CFR sections 647.10 and 647.7 require that at least two-thirds of the students served by a McNair project must be low-income individuals who are first-generation college students. The remaining students must be members of groups underrepresented in graduate education.
Condition:	We reviewed listing of students served by the McNair project and noted that less than two-thirds of the students met the requirement of being both a first-generation and low-income individual.
Conclusion:	Management added additional participants in August 2008 to ensure that they were in compliance with the grant's earmarking requirement. Additionally, management continues to monitor their earmarking compliance.

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Report of Independent Auditors
On Applying Agreed-Upon Procedures

Dr. Carol. A Cartwright, President
Bowling Green State University

We have performed the procedures enumerated below, which were agreed to by Bowling Green State University (the University) and the National Collegiate Athletic Association (NCAA), solely to assist you with respect to complying with NCAA bylaws for the year ended June 30, 2009. The University's management is responsible for the accompanying Schedule of Operating Revenues and Expenditures. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purposes for which this report has been requested or for any other purpose.

The procedures and the associated findings are as follows:

I. Schedule of the Operating Revenues and Expenditures and Internal Controls

1. We obtained the Schedule of Operating Revenues and Expenditures (Schedule 1) for the Intercollegiate Athletics Department (the Department) for the year ended June 30, 2009, as prepared by management. We recomputed the subtotal and total line items on Schedule 1 and agreed all amounts on the Schedule 1 to management's detailed worksheets and to the appropriate general ledger accounts. We found no exceptions as a result of these procedures.

2. We performed a comparison of the operating revenues and expenditures per Schedule 1 for fiscal years 2009 and 2008. We obtained management's explanations for variations greater than $50,000 and 10% of each revenue and expenditure line item in the aggregate as follows:

   a. Football ticket sales increased by approximately $136,250, or 22%. We were informed by certain officials of the Athletic Department who have responsibility for financial and accounting matters that the increase was due to more paying football game attendees in the current year.

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b. Football game guarantee revenue was decreased $325,000 or approximately 35%. We were informed by certain officials of the Athletic Department who have responsibility for financial and accounting matters that the decrease was due to a decline in the amounts received for two out-of-conference games in the 2008 football season compared to the 2007 football season.

c. Football coaches' salaries increased nearly $457,000 or 57%. We were informed by certain officials of the Athletic Department who have responsibility for financial and accounting matters that the increase was due to the coaching transition experienced in the current year in which there were periods of double staffing as new coaching staff was hired while the prior staff was still paid under their original contract. In addition, the head football coach received a $250,000 buyout upon his termination which was charged to this account.

d. Football staff benefits increased $93,000 or 39%. We were informed by certain officials of the Athletic Department who have responsibility for financial and accounting matters that similar to the increase in coaches' salaries mentioned above, staff benefits increased in the current year due to the coaching transition.

e. As football travel expenses were not recorded by team and recruiting categories in the current year on an aggregate basis, total football travel expenses decreased by approximately $294,140, or 33%. We were informed by certain officials of the Athletic Department who have responsibility for financial and accounting matters that there was a decrease in expense due to one additional away game for the GMAC Bowl in the 2007 season as well as trips to Minneapolis, MN and Boston, MA during 2007 which are higher cost cities for food, lodging, and transportation as compared to the 2008 away games played in Boise, ID and Laramie, WY.

f. Football financial aid decreased approximately $214,400 or 12%. We were informed by certain officials of the Athletic Department who have responsibility for financial and accounting matters that this decrease was due to decreased funding given for grant-in-aid as fewer students were given athletic scholarships in the current year.

g. Football game guarantee expense increased by approximately $75,000 or 75%. We were informed by certain officials of the Athletic Department who have responsibility for financial and accounting matters that the increase was due to a game guarantee of $175,000 paid to Minnesota in the 2008 football season while the Western Kentucky guarantee was $100,000 in the previous year.

h. Men's basketball game guarantee revenue increased $55,000 or 65%. We were informed by certain officials of the Athletic Department who have responsibility for financial and accounting matters that the increase was due to the participation in an additional tournament in the 2008-2009 basketball season at Minnesota and Ohio State as compared to one tournament in the previous year held at the University of Cincinnati.

i. Nonprogram specific concession revenue increased approximately $61,300 or 800%. We were informed by certain officials of the Athletic Department who have responsibility for financial and accounting matters that the increase was due to concession revenues being broken out by sport in the prior year as opposed to being grouped to nonprogram specific revenues in the current year.

j. Nonprogram specific stadium suites revenue increased by approximately $57,100 or 30%. We were informed by certain officials of the Athletic Department who have responsibility for financial and accounting matters that the stadium suites revenue increased due to the rental of a room for four games creating $20,000 of additional revenue as well as the receipt and recording of $13,500 in revenues related to fiscal year 2008 in fiscal year 2009.

k. Nonprogram specific gift revenue increased by approximately $99,900 or 51%. We were informed by certain officials of the Athletic Department who have responsibility for financial and accounting matters that gift revenue increased due to more funds being received from Bowling Green State University Foundation in the current year to offset the Athletics Department shortfalls.

l. Nonprogram specific sports camp revenue increased approximately $88,900 or 20%. We were informed by certain officials of the Athletic Department who have responsibility for financial and accounting matters that sports camps typically cross fiscal years and therefore revenues are not traditionally recorded at the same times annually. In addition, there was an increase in the number of outside camps and participants in fiscal year 2009 as compared to prior year.

m. Nonprogram specific miscellaneous revenue decreased by approximately $178,100 or 34%. We were informed by certain officials of the Athletic Department who have responsibility for financial and accounting matters that the decrease in miscellaneous revenue was due to a fee received from Florida State University as a result of not showing up for a game in the prior year that did not occur in the current year.

n. Nonprogram specific nonemployee compensation expense increased by approximately $48,150 or 55%. We were informed by certain officials of the Athletic Department who have responsibility for financial and accounting matters that this increase was due to an increase in officiating crew size and a greater number of home games played in the current year.

o. Nonspecific financial aid increased by approximately $219,500 or 61%. We were informed by certain officials of the Athletic Department who have responsibility for financial and accounting matters that the increase was due to an increase in athletics grants in aid in fiscal year 2009 as compared prior year.

p. Nonprogram specific stadium suites internal financing decreased by approximately $58,200, or 37%. We were informed by certain officials of the Athletic Department who have responsibility for financial and accounting matters that this decrease was due to the final payment for the stadium renovations in the amount of $69,500 being made at the end of the previous year.

q. Nonspecific sports camp expenses increased by approximately $181,100 or 78%. We were informed by certain officials of the Athletic Department who have responsibility for financial and accounting matters that similar to sports camps revenues, expenses are not recorded at the same times annually. In addition, there was an increase in the overall sports camp participation in the current year.

r. Nonprogram specific other allocated expenses decreased by approximately $283,650 or 28%. We were informed by certain officials of the Athletic Department who have responsibility for financial and accounting matters that this decrease was due to there being one less payment in the current year for the football scoreboard editing system as compared to prior year.

3. We performed a comparison of actual operating revenues and expenditures per Schedule 1 to the budgeted amounts obtained from management. We obtained management's explanation for variations greater than $50,000 and 10% of each operating revenue and operating expense line item in the aggregate. They included the following:

   a. The actual amount of athletic grants and aid was below budget by approximately $201,900 or 56%. We were informed by certain officials of the Athletic Department who have responsibility for financial and accounting matters that the decrease is due to Dining Services issuing credits against revenues in the current year instead of monetary refunds for unallocated meal plan dollars.

   b. The actual amount of student opportunity fund revenue was approximately $129,100 or 100% higher than budget. We were informed by certain officials of the Athletic Department who have responsibility for financial and accounting matters that this was a new department cost center created in the current year, and not budgeted for, to better track revenues associated to the NCAA Student Opportunity Fund.

   c. The actual amount of student athlete services revenue was under budget by approximately $198,300 or 49%. We were informed by certain officials of the Athletic Department who have responsibility for financial and accounting matters that revenue earned in the amount of approximately $201,000 of the Title IX allocation was recorded in the Intercollegiate Athletics account.

d. The actual amount for the marketing and promotions revenue was under budget in total by approximately $529,700 or 99%. We were informed by certain officials of the Athletic Department who have responsibility for financial and accounting matters that revenue earned in the amount of approximately $379,500 was recorded in the Intercollegiate Athletics account which holds the majority of the budgeted dollars.

e. The actual amount for licensing program revenue was under budget by approximately $88,500 and 56%. We were informed by certain officials of the Athletic Department who have responsibility for financial and accounting matters that revenue earned in the amount of approximately $105,800 was recorded in the Intercollegiate Athletic account.

f. The actual amount for development revenue was lower than budget by approximately $649,000 or 83%. We were informed by certain officials of the Athletic Department who have responsibility for financial and accounting matters a portion of development revenues, approximately $150,000, were placed in the Intercollegiate Athletic account; however the College was unable to achieve its revenue goals.

g. The actual amount of special games revenue was under budget by approximately $200,000, or 100%. We were informed by certain officials of the Athletic Department who have responsibility for financial and accounting matters that the difference is a result of the actual revenue being recorded in the football-operations account.

h. The actual amount of football operations revenue was over budget by approximately $184,700 or 31%. We were informed by certain officials of the Athletic Department who have responsibility for financial and accounting matters that the difference is a result of the revenue being budgeted in the special games account.

i. The actual amount of volleyball sport camp revenue was approximately $64,200. We were informed by certain officials of the Athletic Department who have responsibility for financial and accounting matters that the University does not budget for sport camp revenue. The University received a 15% commission on sport camps in order to subsidize any administrative costs associated. Additionally, sport camps consistently cross fiscal years, which increases the difficulty of budgeting.

j. The actual amount of cheerleading camp revenue was approximately $108,726. We were informed by certain officials of the Athletic Department who have responsibility for financial and accounting matters that this was due to the University not budgeting for sport camp revenue. The University received a 15% commission on sport camps in order to subsidize any administrative costs associated. Additionally, sport camps consistently cross fiscal years, which increases the difficulty of budgeting.

k. Actual expenses from the athletic grant and aid account were over budget by approximately $139,200 or 39%. We were informed by certain officials of the Athletic Department who have responsibility for financial and accounting matters that this was due to an increase in book grants in the current year, which was previously included in the Intercollegiate Athletics account.

l. Actual Student Opportunity Fund expenses were under budget by approximately $129,100 or 100%. We were informed by certain officials of the Athletic Department who have responsibility for financial and accounting matters that this is a new department cost center created in the current year, and not budgeted for, to better track expenses associated to the NCAA Student Opportunity Fund.

m. Actual football operations expense was over budget by approximately $571,500 or 16%. We were informed by certain officials of the Athletic Department who have responsibility for financial and accounting matters that this was due to a coaching staff transition in the current year in which there were periods of double staffing as coaches were hired while others remained under contract.

n. Actual women's softball expense was under budget by approximately $53,400 or 11%. We were informed by certain officials of the Athletic Department who have responsibility for financial and accounting matters that the softball team spent $56,000 less than budgeted in grant-in-aid in fiscal year 2009.

o. Actual expenses for volleyball sports camp were under budget by approximately $56,400 or 46%. We were informed by certain officials of the Athletic Department who have responsibility for financial and accounting matters that this was due to sport camps consistently crossing fiscal years and are dependent on when internal charges, such as room and board, are processed.

4. We obtained a description of accounts and compared classification of revenues and expenditures to NCAA guidelines. We have found no exceptions as a result of these procedures.

5. We reviewed the extent of documentation of accounting systems and procedures. We also made certain inquires of management regarding control consciousness, competence of personnel, and protection of records and equipment. We tested specific elements of the control environment that were unique to intercollegiate athletics by randomly selecting 15 days in the cash receipts log from July 1, 2008 to June 30, 2009, and noting that each day's cash receipts log was reviewed by the ticket office manager. No exceptions were noted as a result of this procedure.

6. We were informed that the Department adheres to the University policies and procedures for acquiring, approving, and depreciating, and disposing of assets. Capital assets are recorded at cost at the date of acquisition, or if acquired by gift at the fair value at the date of donation. The University capitalizes all equipment with a cost of $3,500 or more, and an estimated life of greater than one year. Infrastructure and improvements other than to buildings are capitalized if the cost exceeds $100,000. Depreciation is recognized on the straight-line basis over the estimated useful life of the asset. When capital assets are sold or otherwise disposed of, the carrying value of such assets are removed from the asset accounts, along with the related accumulated depreciation.

7. The Athletic Department has one outstanding note payable to the University for the scoreboard and one outstanding lease payable to the University for the purchase of two copiers. We recalculated the annual maturities and agreed these to supporting documentation and the account records. The future amounts of principal and interest payments on the note and lease payable are as follows:

	Principal	Interest	Total
2010	$ 99,832	$ 20,560	$ 120,392
2011	103,825	16,566	120,391
2012	99,417	12,414	111,831
2013	103,394	8,437	111,831
2014	107,529	4,301	111,830

8. We obtained all the listings of ticket sales for football, hockey, and men's basketball. We agreed the ticket revenue per Schedule 1 to the total of the event sales report, in which we recomputed the revenue based on ticket prices. We found a $203 or (.03)% difference in football, $247 or .25% difference in men's basketball, and a $(7,443) or (5.06)% difference in hockey tickets sales revenue compared to Schedule 1.

9. We obtained the 2008-2009 general fee and related auxiliary budget report prepared by the Finance and Administration office and agreed the budgeted allocation to the amount reported by the University in Schedule 1. We found no exceptions as a result of this procedure.

10. We randomly selected a sample of five game guarantees revenue transactions from a detailed transaction listing. We agreed the transaction amount to the contract; agreed the amount received to the check or check remittance; and agreed the amount to the University's account records. We found no exceptions noted as a result of these procedures.

11. We randomly selected a sample of five NCAA/MAC revenue transactions from a detailed transaction listing. We agreed the transaction amounts to the checks received or wire transfer and/or to the bank deposits. We found no exceptions as a result of these procedures.

12. We randomly selected a sample of five concessions and parking revenue transactions from a detailed transaction listing. We agreed these to the supporting documentation or cash receipt. We found no exceptions as a result of these procedures.

13. We randomly selected a sample of five licensing/sponsorship and advertising transactions from a detailed list of transactions. We agreed these to the general ledger and supporting documentation. We found no exceptions as a result of these procedures.

14. We randomly selected a sample of five sports camp revenue transactions and compared them to cash receipt and to the University's accounting records. We noted an unsupportable difference in one deposit of $1,050 below recorded revenue.

15. We randomly selected a sample of five gift and stadium suites revenue from a detailed list of transactions. We agreed this transaction to the cash receipt and to the University's accounting records. We found no exceptions as a result of these procedures.

16. We randomly selected a sample of twenty-five student aid recipients from various men's and women's sports. We agreed the amount per the Financial Aid list to the NCAA student record website. We agreed these NCAA records to a listing of transactions for each student from the Bursar's office, ensuring the amount was given to the student athlete. We found no exceptions as a result of these procedures.

17. We randomly selected a sample of five other revenue transactions and agreed to supporting documentation and the general ledger. We found no exceptions as a result of these procedures.

18. We randomly selected a sample of five coaches and support staff employed by the University from various men's and women's sports. We agreed the amounts paid to the contracts, and compared for reasonableness to W-2's and recorded expense per PeopleSoft. We noted no exceptions as a result of these procedures.

19. We obtained and documented our understanding of the University's recruiting expense and team travel policies, comparing them to the NCAA policies on a test basis. We found no exceptions as a result of these procedures.

20. We randomly selected a sample of five equipment expenses, agreeing them to supporting documentation and the general ledger. We found no exceptions as a result of these procedures.

21. We randomly selected a sample of five team travel expenses, agreeing them to supporting documentation and the general ledger. We found no exceptions as a result of these procedures.

22. We randomly selected a sample of five game guarantee expenses, agreeing them to supporting documentation and the general ledger. We found no exceptions as a result of these procedures.

23. We randomly selected a sample of five stadium suites expenses, agreeing them to supporting documentation and the general ledger. We found no exceptions as a result of these procedures.

24. We randomly selected a sample of three recruiting travel expenses, agreeing them to the supporting documentation and the general ledger. We found no exceptions as a result of these procedures.

25. We randomly selected a sample of five other travel expenses, agreeing them to supporting documentation and the general ledger. We noted inappropriate classification of registration fees in other travel; however, these were appropriately reclassified to allocated expenses.

26. We randomly selected a sample of five sports camp expenses, agreeing them to supporting documentation and the general ledger. We found no exceptions as a result of these procedures.

27. We randomly selected a sample of five facility rental expenses, agreeing them to supporting documentation and the general ledger. We found no exceptions as a result of these procedures.

28. We randomly selected a sample of five institutional membership transactions, agreeing them to supporting documentation and the general ledger. We found no exceptions as a result of these procedures.

29. We randomly selected a sample of five film and broadcasting expenses, agreeing them to supporting documentation and the general ledger. We found no exceptions as a result of these procedures.

30. We randomly selected a sample of five telephone expenses, agreeing them to supporting documentation and the general ledger. We found no exceptions as a result of these procedures.

31. We randomly selected a sample of five nonemployee compensation expenses, agreeing them to supporting documentation and the general ledger. We noted inappropriate classification of cheer stix expenses in nonemployee compensation expenses; however these were appropriately reclassified to allocated expenses.

32. We randomly selected a sample of five allocated expenses to agree to the appropriate documentation and the general ledger. We found no exceptions as a result of these procedures.

33. We compared contributions, received directly by the Athletic Department in excess of 10% of total contributions, to the accounting records of the University. We identified two contributions, $819,610 for the Sebo Athletic Center and $1,565,077 for the Stroh Capital Project Fund from the Bowling Green State University Foundation (the Foundation), that exceeded 10% of all contributions for the year ended June 30, 2009. We agreed these to the check or wire transfer, noting no exception.

II. Booster Organizations

1. We obtained the Schedule of Intercollegiate Athletics Program Support by Booster Organizations for the year ended June 30, 2009 (Schedule 2) from the Foundation.

2. We obtained a confirmation from the Foundation indicating that Schedule 2 was the complete schedule of contributions made to the Athletic Department.

3. We agreed beginning cash balances to the prior year schedule and ending balances to the Foundations' accounting records. The amounts included in Schedule 2 are not included in Schedule 1 unless contributed directly to the University by the outside organization. As a result of procedures, we found that the prior year ending balance was $13,815 less than the current year beginning balance.

4. We received the audited financial statements of the Foundation, which administers the booster organizations, for the year ended June 30, 2009, which reflected an unqualified opinion.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items, including Schedule 1 and Schedule 2 or on the effectiveness of the internal control over financial reporting. 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 Bowling Green State University and the National Collegiate Athletic Association and is not intended to be, and should not be, used by anyone other than these specified parties.

Ernst & Young LLP

October 15, 2009

0910-1095624

Schedule 1

Bowling Green State University

Intercollegiate Athletics Department

Schedule of Operating Revenues and Expenditures

Year Ended June 30, 2009

	Men's Football	Men's Basketball	Men's Hockey	Other Sports	Nonprogram Specific	Total
Operating revenue						
Ticket sales	$ 750,734	$ 99,820	$ 146,986	$ 75,566	$ –	$ 1,073,106
Concessions	–	–	–	–	68,977	68,977
Student activity fees	–	–	–	–	9,207,604	9,207,604
Institutional support	–	–	–	–	410,337	410,337
Game guarantees	600,000	140,000	–	16,500	–	756,500
NCAA distribution	–	–	–	–	900,408	900,408
Licensing/Sponsorships	–	–	–	–	485,412	485,412
Parking	33,906	6,960	15,490	7,110	30,550	94,016
Stadium suites	–	–	–	–	247,500	247,500
Gifts	–	–	–	–	294,568	294,568
Sports schools and camps	–	–	–	–	526,212	526,212
Miscellaneous	49	–	–	–	351,104	351,153
Total operating revenues	1,384,689	246,780	162,476	99,176	12,522,672	14,415,793
Operating expenditures						
Coaches' salaries	1,265,474	332,397	223,637	1,245,230	–	3,066,738
Other salaries	83,990	31,146	2,500	575	2,058,001	2,176,212
Staff benefits	328,083	86,384	60,219	368,317	529,718	1,372,721
Nonemployee comp. (game officials)	39,584	51,725	22,825	78,842	136,214	329,190
Films	35,670	2,805	–	3,700	15,050	57,225
Travel:						
Team	29,391	(2,076)	555	17,213	4,932	50,015
Other	580,488	182,499	135,681	675,024	235,427	1,809,119
Recruiting	23	3,912	1,417	3,301	40,329	48,982
Financial aid	1,578,389	234,157	368,642	2,402,307	576,334	5,159,829
Equipment	158,397	6,981	99,369	168,076	53,532	486,355
Facility rental	–	–	–	–	199,803	199,803
Game guarantees	175,000	57,500	2,000	4,000	–	238,500
Stadium suites internal financing	–	–	–	–	98,107	98,107
Sports camps	–	–	–	–	412,177	412,177
Memberships	160	–	330	3,080	200,068	203,638
Telephone	19,059	4,960	7,601	19,622	80,676	131,918
Allocated expenses	83,101	18,542	14,776	24,736	727,957	869,112
Total operating expenses	4,376,809	1,010,932	939,552	5,014,023	5,368,325	16,709,641
Operating revenues (under) over expenditures	$ (2,992,120)	$ (764,152)	$ (777,076)	$ (4,914,847)	$ 7,154,347	$ (2,293,848)

Schedule 2

Bowling Green State University

Schedule of Intercollegiate Athletics Program Support By Booster Organizations

Year Ended June 30, 2009

Booster Organization	Beginning Fund Balance	Gift Contributions	Noncontributions and Other Adjustments	Disbursement on Behalf of Program	Ending Fund Balance
Alumni/Athletics Endowment	$ 83,611	$ –	$ (15,661)	$ –	$ 67,950
HPER/Athletic Archives	3,339	–	(29)	–	3,310
Don Cunningham Memorial	56,328	1,000	(11,827)	(1,000)	44,501
Intercollegiate Athletics Dept.	94,508	21,230	158,076	(203,135)	70,679
Perry Stadium Enhancement	30,169	27,365	2,090	(43,934)	15,690
Gregory I. Brooks Soccer Schol	28,210	–	(5,311)	(3,659)	19,240
Athletic Fitness & Weight Room	710	–	(2)	(697)	11
Men's Basketball International Travel	370	–	(3)	–	367
Carl C. Bachman Schol	60,988	–	(12,178)	(4,698)	44,112
Athletics Special Events	(23)	12,780	13,366	(20,232)	5,891
Men's Basketball	49,468	38,301	2,994	(50,809)	39,954
Football	53,587	58,350	10,015	(101,343)	20,609
Ice Hockey	60,526	50,392	3,598	(52,864)	61,652
Women's Basketball	145,101	45,974	5,111	(63,481)	132,705
Women's Golf	8,766	4,937	7,132	(16,655)	4,180
Gymnastics Fund	11,501	22,730	3,771	(20,845)	17,157
Women's Tennis	15,323	8,985	1,233	(6,708)	18,833
Women's Track	8,885	1,517	9,139	(7,397)	12,144
Volleyball	29,570	19,591	871	(19,232)	30,800
Softball	11,727	2,230	307	(4,000)	10,264
Mel Brodt Track & Cross Country Schol.	47,456	2,000	(1,667)	(8,799)	38,990
Women's Soccer	4,575	15,077	3,870	(6,456)	17,066
Baseball	41,504	40,148	22,084	(57,421)	46,315

Bowling Green State University

Schedule of Intercollegiate Athletics Program Support By Booster Organizations (continued)

Booster Organization	Beginning Fund Balance	Gift Contributions	Noncontributions and Other Adjustments	Disbursement on Behalf of Program	Ending Fund Balance
Men's Golf	6,991	31,358	10,550	(46,124)	2,775
Men's Soccer	1,420	39,342	7,297	(18,731)	29,328
Swimming	11,878	20,185	11,194	(28,810)	14,447
Men's Tennis	(56)	100	(7)	–	37
Men's Track	1	–	–	–	1
Men's Cross Country	8,827	2,183	1,105	–	12,115
Women's Cross Country	9,524	388	911	(314)	10,509
Glenn Sharp Schol.	32,510	4,610	12,228	(14,633)	34,715
BGSU Cheerleading	1,598	9,888	33,529	(44,602)	413
Bob & Karen Sebo Schol.	259,733	–	(49,716)	(29,940)	180,077
Clarence & Sally Metzger Schol	65,502	2,250	(13,303)	(4,515)	49,934
Coaches Excellence	303,731	–	(62,873)	–	240,858
Mickey & Patricia Cochrane Schol.	49,570	50	(9,408)	(7,909)	32,303
Samuel M. Cooper Athletic Schol.	32,004	–	(6,175)	(3,461)	22,368
Athletic Golf Fund	159,678	–	(33,112)	–	126,566
Falcon Club	189,390	164,644	22,782	(339,640)	37,176
Falcon Club-Designated	–	–	5,925	–	5,925
Falcon Club-Operating	3,430	655	14,814	(13,163)	5,736
Falcon Club-Reserve	(1,254)	–	(15)	–	(1,269)
Falcon Club Athletic Schol.	180,492	130	(33,882)	(19,746)	126,994
Dewey & Ellen Fuller Schol.	64,986	–	(11,892)	(10,022)	43,072
Harms Cross Country Schol.	43,417	–	(8,999)	(1,431)	32,987
Mark A. Brecklen Athletics/Football	8,667	5,000	29	(5,000)	8,696
Barb Veselich Award	–	–	–	–	–
Hockey Renovation Fund	2,594	–	(23)	–	2,571
Hodge Family Soccer Schol.	17,016	–	(3,143)	–	13,873

Bowling Green State University

Schedule of Intercollegiate Athletics Program Support By Booster Organizations (continued)

Booster Organization	Beginning Fund Balance	Gift Contributions	Noncontributions and Other Adjustments	Disbursement on Behalf of Program	Ending Fund Balance
Joyce S. Hof Schol.	45,826	350	(8,796)	(5,344)	32,036
William J. Lloyd Athletic Award	88,169	1,000	(16,836)	–	72,333
John & Diane McNutt Schol.	11,716	–	(2,078)	–	9,638
Lanny L. Miles Memorial Schol.	98,583	–	(19,381)	(7,272)	71,930
Leslie Ann Dawley Memorial Fund	1,748	200	(9)	(1,814)	125
Scholar Athlete Recognition Fund	81,480	3,625	(15,822)	(500)	68,783
Training Room Enhancement	1,917	1,345	125	(2,907)	480
Medical Mutual of Ohio CHAMPS Endow.	114,257	–	(23,885)	(798)	89,574
Verlin Lee Science Educators Schol in ICA	83,216	1,000	(17,463)	(2,500)	64,253
University Athletic Endowment	863,954	–	(176,346)	(36,895)	650,713
Doyt & Loretta Perry Schol.	219,186	1,650	(45,463)	(8,440)	166,933
Bernard A. Frick Endow. For Athl. Training	43,595	10,500	(9,620)	(4,383)	40,092
Creason-Piper Endowed Scholarship	222,241	2,500	(35,287)	(20,000)	169,454
George H. & Ruthanna Frack Endwd Schol	111,320	–	(21,091)	(13,839)	76,390
Earl E. Rupright Basketball Schol.	30,345	–	(5,546)	(4,713)	20,086
Helen & Willard Schaller Schol.	21,911	–	(4,010)	(3,379)	14,522
Mary E. Crawford Memorial Scholarship	32,216	–	(6,218)	(3,471)	22,527
Soccer Stadium	–	–	–	–	–
Stadium Club	(353)	44,486	38,110	(68,294)	13,949
Stadium Scoreboard Fund	40	–	–	–	40
Stadium Suites	6,644	66,239	132,175	(182,371)	22,687
Sebo Athletic Center	586,999	237,007	1,339	(819,610)	5,735
Falcon Women’s Ldrship Athletic Fund	(4,732)	100	(56)	–	(4,688)
John Weinert Schol.	18,710	100	(3,755)	(1,423)	13,632
Cara Whelan Wilson Schol.	(7)	–	–	–	(7)
Chet Boyer Memorial Fund	1,191	–	(10)	–	1,181

Bowling Green State University

Schedule of Intercollegiate Athletics Program Support By Booster Organizations (continued)

Booster Organization	Beginning Fund Balance	Gift Contributions	Noncontributions and Other Adjustments	Disbursement on Behalf of Program	Ending Fund Balance
Sandy & Dick Young Athletic Scholarship	–	–	–	–	–
Larry & Sharon Barnett Schol.	56,279	–	(10,297)	–	45,982
Gary Palmisano Men’s Soccer Fund	10,476	15,725	(3,956)	–	22,245
Jeff & Lisa Lambert Bsktbl Coach Award	–	–	–	–	–
Convocation Center	–	–	–	–	–
Falcon Club Endw for Womens Athletics	55,246	1,600	(11,217)	–	45,629
Varsity BG Club	35,324	–	(6,591)	(3,518)	25,215
Vivian Endowed Hockey Schol.	137,136	–	(25,787)	–	111,349
Baseball/Softball Locker Room Project	20,659	52,248	43,275	(103,745)	12,437
Edway & Geraldine Johnson Schol for Sci	29,284	–	(5,845)	(2,271)	21,168
Men's Basketball Summer Schol Pgm	1,018	–	(9)	–	1,009
Stroh Capital Project Fund	4,511,003	773,067	(201,453)	(1,565,077)	3,517,540
Wilcox Athletic Schol	–	–	–	–	–
Wilcox Outstanding Coaches Award	–	–	–	–	–
Dr. Richard Barker Schol for Athl Trng	–	–	–	–	–
Defending Our Turf Campaign Fund	18,809	39,708	8,057	(19,060)	47,514
Bill Bradshaw Athletic Memorial Fund	(5)	–	–	–	(5)
Blackburn Student Athlete Avd Cmte Awrd	1,964	8,333	318	(1,113)	9,502
L. Eugene & Janet Farison Football Schol	25,682	–	(5,306)	–	20,376
Women’s Basketball Endowment	32,074	7,500	(7,478)	–	32,096
Student-Athlete Academic Support Service	10,315	15,785	1,994	(9,724)	18,370
Falcon Invitational Fund	(1,499)	–	(18)	–	(1,517)
Falcon Club Bash Fund	7,945	44,459	32,620	(66,817)	18,207
Falcons Barnstorming Tour Fund	(14)	1,200	2,079	(3,215)	50
Ron Thompson Scholarship	–	–	–	–	–
Ice Arena Renovation	–	8,633	(33)	–	8,600

Bowling Green State University

Schedule of Intercollegiate Athletics Program Support By Booster Organizations (continued)

Booster Organization	**Beginning Fund Balance**	**Gift Contributions**	**Noncontributions and Other Adjustments**	**Disbursement on Behalf of Program**	**Ending Fund Balance**
Golf Training Center Fund	49,930	22,350	11,613	(83,994)	(101)
Elizabeth M. Bacso Women's Athletic Fund	–	–	–	–	–
Women's Basketball Internat'l Travel	–	17,190	9,761	(26,569)	382
	$ 9,979,646	$ 2,031,290	$ (323,401)	$ (4,354,462)	$ 7,333,073

0910-1095624

Financial Statements

WBGU-TV
Year Ended June 30, 2009
With Report of Independent Auditors

Ernst & Young LLP

Ernst & Young

WBGU-TV

Financial Statements

Year Ended June 30, 2009

Contents

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Report of Independent Auditors

The Board of Directors of
WBGU-TV

We have audited the accompanying statement of net assets of WBGU-TV, licensed to Bowling Green State University, as of June 30, 2009, and the related statements of revenues, expenses and changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of WBGU-TV's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 1, the financial statements of WBGU-TV are intended to present the financial position, the changes in financial position and the cash flows of only that portion of Bowling Green State University that is attributable to the transactions of WBGU-TV. They do not purport to, and do not, present fairly the financial position of Bowling Green State University as of June 30, 2009, the changes in its financial position or its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of WBGU-TV as of June 30, 2009, and the changes in its financial position and its cash flows for the year then ended in conformity with US generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2009 on our consideration of WBGU-TV's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and 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* and should be considered in assessing the results of our audit.

Management's discussion and analysis on pages 5 through 8 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Ernst + Young LLP

December 22, 2009

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

The Board of Directors of
WBGU-TV

We have audited the financial statements of WBGU-TV as of and for the year ended June 30, 2009, and have issued our report thereon dated December 22, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered WBGU-TV's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of WBGU-TV's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of WBGU-TV's internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting 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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

0912-1116380

Compliance and Other Matters

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

This report is intended solely for the information and use of management, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Ernst + Young LLP

December 22, 2009

Overview of the Financial Statements and Financial Analysis

WBGU-TV is a part of the Bowling Green State University (the University) financial reporting entity. This section of the WBGU-TV annual financial report presents management's discussion and analysis of the financial performance of WBGU-TV during the fiscal year ended June 30, 2009. This discussion provides an overview of the financial activities and should be read in conjunction with the accompanying financial statements and footnotes.

Using the Annual Financial Statement

This annual report consists of financial statements, prepared in accordance with Governmental Accounting Standards Board ("GASB") Statements. In the previous years, the financial statements were prepared in accordance with Financial Standards Accounting Board ("FASB") Statements. The financial statements prescribed by GASB Statement No. 35 (the Statement of Net Assets, Statement of Revenues, Expenses and Changes in Net Assets, and the Statement of Cash Flows) present financial information in a form similar to that used by corporations. They are prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged.

The Statement of Net Assets includes all assets and liabilities. Over time, an increase or decrease in net assets (the difference between assets and liabilities) is one indicator of the improvement or erosion of WBGU-TV's overall financial health.

The Statement of Revenues, Expenses and Changes in Net Assets presents the revenues earned and expenses incurred during the year. Activities are reported as either operating or nonoperating. WBGU-TV's dependency on the operating subsidy from Bowling Green State University typically results in operating deficits because the financial reporting model classifies this operating subsidy as nonoperating revenues. The utilization of capital assets is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

The Statement of Cash Flows presents information related to cash inflows and outflows summarized by operating, non-capital financing, capital financing and related investing activities, and helps measure the ability of the institution to meet financial obligations as they mature.

Noteworthy Financial Activity

WBGU-TV's financial position, as a whole, declined during the fiscal year ended June 30, 2009. As compared to the previous year; key contributing factors are indentified below:

- WBGU's total assets increased over the prior year by approximately $662,000, of which $1,392,000 is attributed to an increase in current assets and $730,000 is attributed to a decrease in non-current assets. Capital assets decreased by $437,000 and endowed investments decreased by $293,000.

- Total liabilities increased by approximately $1,340,000 primarily due to an increase in deferred revenue.

- WBGU-TV's net assets are approximately $5,928,000 which is a decrease of $678,000 from the prior year.

- WBGU-TV's total operating revenues were approximately $2,689,000.

- WBGU's total operating expenses were approximately $5,297,000 of which 3,971,351 was for program expenses and 1,325,316 was for supporting services.

- Non-operating revenues were approximately $1,930,000 which mainly consisted of operating subsidies from the University.

Condensed Statement of Net Assets as of June 30, 2009

ASSETS	
Current assets	$ 4,819,432
Non-current assets:	
Capital assets	2,043,334
Other	946,281
Total non-current assets	2,989,615
Total assets	7,809,047
LIABILITIES	
Current liabilities	1,765,373
Non-current liabilities	116,164
Total liabilities	1,881,537
NET ASSETS	
Invested in capital assets	2,043,334
Unrestricted	2,937,895
Restricted for:	
Nonexpendable endowments	724,807
Expendable	221,474
Total net assets	$ 5,927,510

At June 30, 2009, WBGU-TV's total assets were approximately $7,809,000 compared to $7,147,000 at June 30, 2008. WBGU-TV's largest asset is its cash and cash equivalents of approximately $4,656,000 at June 30, 2009 compared to $3,268,000 at June 30, 2008.

At June 30, 2009, WBGU-TV's total liabilities were approximately $1,882,000 compared to $542,000 at June 30, 2008. The liabilities increase significantly due to an increase in deferred revenue related to unexpended grants at June 30, 2009.

In fiscal year 2009, WBGU-TV's current assets of approximately $4,819,000 were sufficient to cover current liabilities of approximately $1,765,000 (current ratio of 2.73).

For June 30, 2009, WGBU-TV's net assets decreased by approximately $678,000.

Condensed Statement of Revenues, Expenses and Changes in Net Assets for the year ended June 30, 2009

Operating Revenues:	
Contributions and memberships	$ 402,704
Contributed services	253,829
Fees and services	466,766
Grants and contracts	1,541,158
Other operating revenue	24,399
Total operating revenues	2,688,856
Operating Expenses:	
Program Services	3,971,351
Supporting Services	1,325,316
Total operating expenses	5,296,667
Operating loss	(2,607,811)
Non-operating revenues:	
Operating subsidies	1,678,898
Donated facilities and support	510,826
Investment loss, net	(274,575)
Other non-operating revenues	14,403
Total non-operating revenues	1,929,552
Decrease in net assets	(678,259)
Net assets at the beginning of the year	6,605,769
Net assets at the end of year	$ 5,927,510

The most significant sources of operating revenue for WGBU-TV are contributions and memberships, fees and services and grants and contracts which is approximately 89.7% of the total revenue received in 2009.

Operating expenditures are identified as either program or supporting services. Program services, which are expenses related to program and production, broadcasting and public information and promotion, was 74.98% of total operating expenses. Supporting services, which are expenses related to management and general, fundraising and membership development, was 25.02% of the total operating expenses.

Non-operating revenues consist mainly of operating subsidies and donated facilities and support from the University.

Economic Factors that will affect Future Financial Position and Changes in Financial Position

WBGU-TV began its FCC mandated transition to digital broadcasting in 2004, ceased analog broadcasting in December 2008 and completed its expansion to full power digital in June 2009. This transition has required very significant capital expenditures for both transition of transmission facilities and production facilities which are still being made at this time. Bowling Green State University has not been asked or required to provide any capital funds toward this mandated conversion. WBGU-TV has been able to capitalize over $3 million of this transition through private fund raising, competitive federal grants and designated appropriations from the Ohio General Assembly. Approximately, $900,000 of those funds will continue to be expended during FY 2010.

While this conversion has created great opportunities for additional services through digital multicasting, WBGU-TV has been able to use automation technology to offset some of the increased operational costs that have accompanied the new services. While, the ever increasing opportunities for video customers to choose from more and more options slowly erodes the customer base for WBGU-TV, there have been larger losses in recent years due to carriage drops by cable companies as a result of decreased federal requirements to retransmit WBGU-TV's signals to many of the small and medium sized communities which supported us over the past 35 years or more. The recent increase in direct broadcast satellite to homes has also had a negative impact on viewing of WBGU-TV because Federal law again does not require Direct TV and DISH Network to carry WBGU-TV to homes in most areas served by us over the air signals. On the positive side, the Lima, Ohio market is likely to have direct satellite services in the next year and will be carrying our signals as part of local service. This should increase viewing and also increase member support. Also on the positive side is the increasing appreciation of the WBGU-TV multicast service for many households. This increased appreciation can and should lead to increased support from current and/or new members.

The economy of Ohio has had a very negative impact on WBGU-TV leading into the current year. Private annual giving was successful last year in remaining close to even on a net basis, but may be more challenged in the current year as the recession hits bottom. Just as the WBGU-TV investments in the Bowling Green State University Foundation have been heavily damaged in both principal and income, most donors have also had negative changes in their disposable income and investments. We will strive to be even in the coming year with the FY 2009 net donative dollars. Because of the economy, support funding for WBGU-TV from the Ohio legislature will be reduced during FY 2010 by approximately $65,000 putting a strain on other grants and donated dollars to maintain the minimum technical staffing for broadcast operations. The same Ohio economic conditions have created cuts in state support to Bowling Green State University which in turn has again reduced support for WBGU-TV for the second consecutive year. Such reductions in the past and perhaps future put greater emphasis on the need for WBGU-TV to rely on "soft" funding to generate support for on-going staffing and operations.

WBGU-TV
Statement of Net Assets
As of June 30, 2009

ASSETS	
Current Assets	
Cash and cash equivalents	$ 4,656,320
Receivables:	
Accounts receivable	15,302
Grants and contracts	118,339
Costs incurred for programs not yet broadcast	29,471
Total current assets	4,819,432
Noncurrent Assets	
Endowment investments	946,281
Capital assets, net	2,043,334
Total noncurrent assets	2,989,615
Total assets	7,809,047
LIABILITIES	
Current Liabilities	
Accounts payable and accrued expenses	43,497
Deferred revenue	1,572,876
Current portion of accrued compensated absences	149,000
Total current liabilities	1,765,373
Noncurrent Liabilities	
Accrued compensated absences (net of current portion)	116,164
Total liabilities	1,881,537
NET ASSETS	
Invested in Capital Assets	2,043,334
Unrestricted	2,937,895
Restricted for:	
Nonexpendable endowments	724,807
Expendable	221,474
Total net assets	$ 5,927,510

See accompanying notes to financial statements

WBGU-TV
Statement of Revenues, Expenses and Changes in Net Assets
As of June 30, 2009

REVENUES		
Operating Revenues		
Contributions and memberships	$	402,704
Contributed services		253,829
Fees and services:		
Public broadcasting services		334,748
Business and industry		132,018
Federal grants		318,515
State and local grants		254,242
Private and other grants		968,401
Royalties		9,035
Miscellaneous		15,364
Total operating revenues		2,688,856
EXPENSES		
Operating Expenses		
Program services:		
Programming and production		2,390,998
Broadcasting		1,325,316
Public information and promotion		227,814
Supporting services:		
Management and general		940,425
Fundraising and membership development		412,114
Total operating expenses		5,296,667
Operating Loss		(2,607,811)
NONOPERATING REVENUES (EXPENSES)		
Operating subsidies		1,678,898
Donated facilities and support		510,826
Investment loss, net		(274,575)
Endowment grants and gifts		13,760
Capital grants and gifts		643
Net nonoperating revenues		1,929,552
Decrease in Net Assets		(678,259)
NET ASSETS		
Net assets at the beginning of year		6,605,769
Net assets at the end of year	$	5,927,510

See accompanying notes to financial statements

WBGU-TV
Statement of Cash Flows
Year Ended June 30, 2009

CASH FLOWS FROM OPERATING ACTIVITIES	
Contributions and memberships	$ 402,704
Fees and services	403,905
Grants	2,117,248
Royalties	9,035
Other receipts	612,563
Payments to vendors for supplies and services	(1,427,354)
Payments to employees and benefits	(2,225,586)
Net cash used by operating activities	(107,485)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Operating subsidies	1,678,898
Net cash provided by noncapital financing activities	1,678,898
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Purchase of capital assets	(216,865)
Capital grants	643
Net cash used in capital financing activities	(216,222)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income	32,772
Net cash provided by investing activities	32,772
Net increase in cash	1,387,963
Cash at beginning of year	3,268,357
Cash at end of year	$ 4,656,320
Reconciliation of net operating loss to net cash used by operating activities:	
Operating loss	$ (2,607,811)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation expense	639,043
Loss on retirement of asset	15,400
Donated facilities and support	510,826
Changes in assets and liabilities:	
Accounts receivable, net	(101,196)
Costs incurred for programs not yet broadcast	96,395
Accounts payable	(7,523)
Accrued wages and vacation pay	(9,282)
Deferred revenue	1,356,663
Net cash used by operating activities	$ (107,485)

See accompanying notes to financial statements

1. ORGANIZATION, BASIS OF PRESENTATION, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations: WBGU-TV is a part of the Bowling Green State University (the University) financial reporting entity. WBGU-TV provides public broadcasting and is licensed to and operated by Bowling Green State University. The accompanying financial statements include only the funds of WBGU-TV and do not extend to any financial statements of Bowling Green State University or its component unit, Bowling Green State University Foundation, Inc. (Foundation). The financial statements of the University and Foundation contain more extensive disclosure of the significant accounting policies of each entity as a whole.

Basis of Presentation: WBGU-TV complies with generally accepted accounting principles (GAAP) for governments. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. In the previous years, the financial statements were prepared in accordance with Financial Standards Accounting Board ("FASB") Statements. WBGU-TV reports as a special purpose government engaged solely in "business type activities" under GASB Statement No. 34. GASB Statement Nos. 20 and 34 provide WBGU-TV the option of electing to apply FASB pronouncements issued after November 30, 1989. WBGU-TV has elected not to apply those pronouncements.

Basis of Accounting: The financial statements of WBGU-TV have been prepared on the accrual basis whereby all revenues are recorded when earned and all expenses are recorded when they are considered to be a legal or contractual obligation to pay.

Cash and Cash Equivalents: Cash and cash equivalents are held in the custody of the University and the Foundation. These funds are commingled with other University and Foundation related organizations. WBGU-TV considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Accounts Receivable: Accounts receivable consists of sales and services provided and are considered by management to be fully collectible and accordingly no allowance for doubtful accounts is considered necessary. Accounts receivable also includes amounts due from the Federal, State and Local governments or private sources, in connection with reimbursement of allowable expenditures pursuant to grants and contacts.

Costs Incurred for Programs Not Yet Broadcast and Deferred Revenue: Costs incurred for programs not yet broadcast includes expenses for programs produced by WBGU-TV which will be broadcast subsequent to the end of the fiscal year. Deferred revenue includes amounts received for the production of programs that will be broadcast subsequent to the end of the fiscal year. Concurrent with broadcasting of the programs, these costs will be reported as incurred operating expenses and the related amounts received will be reported as earned revenue in the statement of revenues, expenses and changes in net assets. Deferred revenue also includes amounts received from grant and contract sponsors that have not been earned.

1. ORGANIZATION, BASIS OF PRESENTATION, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Endowment Investments: Endowment funds are administered by the Foundation and are commingled with other Foundation endowment funds in its pooled investment portfolio. Earned investment income is allocated to each fund based on its share of the total funds invested in the pool. The unrestricted donor contributions to the endowment are recorded as non-operating revenues in the statement of revenues, expenses and changes in net assets. Investments are recorded at their fair value. Endowment income is unrestricted by the donors and therefore included in unrestricted net assets.

The governing body of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, WBGU-TV classifies as net assets restricted for nonexpendable endowments (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the 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 net assets restricted for nonexpendable endowments is classified as restricted for expendable net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

The Foundation has its investment and spending policies for endowment assets such that it attempts to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specific period(s). Under this policy, as approved by the governing body, the endowment asset are invested in a manner that is intended to produce a real return, net of inflation and investment management costs over the long term. Actual returns in any given year may vary.

WBGU-TV records the annual income of the endowment as nonoperating revenue which is restricted for expenditure upon meeting donor stipulations. The net appreciation on investments of donor-restricted endowments that are available for expenditure was $221,474 at June 30, 2009.

The Foundation has adopted a spending policy with respect to amounts available for distribution on all endowed funds. The spending policy provides for a range of 3% to 7% of the three-year rolling average market value of endowed fund balances, with the Board of Directors approving 3% for 2009.

The Foundation has adopted a policy of charging an administrative fee on all endowed funds, unless prohibited by the guidelines of the funds. The fee is based on the prior two-year average market value balance for the endowed funds and certain non-endowed funds. The administrative fee charged to WBGU-TV amounted to approximately $24,900 in 2009 and has been netted with the investment income included in non-operating revenues on the Statements of Revenues, Expenses and Changes in Net Assets.

1. ORGANIZATION, BASIS OF PRESENTATION, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets: Capital assets are recorded at cost at the date of acquisition, or fair value at the date of donation in the case of gifts. For equipment, WBGU-TV's capitalization policy includes all items with a cost of $3,500 or more, and an estimated useful life of greater than one year. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 40 years for buildings, and 5 to 12 years for equipment.

Net Assets: WBGU-TV's net assets are classified as follows:

Invested in capital assets: This represents WBGU-TV's total investment in capital assets.

Unrestricted: Unrestricted net assets represent resources derived from sales and services provided by WBGU-TV. These resources are used for transactions relating to the obligations of WBGU-TV and may be used at the discretion of the Board of Trustees to meet current expenses for any purpose.

Restricted for nonexpendable endowments: Restricted nonexpendable endowments are gifts that have been received for endowment purposes, the corpus of which cannot be expended.

Restricted for expendable: Restricted for expendable net assets include resources which WBGU-TV is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties or have been gifted for a specific purpose.

When an expense is incurred that can be paid from using either restricted or unrestricted resources, the expense is first applied towards unrestricted resources and then toward restricted resources.

Revenue Recognition: All revenues from programmatic sources are considered to be operating revenues. Included in non-operating revenues are University support, investment income, endowed and capital grants and gifts.

In-Kind Contributions and Donated Personal Services of Volunteers: In-kind contributions are recorded as revenue and expense in the accompanying statement of revenues, expenses and changes in net assets. In-kind contributions consist of donated professional services, amounts for lease of programming, operating transmitters and translators and for various indirect administrative services. These donations are recorded at their estimated fair value with a corresponding expense.

1. ORGANIZATION, BASIS OF PRESENTATION, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The value of donated personal services of volunteers has been excluded from both revenue and expense. The volunteer support for the year ended June 30, 2009 consisted of:

	Hours	Total
Programming and production	903	$ 18,285
Public information and promotion	27	547
Fundraising	481	9,740
Management and general	350	7,088
Total	1,761	$ 35,660

The value of these services is based upon a flat rate developed by the Corporation for Public Broadcasting.

Administrative Support and Donated Facilities from the University: Administrative support and donated facilities are calculated and recorded as both revenue and expense based upon the University's "modified other sponsored activities indirect cost rate" as defined by the Corporation for Public Broadcasting (CPB), which was 1.2% for fiscal year ended June 30, 2009. Donated facilities and administrative support from the University consists of allocated overhead costs related to financial, student and development department costs and certain other expenses incurred by the University on behalf of WBGU-TV. All support received from the University is recorded as non-operating revenues.

Income Taxes: WBGU-TV is licensed to and operated by Bowling Green State University. The University, as an instrumentality of the State of Ohio, is excluded from Federal income taxes under Section 115 of the Internal Revenue Code (as amended). Therefore, this exemption extends to the operations of WBGU-TV.

Functional Allocation of Expenses: The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of revenues, expenses and changes in net assets. Accordingly, certain costs have been allocated among program and supporting services benefited based on total personnel costs and other systematic bases.

2. CASH AND INVESTMENTS

The Government Accounting Standards Board (GASB) under Statement No. 40 requires the disclosure of essential risk information about deposits and investments. The disclosure requirements cover five main areas: credit risk, interest rate risk, custodial credit risk, concentration of credit risk, and foreign exchange exposure. Since the investments of WBGU-TV are held by the Foundation which is a separate 501(c)(3) organization from the University this information is not available.

The cash balance as of June 30, 2009 is pooled funds which are held and managed by the University and Foundation.

Endowment investments represent WBGU-TV's share of pooled investment funds held and managed by the Foundation. The following summarizes the value of these investments held by the Foundation as of June 30, 2009:

WBGU-TV Silver Anniversary	$ 899,938
WBGU-TV Programming Endowment Fund	26,411
WBGU-TV Equipment	19,932
Total	$ 946,281

3. CAPITAL ASSETS

The property and equipment reported below are titled to the University but are utilized by WBGU-TV. Capital asset activity for the year ended June 30, 2009 was as follows:

Capital Assets	Beginning Balance	Additions	Reductions	Ending Balance
Land	$ 40,000	$ -	$ -	$ 40,000
Non-depreciable assets	40,000	-	-	40,000
Buildings	2,410,108	-	-	2,410,108
Equipment	10,555,720	216,865	1,829,572	8,943,013
Depreciable assets	12,965,828	216,865	1,829,572	11,353,121
Total capital assets	13,005,828	216,865	1,829,572	11,393,121
Less accumulated depreciation				
Building	1,328,805	55,030	-	1,383,835
Equipment	9,196,111	584,013	1,814,172	7,965,952
Total accumulated depreciation	10,524,916	639,043	1,814,172	9,349,787
Capital assets, net	$ 2,480,912	$ (422,178)	$ 15,400	$ 2,043,334

4. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

The composition of accounts payable and accrued expenses at June 30, 2009 was as follows:

Accounts payable	$ 25,287
Accrued payroll	18,210
Total	$ 43,497

5. COMPENSATED ABSENCES

The University employees earn vacation and sick leave benefits based, in part, on length of service. Vacation pay is fully vested when earned. Upon separation from service, employees are paid accumulated vacation and sick pay based upon the nature of separation (death, retirement, or termination). Certain limitations have been 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 their limitations are forfeited. The liability and expense incurred are recorded at year-end as long-term liabilities in the Statement of Net Assets, and as a component of operating expense in the Statement of Revenues, Expenses, and Changes in Net Assets.

WBGU-TV follows the University's policy for accruing sick leave liability. WBGU-TV accrues the sick leave liability for those employees who are currently eligible to receive termination payments along with other employees who are expected to become eligible to receive such payments. This liability is calculated using the termination method which is set forth in GASB statement No. 16, *Accounting for Compensated Absences*. Under the termination method, WBGU-TV utilizes the University's calculated rate, sick leave termination cost per hour worked, which is based on the University's actual historical experience of sick leave payouts of terminated employees. This ratio is then applied to the total years-of-service for WBGU-TV's current employees.

Compensated absences for June 30, 2009, are summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due in One Year
Vacation pay	$ 180,984	$ 6,176	$ 2,143	$ 185,017	$ 142,000
Sick leave	67,612	12,535	-	80,147	7,000
Total	$ 248,596	$ 18,711	$ 2,143	$ 265,164	$ 149,000

6. RETIREMENT BENEFITS

All employees of WBGU-TV are employees of the University and are covered by Public Employees Retirement System of Ohio (OPERS), a cost sharing, multiple employer defined benefit pension plan. The plan provides retirement, disability, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code (ORC). OPERS issues stand-alone financial reports. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio, 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377 for OPERS.

6. RETIREMENT BENEFITS (Continued)

The ORC provides statutory authority for employee and employer contributions and administers three separate pension plans as described below:

Traditional Pension Plan: a cost sharing, multiple-employer defined benefit pension plan.

Member-Directed Plan: a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulated retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.

Combined Plan: a cost sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

Member and employer contribution rates were consistent across all three plans. For the calendar year 2006, employees contributed 9.0% while the University contributed 13.54%. For the calendar year 2007, employees contributed 9.5% while the University contributed 13.77%. For the calendar years 2008 and 2009, employees contributed 10.0% while the University contributes 14.0% of covered payroll. The total WBGU-TV employer contributions to OPERS for the year ended June 30 2007, 2008 and, 2009 approximated $205,380, $203,730, and $201,250, respectively, which was equal to 100% of the required contributions for each year. A portion of these employer contributions are allocated to healthcare as disclosed in Note 7.

Ohio Amended Substitute House Bill 586 (Ohio Revised Code 3305.2) became effective March 31, 1998, authorizing an alternative retirement system (ARP) for administrative university employees of public institutions of higher education who are currently covered by the OPERS. The University board of trustees adopted such a plan effective January 25, 2000. Ohio Amended Substitute Senate Bill 133 became effective September 15, 2004, authorizing participation in an alternative retirement system (ARP) by classified university employees. On September 30, 2005, the Bowling Green State University board of trustees amended its alternative retirement plan to conform with this legislative change effective August 1, 2005. This plan is a defined contribution plan under IRS section 401(a). For the calendar years 2008 and 2009, employees contributed 10.0% while the University contributes 14.0% of covered payroll. The University's total contribution on behalf of WBGU-TV to ARP for the year ended June 30, 2009, approximated $22,118. WBGU-TV employee contributions approximated $15,799 for the year ended June 30, 2009.

Employees have 120 days from their employment date to select a retirement plan. A retiree of OPERS is eligible for reemployment following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance.

Benefits are increased annually by 3% of the original base amount for the DB Plan participants.

The DB and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. By Ohio law, health care benefits are not guaranteed.

6. RETIREMENT BENEFITS (Continued)

A DB or Combined Plan member with five or more years' credited service who becomes disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. A death benefit of $1,000 is payable to the beneficiary of each deceased retired member who participated in the DB Plan. Death benefit coverage up to $2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members' beneficiaries.

7. POST EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 6, the Ohio Revised Code provides the statutory authority requiring the University to fund postretirement health care through employer contributions to OPERS.

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans:

Traditional Pension Plan: a cost-sharing, multiple-employer defined benefit pension plan

Member-Directed Plan: a defined contribution plan

Combined Plan: a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for postretirement health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Postemployment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code (ORC) permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the ORC.

The ORC provides the statutory authority requiring public employers to fund postretirement health care through their contributions to OPERS. A portion of each employer's contribution is set aside for the funding of post retirement health care benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2008, employers contributed 14% of covered payroll to both OPERS and OPEB. The ORC currently limits the employer contributions to a rate not to exceed 14% of covered payroll. Active members do not make contributions to the OPEB Plan.

7. POST EMPLOYMENT BENEFITS (Continued)

The OPEB plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year OPERS Retirement Board determines the portion of employer contribution rate that will be set aside for funding of the post employment health care benefits. For 2008, the employer contribution allocated to the health care plan was 7% of covered payroll. The OPERS retirement board is also authorized to establish rules for the payment of a portion of the health care benefits provided to retirees and surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Summary of Assumptions:

Actuarial Review: The assumptions and calculations below were based on OPERS' latest actuarial review performed as of December 31, 2007.

Funding Method: The individual entry age actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability.

Assets Valuation Method: All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach, assets are adjusted to reflect 25% of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12% corridor.

Investment Return: The investment assumption rate for 2007 was 6.50%.

Active Employee Total Payroll: An annual increase of 4.00%, compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. In addition, annual pay increases over and above the 4.00% base increase, were assumed to range from 0.50% to 6.30%.

Health Care: Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from .50% to 5.00% for the next 7 years. In subsequent years, (8 years and beyond) health care costs were assumed to increase at 4.00% (the projected wage inflation rate).

OPEB is advance-funded on an actuarially determined basis.

Participants: The Traditional Pension and Combined Plans had 363,503 active contributing participants as of December 31, 2008. The number of active contributing participants for both plans used in the December 31, 2007, actuarial valuation was 364,076.

Contributions: A portion of employer's contributions made to OPEBs for all employees is allocated to health care. The total employer contributions allocated to OPEB for the year ended June 30, 2007, 2008, and 2009 approximated $68,250, $88,765, and $100,620, respectively, which is equal to 100% of the required contributions for each year.

Actuarial Value: The amount of $12.8 billion represents the actuarial value of OPERS' net assets available for OPEB at December 31, 2007.

Liability: Based on the actuarial cost method used, the Actuarial Valuation as of December 31, 2007, reported the actuarial accrued liability and the unfunded actuarial accrued liability for OPEB at $29.8 billion and $17.0 billion, respectively.

7. POST EMPLOYMENT BENEFITS (Continued)

Preservation Plan: The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, is effective on January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

Under the HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service at retirement. This plan incorporates a cafeteria approach, offering a broad range of health care options that allow benefits recipients to us their monthly allocation to purchase health care coverage customized to meet their individual needs. If the monthly allocation exceeds the cost of the options selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses.

8. CORPORATION FOR PUBLIC BROADCASTING GRANTS

The Corporation for Public Broadcasting (CPB) is a private, nonprofit grantmaking organization responsible for funding more than 1,000 television and radio stations. WBGU-TV receives grant funds from the CPB to assist in the operations of the station. During 2009, the grant funds recorded as revenue were as follows:

Community Service Grant	$ 744,878
Interconnection Grant	7,399
Digital Conversion Grant	169,215
Total	$ 921,492

9. UNIVERSITY SUPPORT

The WBGU-TV operations are supported in part by the general revenues of the University. The University provides for the general operating costs of WBGU-TV's operations. The University's direct support for the year ended June 30, 2009 amounted to $1,678,898. In addition, the University provided for the year ended June 30, 2009 an estimated $510,826 of indirect administrative support. The indirect administrative support revenue was calculated using the University's "modified other sponsored activities indirect costs rate" of 1.2%.

10. CONTINGENCIES

WBGU-TV receives grants and contracts from certain federal, state, and local agencies to fund research and other activities. Revenues from government grants and contracts are recognized when all eligibility requirements have been met. The University records indirect costs related to such grants and contracts at predetermined rates that are negotiated with the University's federal cognizant agency. Both direct and indirect costs charged to the grants or contracts are subject to audit and approval by the granting agencies. WBGU-TV and University management believes any adjustments of costs resulting from such examination by the granting agency would be insignificant.

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Mary Taylor, CPA
Auditor of State

BOWLING GREEN STATE UNIVERSITY

WOOD 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, 2010

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