Transportation Research Center Inc.

Financial Statements and Supplemental Schedule
June 30, 2011 and 2010

Dave Yost • Auditor of State

Board of Directors
Transportation Research Center Inc.
P.O. Box B-67
10820 State Route 347
East Liberty, Ohio 43319

We have reviewed the *Report of Independent Auditors* of the Transportation Research Center Inc., Franklin County, prepared by PricewaterhouseCoopers LLP, for the audit period July 1, 2010 through June 30, 2011. 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 Transportation Research Center Inc. is responsible for compliance with these laws and regulations.

Dave Yost
Auditor of State

January 24, 2012

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Transportation Research Center Inc.
Index
June 30, 2011 and 2010

Page(s)

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Report of Independent Auditors

To the Board of Directors of
Transportation Research Center Inc.:

In our opinion, the accompanying consolidated statement of net assets and related statement of revenue, expenses and changes in net assets and statement of cash flows present fairly, in all material respects, the financial position of Transportation Research Center Inc. ("TRC") as of June 30, 2011, and the changes in its financial position and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of TRC's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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. The financial statements of the Company as of June 30, 2010 and for the year then ended were audited by other auditors whose report dated October 12, 2010 expressed an unqualified opinion on those statements.

The accompanying management's discussion and analysis on pages 2 through 8 are not a required part of the basic financial statements but are supplementary information required by the Government 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2011 on our consideration of TRC'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.

PricewaterhouseCoopers LLP

October 31, 2011

PricewaterhouseCoopers LLP, 41 South High Street, Suite 2500, Columbus, OH 43215
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This Management Discussion and Analysis provides an overview of the financial position and activities of Transportation Research Center Inc. (TRC Inc.) for the fiscal year ended June 30, 2011, with comparative information for the fiscal years ended June 30, 2010 and June 30, 2009.

Introducing Transportation Research Center Inc.
TRC Inc. independently manages the Transportation Research Center, a transportation research and testing facility located on 4,500 acres near East Liberty, Ohio, and various other laboratories. TRC Inc. assists the needs of the transportation industry, government, and educational institutions worldwide by creating safer, improved products through vehicle research and testing services. Research and testing programs are designed to test for safety, energy, fuel economy, emissions, durability, and crash worthiness on passenger vehicles, trucks, buses, motorcycles, recreational vehicles and their associated components.

The Transportation Research Center facility was developed by the State of Ohio and began operations in 1974. In 1979, the State of Ohio entered into an agreement with The Ohio State University's College of Engineering to oversee the operations of the Transportation Research Center. In 1988, the State of Ohio sold the facility to Honda of America Manufacturing, Inc. as an economic inducement to secure a second automobile manufacturing plant. After the sale, The Ohio State University created TRC Inc. TRC Inc. and Honda of America Manufacturing, Inc. then entered into an agreement. That agreement provided the foundation for TRC Inc. to manage the Transportation Research Center as a multi-user facility.

TRC Inc. is governed by a six-member board chaired by the Dean of the College of Engineering at The Ohio State University. The TRC Inc. Board of Directors are the sole members of TRC Inc. The Ex-Officio Directors on the TRC Inc. Board of Directors represent The Ohio State University and its interest within TRC Inc. The Ex-Officio Directors on the TRC Inc. Board of Directors are the persons who hold the following positions at The Ohio State University: the University Controller (currently Greta J. Russell); the Senior Vice President for Research of the University (currently Dr. Caroline C. Whitacre); the Dean of the College of Engineering of the University (currently Dr. David B. Williams); and the Director of Transportation Research Center Inc. (currently Rick D. Gildow). The financial statements of TRC Inc. are included in the financial statements of The Ohio State University.

TRC Inc. is a tax-exempt organization as described in section 501(c)(3) and section 509(a)(3) of the Internal Revenue Code. TRC Inc.'s tax-exempt purpose is conducting and supporting humanistic, scientific and engineering research and development activities solely and exclusively to the conduct of, or providing assistance in connection with the conduct of, research in automotive, vehicular, and related forms of transportation, and for the development of improved highway facilities for vehicular traffic. TRC Inc. does perform work outside of this exempt purpose, and as a result, does pay unrelated business tax on that income.

Key Financial Highlights
Significant financial events during fiscal year 2011 were:

- Excess revenue over expense before the unrealized appreciation in the fair value of investments of $1,641,698; and
- The transfer of TRC Inc.'s fiscal year 2010 excess revenue over expense before unrealized gain on investments of $1,919,368 in October 2010 to the College of Engineering at The Ohio State University entirely from its operating cash fund.

Financial Statement Overview

For a summary of TRC Inc.'s significant accounting policies, please see footnote number two attached in this audit report.

Presented in the audit report are the Statements of Net Assets at June 30, 2011 and June 30, 2010; the Statements of Revenue, Expenses and Changes in Net Assets for fiscal years ended June 30, 2011 and 2010; and the Statements of Cash Flows for fiscal years ended June 30, 2011 and 2010.

The Statements of Net Assets reflect TRC Inc.'s assets, liabilities and net assets.

The Statements of Revenue, Expenses and Changes in Net Assets reflect information showing how net assets changed during the fiscal year.

The Statements of Cash Flows reports changes in the cash and cash equivalent balances during the fiscal year.

Statements of Net Assets

The major components of the Statement of Net Assets at June 30, 2011, June 30, 2010 and June 30, 2009 are reflected below:

	June 30, 2011	June 30, 2010	Changes	June 30, 2009
Assets				
Current assets	$ 13,515,382	$ 14,144,959	(4.5)%	$ 12,801,794
Net property and equipment	1,055,789	1,153,659	(8.5)%	1,391,513
Total assets	$ 14,571,171	$ 15,298,618	(4.8)%	$ 14,193,307
Liabilities				
Current liabilities	$ 3,808,141	$ 4,247,120	(10.3)%	$ 3,802,645
Long term debt	642,000	932,000	(31.1)%	1,201,000
Total liabilities	4,450,141	5,179,120	(14.1)%	5,003,645
Net assets	10,121,030	10,119,498	0.0%	9,189,662
Total liabilities and net assets	$ 14,571,171	$ 15,298,618	(4.8)%	$ 14,193,307

Current Assets

TRC Inc. had a decrease of $629,577, or 4%, in Current Assets in fiscal year 2011 to $13,515,382. The significant changes in Current Assets were in Cash and Cash Equivalents, Trade Accounts Receivable, Investments, and Supplies and Prepaid Expenses.

Cash and cash equivalents fell by $1,059,800, or 43%, in fiscal year 2011 to $1,392,792. The decrease was due primarily to funding the entire $1,919,368 fiscal year 2010 excess revenue over expense before unrealized gain on investments to The Ohio State University College of Engineering entirely from the operating cash fund.

Trade accounts receivable fell by $476,452, or 6%, in fiscal year 2011 to $7,751,581. The decrease was due primarily to the 7% decrease in Research and Testing Agreement Revenue and solid cash collections. The average collection period of trade accounts receivable increased by one day year over year (from 75 days at June 30, 2010 to 76 days at June 30, 2011). The percentage of Trade Accounts Receivable over 90-days at June 30, 2011 increased to 6%, as compared to 4% at June 30, 2010.

Investments are endowment investments that are maintained and managed by The Ohio State University's Office of the Treasurer. TRC Inc.'s investment portfolio of $3,090,311 increased by $417,712, or 16%, from June 30, 2010 to June 30, 2011. The increase reflects unrealized capital gains made in the investment portfolio of $279,202. At June 30, 2011, the book value of TRC Inc.'s investment account exceeded the market value by $156,202. TRC Inc. did not utilize any of its Investments to assist in the annual transfer to The Ohio State University in fiscal year 2011.

Supplies and Prepaid Expenses increased $338,178, or 319%, in fiscal year 2011 to $444,181. The increase was due to the prepayment of the health insurance premium for July 2011 in June 2011. Normally, supplies and prepaid expenses consist only of prepaid commercial liability insurance.

Net Property and Equipment

The net book value of TRC Inc.'s property and equipment is $1,055,789, representing a decrease of $97,870, or 8%, since June 30, 2010. The decrease is due to the disposal of assets no longer useful to TRC Inc. and an increasing number of assets becoming fully depreciated.

During fiscal year 2011, TRC Inc. expended $309,741 on seven capital items. The largest acquisition was $92,000 for an automated steering controller data system used primarily for rollover testing.

During fiscal year 2010, TRC Inc. made no expenditures on any new capital equipment. TRC Inc. did receive a donation of 10 vehicles in support of our driver training program. TRC Inc. capitalized this donation at $130,000.

During fiscal year 2009, TRC Inc. expended $331,870 on ten pieces of equipment used primarily in the maintenance of the proving ground. The largest acquisition was $205,489 for two dump trucks used primarily for snow removal.

The asset with the largest net book value at June 30, 2011 is leasehold improvements made to Building 60, totaling $568,724, or 54%, of the total net book value. The remaining book values of each of the individual remaining 188 capital assets is less than $75,000, and generally are assets used to maintain and secure the 4,500-acre facility, assist in the driver training program, or are vehicles used for travel purposes.

Current Liabilities

TRC Inc.'s Current Liabilities decreased by $438,979, or 10%, from June 30, 2010 through June 30, 2011. The decrease is due primarily to the reduction in accrued payroll at June 30, 2011. There was no accrual for an incentive bonus in fiscal year 2011 due to certain performance criteria not having been met. An incentive bonus accrual of $468,387 was made in fiscal year 2010.

Long-Term Debt

TRC Inc. had $642,000 in long-term debt at June 30, 2011 and $932,000 at June 30, 2010. TRC Inc. entered into a note payable with a bank in January 1999 to procure $3,200,000 to fund leasehold improvements for one of TRC Inc.'s largest customers. The note is a 15-year instrument with an interest rate of 2% plus prime. TRC Inc. recoups the funds expended for the leasehold improvement through a lease agreement with the customer. In effect, proceeds from the lease agreement with the customer are servicing the debt.

Statements of Revenue, Expenses and Changes in Net Assets

The major components of the Statements of Revenue, Expenses and Changes in Fund Balance for fiscal years ended June 30, 2011, 2010 and 2009 are reflected below:

	FY 2011	FY 2010	Changes	FY 2009
Operating revenues	$ 40,628,975	$ 42,546,366	(4.5)%	$ 42,206,106
Operating expenses	39,095,250	40,730,858	(4.0)%	40,902,589
Operating income	1,533,725	1,815,508	(15.5)%	1,303,517
Nonoperating revenue	107,973	103,859	4.0%	40,492
Appreciation (Depreciation) FMV of investment	279,202	197,731	41.2%	(647,706)
Excess revenue over expenses	1,920,900	2,117,098	(9.3)%	696,303
Transfer to Ohio State	(1,919,368)	(1,187,262)	(61.7)%	(2,512,398)
Change in net assets	1,532	929,836	(99.8)%	(1,816,095)
Beginning net assets	10,119,498	9,189,662	10.1%	11,005,757
Ending net asset	$ 10,121,030	$ 10,119,498	0.0%	$ 9,189,662

Operating Revenues

The two sources of revenue that TRC Inc. earns are Research and Testing Agreement Revenue and Owner's Maintenance and Repair Revenue.

Research and Testing Agreement Revenue is revenue TRC Inc. earns from its customers for conducting durability, dynamic, emissions, impact and sled research and testing. It also includes revenues for supplying dedicated personnel to customers to operate their research and testing laboratories.

Owner's Maintenance and Repair Revenue is revenue TRC Inc. earns for maintaining and improving the owner's facility as a result of the Management Agreement between TRC Inc. and the facility owner.

Revenue summary for fiscal years 2011, 2010 and 2009 were:

	FY 2011	FY 2010	Changes	FY 2009
Research and testing agreement rev	$ 36,681,200	$ 39,370,436	(6.8)%	$ 37,859,973
Owner's maintenance and repair rev	3,947,775	3,175,930	24.3%	4,346,133
Total operating revenue	$ 40,628,975	$ 42,546,366	(4.5)%	$ 42,206,106

Research and Testing Agreement Revenue fell by 7% in fiscal year 2011. Development, research and testing activities during the past fiscal year continued to be impacted by the depressed economic condition of the automobile industry. The earthquake and tsunami in Japan on March 11, 2011 disrupted the supply chain and caused a slowdown in production for all three major manufacturers in Japan. The slowdown in production caused cash flow issues which slowed research and testing activities at TRC Inc. The increase in Research and Testing Agreement Revenue in fiscal year 2010 was primarily the result of a durability study of intermediate ethanol blends for the federal government that was the result of the American Recovery and Reinvestment Act of 2009. That program began in fiscal year 2010 and remained strong into Fiscal Year 2011 until about December 2010. TRC Inc. did not have any Research and Testing Agreement Revenue to replace the Research and Testing Agreement Revenue generated from this durability study, which was essentially completed in December 2010.

The composition of the top five customers at TRC Inc. in fiscal year 2011 remained the same as it was in fiscal year 2010. All five of TRC Inc.'s top customers are government agencies or large corporations in the truck or automotive manufacturing market. In fiscal year 2011, three of our top five customers had an increase in Research and Testing Agreement Revenue. There was an overall 1% decrease in Research and Testing Agreement Revenue for the top five customers in fiscal year 2011 as compared to fiscal year 2010.

In fiscal year 2011, the top five customers accounted for 87% of total Research and Testing Agreement Revenue, as compared to 82% in fiscal year 2010 and 78% in fiscal year 2009. The continued growth of the concentration of revenue in our top five customers is a result of the continued stagnant economy. Many of TRC Inc.'s long-time customers outside the top five have continued to maintain a low expense level in response to the sluggish condition of the automotive and truck industry.

In fiscal year 2012, TRC Inc. foresees a slow recovery from the automotive and truck industry, and as a result, TRC Inc. anticipates a decrease in Research and Testing Agreement Revenue in fiscal year 2012 to $36.2 million. TRC Inc. has expanded its marketing into China, which has resulted in new revenue stream, though not nearly sizable enough to offset losses sustained in the past three years.

Owner's Maintenance and Repair Revenue rose 24% in fiscal year 2011 as compared to fiscal year 2010. The major components of this revenue are maintenance and capital improvements made to the facility that the landlord funds each year. The owner increased dollars spent on maintenance of the facility in fiscal year 2011, particularly on the vehicle dynamics area, the basalt course and in the emissions laboratory. Since most of the capital improvements and maintenance items are sold to the landlord at TRC Inc. cost, gain or loss of revenue on this line item does not have a major impact upon excess revenues over expenses.

Operating Expenses

Major components of operating expense in fiscal years 2011, 2010 and 2009 were:

	FY 2011	FY 2010	Changes	FY 2009
Direct expense	$ 23,688,225	$ 24,994,929	(5.2)%	$ 24,895,933
General and administrative expense	14,999,415	15,368,075	(2.4)%	15,540,347
Depreciation expense	407,610	367,854	10.8%	466,309
Total operating expense	$ 39,095,250	$ 40,730,858	(4.0)%	$ 40,902,589

TRC Inc. was able to reduce total operating expense by 4%, which nearly equaled the 4.5% decrease in Total Operating Revenue. With the slow recovery of the economy and the automotive industry, TRC Inc. has been vigilant in controlling expense growth.

TRC Inc.'s largest operating expense is salaries and benefits. In fiscal year 2011, salaries and benefits were $22,555,512, or 58%, of total operating expense. In fiscal year 2010, salaries and benefits were $23,158,292, or 57%, of total operating expense. In fiscal year 2009, salaries and benefits were $24,105,199, or 59%, of total operating expense. Salaries and benefits decreased 3% in fiscal year 2011 and decreased 4% in fiscal year 2010.

Nonoperating Revenues and Expenses

Interest expense represents the interest paid to a bank for the note payable that was described in the Long-Term Debt section. Interest expense decreased 25% due to a reduction in principal combined with reduced interest rates in the market.

Interest income reflects the interest earned from TRC Inc.'s operating cash account and the interest earned from investments TRC Inc. owns in the endowment fund at The Ohio State University. Interest income was down 1% in fiscal year 2011 due to reduced interest rates in the market.

Net Appreciation/(Depreciation) in Fair Value of Investments

TRC Inc. owns investments that are maintained and managed by The Ohio State University's Office of the Treasurer. These investments are in stocks and mutual funds. There are two components to the appreciation or depreciation of the fair value of these investments. The first component is the realized gain or loss that TRC Inc. recognizes when we sell investments. Typically, TRC Inc. sells a portion of its investments to assist in the annual transfer of the previous fiscal year's Excess Revenue over Expenses to The Ohio State University. Selling these investments triggers a realized capital gain or loss that TRC Inc. recognizes on this line item. In both fiscal years 2011 and 2010, TRC Inc. funded the entire transfer made to The Ohio State University from operating cash. Since no investments were used to make the transfer, there were no realized capital gains in fiscal years 2011 or fiscal year 2010.

The second component is the unrealized appreciation or depreciation of the investments that is recorded in accordance with Governmental Accounting Standards Board Statement Number 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools.*

The realized and unrealized appreciation or depreciation in the fair value of investments for fiscal years 2011, 2010 and 2009 are as follows:

	FY 2011	FY 2010	FY 2009
Market value of Endowment Fund	$ 3,090,311	$ 2,672,599	$ 2,335,046
Book value of Endowment Fund	3,246,513	3,108,003	2,968,181
Appreciation/(depreciation)	$ (156,202)	$ (435,404)	$ (633,135)
Unrealized gain/(loss)	$ 279,202	$ 197,731	$ (490,960)
Realized gain/(loss) from investement sales	-	-	(156,746)
Net gain/(loss)	$ 279,202	$ 197,731	$ (647,706)

As was the case with the world-wide market in fiscal year 2009, TRC Inc.'s investments sustained significant losses in fiscal year 2009. The fiscal year 2009 loss has not been fully recovered in spite of the gains earned in fiscal year 2010 and fiscal year 2011. As a result, book value still exceeds market value.

Excess of Revenue over Expense

Excess revenue over expense before the unrealized appreciation in the fair value of investments and before the transfer to the Transportation Research Fund was $1,641,698, which decreased by 14%, or $277,669, from fiscal year 2010. The first half of fiscal year 2011 was strong as the performance on the fuel evaluation study continued. However, the fuel evaluation study was completed, in essence, in December 2010, and business in the second half of fiscal year 2011 slowed. The slow-growing economy, the depressed automotive industry, and the earthquake and tsunami in Japan had an impact upon TRC Inc. financially. TRC Inc. has managed through this volatility by keeping expenses low in many areas.

TRC Inc. expects slow recoveries in the economy and the automotive industry. TRC Inc. has not had a replacement project for the large fuel evaluation study that was completed in fiscal year 2011. TRC Inc. anticipates Research and Testing Agreement Revenue to fall by 1% in fiscal year 2011 to $36.2 million. This reduction is due to our belief that our customers will continue to hold the line on expenses. TRC Inc. foresees Excess Revenues over Expenses before Unrealized Gains/Loss in the Fair Value of Investments decreasing by $341,698, or 21%, from $1,641,698 to $1,300,000 in fiscal year 2012.

Transportation Research Center Inc.
Statements of Net Assets
June 30, 2011 and 2010

	2011	2010
Assets		
Current assets		
Cash and cash equivalents	$ 1,392,792	$ 2,452,592
Restricted cash	118,012	110,056
Investments	3,090,311	2,672,599
Trade accounts receivable, net of allowance for doubtful accounts of $250,000 for 2011 and $146,600 for 2010	7,751,581	8,228,033
Receivable from HAM	718,505	575,676
Supplies and prepaid expenses	444,181	106,003
Total current assets	13,515,382	14,144,959
Noncurrent assets		
Property and equipment	7,064,894	6,959,588
Less accumulated depreciation	(6,009,105)	(5,805,929)
Property and equipment, net	1,055,789	1,153,659
Total assets	$ 14,571,171	$ 15,298,618
Liabilities		
Current liabilities		
Trade accounts payable	$ 1,648,327	$ 1,417,554
Accounts payable HAM	649,911	737,769
Accrued payroll and related expenses	1,085,135	1,693,745
Deferred revenues	134,768	129,052
Current portion of long-term debt	290,000	269,000
Total current liabilities	3,808,141	4,247,120
Noncurrent liabilities		
Long-term portion of debt	642,000	932,000
Total liabilities	4,450,141	5,179,120
Net Assets		
Investment in property and equipment, net of related debt	$ 1,055,789	$ 1,153,659
Unrestricted net assets	9,065,241	8,965,839
Total net assets	10,121,030	10,119,498
Total liabilities and net assets	$ 14,571,171	$ 15,298,618

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

Transportation Research Center Inc.
Statements of Revenue, Expenses and Changes in Net Assets
June 30, 2011 and 2010

	2011	2010
Operating Revenues		
Research and testing	$ 36,681,200	$ 39,370,436
Owner's maintenance and repair	3,947,775	3,175,930
Total operating revenue	40,628,975	42,546,366
Operating Expenses		
Direct	23,688,225	24,994,929
General and administrative	14,999,415	15,368,075
Depreciation	407,610	367,854
Total operating expenses	39,095,250	40,730,858
Total operating income	1,533,725	1,815,508
Nonoperating Revenue (Expense)		
Interest expense	(16,271)	(21,789)
Interest income	124,244	125,648
Total nonoperating revenue	107,973	103,859
Net change in fair value of investments	279,202	197,731
Excess of revenues over expenses before transfers	$ 1,920,900	$ 2,117,098
Other Transfers and Changes		
Transfer to Transportation Research Fund	$ (1,919,368)	$ (1,187,262)
Change in net assets	1,532	929,836
Net assets, beginning of year	10,119,498	9,189,662
Net assets, end of year	$ 10,121,030	$ 10,119,498

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

Transportation Research Center Inc.
Statements of Cash Flows
June 30, 2011 and 2010

	2011	2010
Cash Flows from Operating Activities		
Cash received from customers	$ 24,103,454	$ 24,253,258
Cash received from affiliates	16,777,060	16,337,332
Cash paid to suppliers	(8,101,512)	(8,526,963)
Cash paid for taxes	(373,551)	(269,731)
Cash paid to affiliates	(7,640,860)	(8,033,838)
Cash paid to employees	(17,432,406)	(17,181,616)
Cash paid for fringe benefits and payroll taxes	(5,839,785)	(5,763,697)
Advances to employees	(15,600)	7,303
Net cash provided by operating activities	1,476,800	822,048
Cash Flows from Noncapital Financing Activities		
Transfer to Transportation Research Fund	(1,919,368)	(1,187,262)
Noncapital financing interest expense	(16,271)	(21,789)
Cash used in noncapital financing activities	(1,935,639)	(1,209,051)
Cash Flows from Capital and Related Financing Activities		
Payment of long term debt	(269,000)	(252,000)
Additions to property and equipment	(309,741)	(130,000)
Restricted cash	(7,956)	(7,419)
Net cash used in capital and related financing activities	(586,697)	(389,419)
Cash Flows from Investing Activities		
Interest income	124,244	125,648
Purchase of investments	(138,508)	(139,821)
Net cash provided by investing activities	(14,264)	(14,173)
Decrease in cash and cash equivalents	(1,059,800)	(790,595)
Cash and cash equivalents, beginning of year	2,452,592	3,243,187
Cash and cash equivalents, end of year	$ 1,392,792	$ 2,452,592
Reconciliation of Operating Income to Net Cash Provided By Operating Activities		
Operating income	$ 1,533,725	$ 1,815,508
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	407,610	367,854
Provision for bad debt expense	103,400	-
(Increase) decrease in trade accounts receivable	373,052	(1,536,202)
(Increase) decrease in receivable from HAM	(142,829)	(254,620)
(Increase) decrease in supplies and prepaid expenses	(338,178)	2,033
Increase (decrease) in payable to HAM	(87,858)	155,641
Increase (decrease) in trade accounts payable	230,773	120,694
Increase (decrease) in accrued payroll and related expenses	(608,611)	308,791
Increase (decrease) increase in deferred revenue	5,716	(157,651)
Net cash provided by operating activities	$ 1,476,800	$ 822,048
Supplemental Cash Flow Information		
Unrealized gain (loss) on investments	$ 279,202	$ 197,731

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

1. Description of the Business

The Transportation Research Center of Ohio (the "Center") was created by the General Assembly of the State of Ohio in October 1972. On January 26, 1988, substantially all of the assets of the Center were sold to Honda of America Manufacturing ("HAM"). The corporation is organized exclusively for educational, charitable, and scientific purposes within the meaning of Section 501(c)(3) and Section 509(a)(3) of the Internal Revenue Code by conducting and supporting humanistic, scientific and engineering research and development activities solely and exclusively to the conduct of, or providing assistance in connection with the conduct of, research in automotive, vehicular and related forms of transportation, and for the development of improved highway facilities for vehicular traffic.

In conjunction with the sale, the legislation which initially established the Transportation Research Board was repealed. The Center was reincorporated as a not-for-profit organization, Transportation Research Center Inc. ("TRC"), with The Ohio State University Affiliates, Inc. ("OSU") as the sole member of the corporation. TRC is considered a component unit of OSU. Therefore, TRC's financial statements are consolidated with OSU's for purposes for complying with OSU's reporting requirements.

2. Summary of Significant Accounting Policies

A summary of TRC's significant accounting policies applied in preparation of the financial statements is as follows:

Basis of Accounting
The financial statements have been prepared on the basis of accounting principles generally accepted in the United States of America. Proprietary fund types are presented using the flow of economic resources measurement focus. This measurement focus emphasizes the determination of net income. All assets and liabilities associated with operation of these funds are included in the statement of net assets. The statements of revenues, expenses, and changes in net assets present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. TRC follows applicable Government Accounting Standards Board ("GASB") guidance and Financial Accounting Standard Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989, that do not conflict with, or contradict, GASB pronouncements. The proprietary fund types are reported using the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liabilities are incurred. Differences between amounts earned and received are shown as receivables. Differences between expenses incurred and paid are shown as accounts payable and accrued liabilities.

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

Significant Customers
TRC derives a substantial portion of total revenues from a limited number of commercial enterprises and government agencies. For the year ended June 30, 2011 and 2010, the revenue from the four highest volume commercial enterprises and one government agency was $31,992,385 and $23,540,953. The above amounts are exclusive of revenues related to the HAM management agreement.

Revenue Recognition
TRC derives revenue from facility usage, personnel charges, cost reimbursement and management of the facility. Revenues for facility usage are remitted to HAM as described in Note 6 and are included in direct expenses. TRC evaluates the credit of customers and establishes its allowance for doubtful accounts based on its evaluation of credit risk related to individual customers. TRC does not require collateral with its receivables.

Included in accounts receivables are $327,182 and $396,831 of unbilled accounts receivable for fiscal years 2011 and 2010, respectively. Unbilled accounts receivable represent revenue earned in excess of amounts billed.

Cash and Cash Equivalents
TRC considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. Cash is held in one bank at June 30, 2011 and 2010.

Restricted Cash
TRC is required to deposit funds monthly into a sinking fund as part of its long-term debt agreement (see Note 7). TRC does not have access to these funds once they are deposited into the sinking fund.

Investment Policy
All investments consist of amounts invested in The Ohio State University Investment Pool and are recorded at fair value, as reported by The Ohio State University's Office of the Treasurer. Investments are carried at market value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools.* The cumulative unrealized loss on investments held at June 30, 2011 and 2010, is $156,202 and $435,404, respectively.

GASB Pronouncements
No new GASB pronouncements became effective in 2011.

Property and Equipment
Property and equipment is recorded at cost. Assets purchased by TRC costing more than $5,000 and having an estimated useful life of two or more years will be capitalized and depreciated. Depreciation is provided for in amounts sufficient to allocate the cost of depreciable assets to operations over their estimated service lives, which range from 3 to 15 years, on the straight-line method. TRC removes the asset cost and related accumulated depreciation from the appropriate accounts and reflects any gain or loss in current operations upon sale or retirements.

Compensated Absences
Employees are granted paid time off in amounts which vary by length of service. The policy prohibits employees from accumulating unused compensated absences.

3. Income Taxes

In July 1989, TRC received Internal Revenue Service ("IRS") approval of its tax-exempt status under Section 501(c)(3) of the Internal Revenue Code. In addition, because of its relationship as a supporting organization of OSU, TRC has received qualification from the IRS as a public charity and, therefore, is not subject to various taxes and restrictions applicable to other organizations, such as private foundations.

TRC is subject to unrelated business tax for the leasing of certain TRC employees. Unrelated income tax expense in 2011 is estimated to be approximately $358,000 and was approximately $240,000 for 2010.

4. Cash, Cash Equivalents and Investments

Cash, cash equivalents, and investments at June 30, 2011 and 2010 were as follows:

	2011	**2010**
Cash on hand	$ 600	$ 600
Cash in bank	1,392,192	2,451,992
Restricted cash	118,012	110,056
Investment in OSU's long term investment pool	3,090,311	2,672,599
Total	$ 4,601,115	$ 5,235,247

At June 30, 2011 and 2010, the bank statement balances of cash in banks were $1,684,346 and $3,139,102, respectively. Of the bank statement balances, $118,012 and $110,056, respectively, represent restricted cash. Of the bank statement balances, $1,511,436 and $3,025,740, respectively, represented overnight sweep investments which are generally not covered by FDIC. The remaining bank balances were covered by FDIC insurance, which covers up to $250,000 per financial institution.

TRC's investments are maintained in the university's investment pool. The pool consists of more than 4,400 named funds. Each named fund is assigned a number of shares, based on the value of the gifts, income-to-principal transfers, or transfers of operating funds to that named fund. The pool is invested in a diversified portfolio of equities, fixed income, real estate, hedge funds, private equity, venture capital and natural resources that is intended to provide the long-term growth necessary to preserve the value of these funds, adjusted for inflation, while making distributions to support TRC's mission.

The university holds certain types of alternative investments, including limited partnerships and private equity, which are carried at estimated fair value provided by the management of these funds. The purpose of this alternative investment class is to increase portfolio diversification and reduce risk due to the low correlation with other asset classes. Methods for determining estimated fair values include discounted cash flows and estimates provided by general partners.

Annual distributions to named funds in the university investment pool are computed using the share method of accounting for pooled investments. For fiscal year 2009, annual distribution was based on the average market value per share over the previous five year period multiplied by a stated rate. For funds established prior to June 30, 2004, the stated rate was 4.5%. For funds established after June 30, 2004, the stated rate was 4%. To minimize volatility in the year-to-year distribution amounts, a “collar” was also in place to ensure that distribution per share did not increase greater than 3% a year or decrease more than 1% a year.

After the significant market decline in fiscal year 2009, the university’s Board of Trustees revised the distribution policy. In fiscal year 2010, the two pools (named funds established before or after the June 30, 2004 cutoff date) were combined into one, resulting in one payout rate for all funds. The collar was eliminated and replaced with a temporary one year floor limiting the total distribution decline to 3% for any college or area. Based on these two methods, undistributed gains were transferred from the Long Term Investment Pool to current funds. Beginning in fiscal year 2011, annual distribution per share is 4.25% of the average market value per share of the Long Term Investment Pool over the most recent seven year period.

TRC Inc. held 546.8734 and 522.7003 shares in the university’s investment pool at June 30, 2011 and 2010, respectively. The market values of these investments were $3,090,311 and $2,672,599 at June 30, 2011 and 2010, respectively. Total realized and unrealized gains for the year ended June 30, 2011 were $0 and $279,202. Total realized and unrealized gains for the year ended June 30, 2010 were $0 and $197,731. TRC may redeem its shares in the university investment pool at its discretion.

5. Property

The property balance as of June 30, 2011 consists of the following:

	Balance June 30, 2010	Additions	Disposals/ Transfers	Balance June 30, 2011
Capital Assets				
Building/leasehold improvements	$ 3,020,574	$ -	$ -	$ 3,020,574
Equipment	3,852,882	309,741	204,435	3,958,188
Other	86,132	-	-	86,132
Total capital assets	6,959,588	309,741	204,435	7,064,894
Less accumulated depreciation				
Building/leasehold improvements	2,262,275	189,575	-	2,451,850
Equipment	3,457,522	218,036	204,435	3,471,123
Other	86,132	-	-	86,132
Total accumulated depreciation	5,805,929	407,611	204,435	6,009,105
Property, net	$ 1,153,659	$ (97,870)	$ -	$ 1,055,789

The property balance at June 30, 2010 consists of the following:

	Balance June 30, 2009	Additions	Disposals/ Transfers	Balance June 30, 2010
Capital Assets				
Building/leasehold improvements	$ 3,020,574	$ -	$ -	$ 3,020,574
Equipment	3,727,219	130,000	4,337	3,852,882
Other	90,784	-	4,652	86,132
Total capital assets	6,838,577	130,000	8,989	6,959,588
Less accumulated depreciation				
Building/leasehold improvements	2,072,700	189,575	-	2,262,275
Equipment	3,285,179	176,680	4,337	3,457,522
Other	89,185	1,599	4,652	86,132
Total accumulated depreciation	5,447,064	367,854	8,989	5,805,929
Property, net	$ 1,391,513	$ (237,854)	$ -	$ 1,153,659

6. Management Agreement

Under the terms of the Management Agreement with HAM, TRC remits to HAM certain revenues for use of the facilities (owner revenues). Additionally, expenses for repairs and capital improvements made by TRC are reimbursed by HAM (owner expenses).

For the years ended June 30, 2011 and 2010 the amounts of transactions with HAM are as follows:

	2011	2010
Owner revenues	$ 5,176,120	$ 6,332,778
Owner expenses	3,947,775	3,175,930

At June 30, 2011 and 2010, there was a receivable from HAM for owner expenses of $718,505 and $575,676, respectively. In addition, at June 30, 2011 and 2010, there was a payable to HAM for owner revenues earned of $649,911 and $737,769, respectively.

TRC also earns operational revenues from Honda of America Manufacturing and affiliated entities outside of the Management Agreement. These revenues were $13,433,972 and $13,169,284 for the years ended June 30, 2011 and 2010, respectively. Trade accounts receivable at June 30, 2011 and 2010 included $3,609,167 and $3,147,309, respectively, related to these operational revenues.

7. Long-Term Debt

Long-term debt as of June 30, 2011 and 2010 is summarized as follows:

In January 1999, TRC entered into a promissory note agreement (the “Note”) for $3.2 million with a lending institution. The Note bears interest at a floating rate of interest, which is adjusted weekly by the lender. Interest on the Note is due monthly and principal payments are due in semi-annual installments through January 1, 2014. The lending institution made the loan from proceeds received from the sale of the Lender’s Floating Rate Option Notes. The Floating Rate Option Notes of the lender are secured by an initial $3.2 million letter of credit (“LOC”) issued by a bank. The available LOC balance decreases semi-annually in conjunction with the scheduled payments on the Note. The LOC bears interest at a rate of prime plus 2% and expired on January 6, 2011. As allowed under the terms of the LOC, the expiration date was extended for a year until January 6, 2012, with the option for additional extensions on the expiration date, subject to certain conditions set forth in the agreement. There were no amounts outstanding on the LOC as of June 30, 2011.

In January 1999, TRC also entered into a reimbursement agreement with the bank that issued the LOC. Under the reimbursement agreement with the bank, TRC is required to make monthly principal and interest payments into a sinking fund account on the first of each month through January 1, 2014. The sinking fund is owned by TRC, but use of the funds is restricted to payment of the scheduled semi-annual payments on the Note. The Reimbursement Agreement contains restrictive covenants and warranties, which, among others, requires TRC to maintain complete and accurate accounting records. In addition, in order to secure the payment of amounts due under the Reimbursement Agreement, TRC assigned to the bank its interest in certain leaseholds, buildings, and land created by the Ground and Existing Building Lease with HAM (see Note 11) as well as future rental payments received from the sublease of the same leasehold, building and land.

In the event that the LOC agreement is not extended after the expiration date, the entire unpaid principal amount due on the Note and therefore the reimbursement agreement becomes due and payable. Annual maturities of long-term debt are as follows:

June 30	Principal	Interest
2012	$ 310,000	$ 12,105
2013	332,000	8,193
2014	-	2,661
Total outstanding	642,000	$ 22,959
Current portion	(310,000)	
Long term portion	$ 332,000	

8. Deferred Compensation Plan

TRC's employees are able to participate in a deferred compensation plan (the"Plan") created in accordance with Internal Revenue Code Section 457. The Plan permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

As a result of the implementation of GASB Statement No. 32 in fiscal 1999, all amounts of compensation deferred under the Plan, all property and rights purchased with these amounts and all income attributable to those amounts, property or rights (until paid or made available to the employee or other beneficiary) are solely the property and rights of the Ohio Public Employees Deferred Compensation Program ("OPEDC"). Accordingly, TRC has not recorded any deferred compensation assets or liabilities in the financial statements.

9. Net Assets

TRC's Code of Regulations specify that TRC shall, within 120 days of the end of the Corporation's fiscal year, transfer any accumulated surplus in excess of its January 27, 1988 fund balance, less $911,466, or $6,677,225, or such lesser amount authorized by the Board, to the endowment portfolio of The Ohio State University to form a fund, the income from which is to be used as determined by the Board of Trustees of The Ohio State University for the support and encouragement of research in automotive, vehicular and related forms of transportation, and for the development of improved highway facilities for vehicular traffic. Upon such transfer, those funds shall no longer be available to pay for any of TRC's obligations. If net assets funds fall below $6,677,225, no transfer may take place.

The TRC Board typically authorizes an amount to be transferred equating to the fiscal year's excess of revenues over expenses less any unrealized change in the fair value of investments.

TRC's Articles of Incorporation stipulate that upon the ultimate dissolution of TRC, any remaining funds shall be paid to The Ohio State University and be devoted exclusively to public purposes and/or other purposes permissible under Code Section 501(c)(3), with any cash, marketable securities, investments and accounts receivable being transferred to the endowment portfolio of The Ohio State University to form a fund, the income from which is to be used as determined by the Board of Trustees of The Ohio State University for the support and encouragement of research in automotive, vehicular and related forms of transportation, and for the development of improved highway facilities for vehicular traffic. However, if at the time of dissolution of the Corporation, The Ohio State University is not an organization described in Code Section 170(c)(1), the remaining assets of the Corporation shall be paid over to such organization or organizations as shall be selected by the affirmative vote of a majority of the Board of Directors, provided, however, that such organization or organizations shall be exempt from federal income taxation and described in either Section 170(c)(1) or Code Section 501(c)(3) with such remaining assets to be devoted exclusively to public purposes and/or other purposes permissible under Code Section 501(c)(3).

At June 30, 2011 and 2010, the net assets were comprised of the following:

	2011	2010
Investment in property and equipment	$ 1,055,789	$ 1,153,659
Unrestricted net assets	9,065,241	8,965,839
Total net assets	$ 10,121,030	$ 10,119,498

Net assets include a cumulative unrealized loss in investments at June 30, 2011 and 2010 of $156,202 and $435,404, respectively.

10. Defined Benefit Pension Plan and Post-Employment Benefits

As part of the formation of TRC on January 27, 1988, existing employees were given the option to continue participation in the Ohio Public Employees Retirement System ("OPERS"), a cost sharing, multiple employer defined benefit pension plan. The following disclosure is representative of the portion of employees who opted to continue to participate in OPERS. Since the time of formation, new employees of TRC are not eligible to participate in this plan.

OPERS administers three separate pension plans as described below:

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

- The 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 accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.

- The 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, but less than, 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.

Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, Attention: Finance Director, 277 East Town Street, Columbus, OH 43215-4642, or by calling (614) 222-5601 or (800) 222-7377.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. The Ohio Revised Code provides statutory authority for member and employer contributions. For 2011 and 2010, the member and employer contribution rates were 10.0% and 14.0%, respectively.

TRC's total PERS payroll for the years ended June 30, 2011, 2010 and 2009 was $778,776, $938,729 and $1,304,929, respectively. TRC's employer contributions to PERS for the years ended June 30, 2011, 2010 and 2009 were $109,030, $131,422, and $182,690, respectively, equal to 100% of the required contributions for each year.

Post-Employment Benefits Other Than Pension

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 post-employment 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 Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code 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 Ohio Revised Code. The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 5.5% from January 1 through February 28, 2010 and 5.0% from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73% from January 1 through February 28, 2010 and 4.23% from March 1 through December 31, 2010. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

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

For the years ended June 30, 2011, 2010 and 2009, the amount of employer contributions used to fund post-employment benefits is estimated to be $38,935, $51,636 and $91,345, respectively.

11. Leases

As an agent for HAM, TRC leases various buildings to TRC's customers. Lease terms range from one to fifteen years with various renewal option features. The leases are accounted for as operating leases. At June 30, 2011, future minimum lease receipts are due as follows:

2012	$ 1,022,796
2013	930,972
2014	892,875
2015	241,992
2016	-
Total	$ 3,088,635

TRC leases office space from HAM under agreements with terms expiring through July 31, 2012. These operating leases contain renewal options with an indefinite term. The lease amount is subject to annual adjustment based on the consumer price index. As of June 30, 2011, future minimum rental payments under operating leases with initial terms in excess of one year are summarized as follows:

2012	$ 944,122
2013	78,676
Total	$ 1,022,798

Rental expense charged to operations was $969,921 and $974,239 during 2011 and 2010, respectively.

12. Risk Management

During the course of the year TRC is subjected to certain types of risks in the performance of its normal functions. These risks include risks that TRC might be subjected to by its employees in the performance of their normal duties. TRC manages these types of risks through commercial insurance.

13. Employees' Retirement Savings Plan And Trust

TRC maintains the Employees' Retirement Savings Plan and Trust (the "Plan"). The Plan is intended to comply with Section 401(a) of the Internal Revenue Code. All employees are eligible to participate in the Plan. Employer contributions to the Plan are determined solely at the discretion of TRC's board of directors. For the years ended June 30, 2011 and 2010, TRC expended $408,632 and $402,213, respectively, for contributions to the Plan.

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

To the Board of Directors of
Transportation Research Center Inc.:

We have audited the financial statements of Transportation Research Center Inc. ("TRC") as of and for the year ended June 30, 2011, and have issued our report thereon dated October 31, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered TRC'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 TRC's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of TRC'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 over financial reporting 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 TRC'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 TRC's management, audit committee, The Ohio State University, and the Ohio Auditor of State and is not intended to be and should not be used by anyone other than these specified parties.

PricewaterhouseCoopers LLP

October 31, 2011

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Transportation Research Center Inc. Employees' Retirement Savings Plan and Trust

Financial Statements
December 31, 2010 and 2009, and
Supplemental Schedule at December 31, 2010

Transportation Research Center Inc.
Employees' Retirement Savings Plan and Trust
Index

Note: Other schedules required by Section 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act ("ERISA") of 1974 have been omitted because they are not applicable.

Report of Independent Auditors

To the Board of Directors of the
Transportation Research Center Inc.
Employees' Retirement Savings Plan and Trust

We were engaged to audit the financial statements and supplemental schedule of the Transportation Research Center Inc. Employees' Retirement Savings Plan and Trust (the "Plan") as of and for the year ended December 31, 2010, as listed in the accompanying index. These financial statements and supplemental schedule are the responsibility of the Plan's management. Other auditors were engaged to audit the financial statements of the Plan at December 31, 2009 prior to the reclassification of notes receivable from participants as described in Note 1. As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 ("ERISA"), the Plan administrator instructed the other auditors not to perform and they did not perform, any auditing procedures with respect to the December 31, 2009 information summarized in Note 6, which was certified by Reliance Trust Company, the custodian, except for comparing such information with the related information included in the December 31, 2009 financial statements. Their report, dated September 24, 2010, indicated that (a) because of the significance of the information that they did not audit, they were unable to, and did not, express an opinion on the financial statements taken as a whole; and (b) the form and content of the information included in the financial statements other than that derived from the information certified by the custodian, were presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA, the Plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the December 31, 2010 information summarized in Note 6, which was certified by Reliance Trust Company, the custodian of the Plan, except for comparing such information with the related information included in the December 31, 2010 financial statements and supplemental schedule. We have been informed by the Plan administrator that the custodian holds the Plan's investment assets and executes investment transactions. The Plan administrator has obtained a certification from the custodian as of and for the year ended December 31, 2010 that the information provided to the Plan administrator by the custodian is complete and accurate.

Because of the significance of the information in the Plan's December 31, 2010 financial statements and supplemental schedule that we did not audit, we are unable to, and do not, express an opinion on the accompanying December 31, 2010 financial statements and schedule taken as a whole. The form and content of the information included in the December 31, 2010 financial statements and supplemental schedule, other than that derived from the information certified by the custodian, have been audited by us in accordance with the auditing standards generally accepted in the United States of America. We also have audited the reclassification of notes receivable from participants as described in Note 1. In our opinion, such reclassification is appropriate and has been properly applied. We were not engaged to audit, review or apply any procedures to the 2009 financial statements of the Plan other than with respect to the reclassification and, accordingly, we do not express an opinion or any other form of assurance on the 2009 financial statements taken as a whole. In our opinion, the December 31, 2010 financial statements and supplemental schedule are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

PricewaterhouseCoopers LLP

October 12, 2011
Columbus, Ohio

Transportation Research Center Inc.
Employees' Retirement Savings Plan and Trust
Statements of Net Assets Available for Benefits
December 31, 2010 and 2009

	2010	2009
Assets		
Investments, at fair value		
Mutual funds	$ 10,579,348	$ 9,037,920
Common collective trust	981,305	1,054,779
Total investments	11,560,653	10,092,699
Receivables		
Employer contributions	4,477	2,709
Notes receivable from participants	532,042	451,650
Total receivables	536,519	454,359
Net assets available for benefits, at fair value	12,097,172	10,547,058
Adjustment from fair value to contract value for fully benefit-responsive investment contracts held in common collective trust	(18,680)	-
Net assets available for benefits	$ 12,078,492	$ 10,547,058

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

Transportation Research Center Inc.
Employees' Retirement Savings Plan and Trust
Statement of Changes in Net Assets Available for Benefits
Year Ended December 31, 2010

	2010
Additions	
Investment income	
Interest and dividends	$ 246,003
Net appreciation in fair value of investments	1,047,824
Total investment income	1,293,827
Contributions	
Employee contributions	682,145
Employer contributions	403,069
Rollovers	9,484
Total contributions	1,094,698
Interest on notes receivable from participants	25,145
Total additions	2,413,670
Deductions	
Benefit payments	846,492
Administrative expenses	35,744
Total deductions	882,236
Net increase in net assets available for benefits	1,531,434
Net assets available for benefits, beginning of year	10,547,058
Net assets available for benefits, end of year	$ 12,078,492

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

1. Plan Description

The following description of the Transportation Research Center Inc. Employees' Retirement Savings Plan and Trust (the "Plan") provides only general information. Participants should refer to the Plan Document for a more complete description of the Plan's provisions.

General

The Plan was adopted by the Transportation Research Center Inc. (the "Company") effective July 1, 1992 and was amended and restated on January 1, 2009. The purpose of the Plan is to provide an opportunity for employees to increase their savings and provide additional income upon retirement. The Plan is a defined contribution plan with a deferral feature. Employees are eligible to participate in the Plan and make tax-deferred contributions after completing one year of eligible service.

Custodian

The Company has entered into an agreement with Reliance Trust Company whereby it has the authority as custodian to invest and control all contributions made to it under the Plan.

Administration

The Plan is administered by certain members of the Company's management. Administrative expenses are paid by the Plan to the extent they are not paid by the Company. Loan processing fees are paid by the Plan participants and are directly deducted from the participant's account balance.

Contributions

Participants may contribute up to 75% of their compensation, as defined by the Plan, on a pretax basis, subject to Internal Revenue Code ("IRC") limitations ($16,500 for 2010 and 2009 except that participants age 50 or over may be eligible to make an additional catch-up contribution of up to $5,500 per year). Participants may also contribute funds from another qualified plan ("rollover contributions"), subject to certain requirements. The Company's matching contribution is equivalent to 100% of the first 3% of the participant's contribution and 50% of the next 2% of the participant's contribution. Employer profit sharing contributions are determined based on the discretion of the Board of Directors of the Company. The Company did not make any profit sharing contributions for the year ended December 31, 2010.

Participant Accounts

Each participant's account is credited with the participant's contribution, the Company's matching and discretionary contributions, and the participant's allocation of plan earnings (loss) and expenses. The allocation of contributions to one or more of the investment accounts is designated by each participant. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting

Participants are immediately vested in their voluntary contributions and employer safe harbor matching contributions. Participants become vested in employer profit sharing contributions after completing three years of 1,000 or more hours of service.

Investments
Upon enrollment into the Plan, a participant may direct employee and employer contributions in 1% increments into various investment options. The Plan currently offers 18 investment options to participants. Participants may reallocate their investments at any time during the year.

Notes Receivable from Participants
A participant may borrow a minimum of $1,000 or a maximum equal to the lesser of $50,000 or 50% of the participant's vested account balance, subject to Plan limitations. Loans are collateralized by the participant's nonforfeitable interest in the Plan and are supported by a promissory note with interest rates ranging from 4.25% to 9.25% at December 31, 2010 and 2009. Loans must be repaid over a period not to exceed five years. Principal and interest are paid through payroll deductions.

Distribution of Benefits
The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account. Benefits may be distributed to participants upon termination of employment by reason of retirement, disability, death or other separation from service. Participants receive a lump-sum amount equal to the value of the participant's vested interest in their account. A participant may also request a withdrawal upon attainment of age 59 1/2 or upon demonstration by the participant to the plan administrator that the participant is suffering from a hardship, as defined by the IRC.

Plan Termination
Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and terminate the Plan subject to the provisions of ERISA. In the event of plan termination, participants will become fully vested in their account balances.

Forfeitures
When certain terminations of participation in the Plan occur, the nonvested portion of a participant's account represents a forfeiture, as defined by the Plan. If a forfeiting participant is re-employed and fulfills certain requirements, as set forth in the Plan, the participant's account will be restored. Remaining forfeitures are allocated among participants accounts. No forfeitures were allocated among participant's accounts for the year ended December 31, 2010. Unallocated forfeitures remaining at December 31, 2010 and 2009 were $2,180 and $2,004, respectively.

Recently Adopted Accounting Standards
In January 2010, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2010-6 *Improving Disclosures about Fair Value Measurements*, that amends existing disclosure requirements under Account Standards Codification ("ASC") 820 by expanding the required disclosures about fair value measurements. In particular, the guidance requires (i) separate disclosure of the amounts of significant transfers in and out of Level 1 and Level 2 fair value measurements along with the reasons for such transfers, (ii) information about purchases, sales, issuances and settlements to be presented separately in the reconciliation for Level 3 fair value measurements, (iii) fair value measurement disclosures for each class of assets and liabilities and (iv) disclosures about the valuation techniques and inputs used to measure fair value for both recurring and nonrecurring fair value measurements that fall in either Level 2 or Level 3. This guidance is effective for annual reporting periods beginning after December 15, 2009 except for (ii) above which is effective for fiscal years beginning after December 15, 2010.

In September 2010, the FASB issued new guidance that requires participant loans to be classified as notes receivable rather than as a plan investment and measured at their unpaid principal balance plus any accrued but unpaid interest rather than fair value. The Plan retroactively adopted the new accounting guidance in 2010. The adoption did not have a material effect on the Plan's financial statements.

2. Summary of Significant Accounting Policies

Basis of Accounting
The financial statements are prepared on the accrual basis of accounting.

Investment Valuation and Income Recognition
Investments are reported at fair value. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. See Note 5 for discussion of fair value measurements.

Investment contracts held by a defined-contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined-contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the plan. The Plan has evaluated guaranteed investment contracts held in the common collective trust and determined that they are fully benefit responsive contracts. Accordingly, the Statements of Net Assets Available for Benefits presents the fair value of the investment contracts as well as the adjustment of the fully benefit-responsive investment contracts from fair value to contract value. The Statement of Changes in Net Assets Available for Benefits is prepared on a contract value basis.

Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Notes Receivable from Participants
Notes receivable from participants are stated at the unpaid principle balance plus any accrued but unpaid interest. Delinquent participant loans are reclassified as distributions if the participant fails to make payment within ninety days following the date on which such payment is due.

Contributions
Employee contributions are made through regular payroll deductions and are paid into the Plan each payroll period along with the corresponding Company matching contribution.

Payments of Benefits
Benefit payments are recorded when paid.

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Risks and Uncertainties

The Plan provides investment options which allow participants to invest in any combination of stocks, bonds, fixed income securities, and other investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the Statements of Net Assets Available for Benefits and Statement of Changes in Net Assets Available for Benefits.

Subsequent Events

The Plan has evaluated subsequent events through October 12, 2011 as this was the date financial statements were made available to be issued. No matters were identified that would materially impact the financial statements or require disclosure.

3. Investments

The following investments represent 5% or more of the Plan's net assets available for benefits as of December 31:

	2010	2009
Morley Investment Omnibus Institutional	$ 962,625	$ 1,054,779
Goldman Sachs Govt Income Fund A	938,201	890,736
Pimco Total Return Fund	1,535,615	1,311,809
Dodge & Cox Stock Fund	1,644,460	1,510,084
Mainstay S&P 500 Index Fund A	770,974	641,123
American - The Growth Fund of America R4	1,386,395	1,233,122
American Europacific Growth Fund R4	1,095,397	978,347
Davis New York Venture Fund A	624,139	547,740

For the year ended December 31, 2010, the Plan's investments, including gains and losses on investments bought and sold, as well as held during the year, increased by $1,046,320 and $1,504 attributable to mutual funds and the common collective trust, respectively.

4. Investment Contract with Insurance Company

The Plan maintains an investment contract in a common collective trust, Morely Investment Omnibus Institutional. The account is credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. The contract is included in the financial statements at contract value, because it is fully benefit responsive. Withdrawals from this account for other than payment of benefits may be subject to a market value adjustment for 5500 reporting purposes. The investment contracts held in the common collective trust are reported in the accompanying financial statements at contract value.

There are no reserves against contract value for credit risk of the contract issuer or otherwise. The average yield and crediting interest rates were approximately 2.66% and 2.75%, respectively, for the year ended December 31, 2010. The crediting interest rate is based on a formula agreed upon with the issuer and there is no minimum credit rate. Such interest rates are reviewed annually for resetting.

5. Fair Value Measurements

Accounting guidance for fair value measurements establishes a framework for measuring fair value. Fair value is the price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under accounting guidance for fair value measurements are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value:

Common/Collective Trust
Valued based on information reported by the investment advisor using the audited financial statements of the common collective trust at year end.

Mutual Funds
Valued at the closing net asset values at the funds on the last day of the Plan's fiscal year.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within fair value hierarchy, the Plan's assets at fair value as of December 31, 2010 and 2009:

	Assets at Fair Value as of December 31, 2010			
	Level 1	**Level 2**	**Level 3**	**Total**
Mutual funds				
Equity	$ 7,966,641	$ -	$ -	$ 7,966,641
Fixed income	2,612,707	-	-	2,612,707
Total mutual funds	10,579,348	-	-	10,579,348
Common collective trust	-	981,305	-	981,305
Total assets, at fair value	$ 10,579,348	$ 981,305	$ -	$ 11,560,653

	Assets at Fair Value as of December 31, 2009			
	Level 1	**Level 2**	**Level 3**	**Total**
Mutual funds				
Equity	$ 6,835,375	$ -	$ -	$ 6,835,375
Fixed income	2,202,545	-	-	2,202,545
Total mutual funds	9,037,920	-	-	9,037,920
Common collective trust	-	1,054,779	-	1,054,779
Total assets, at fair value	$ 9,037,920	$ 1,054,779	$ -	$ 10,092,699

6. Information Certified by the Custodian

The following financial information and data at December 31, 2010 and 2009 and for the year ended December 31, 2010 was certified as complete and accurate by Reliance Trust Company, the custodian of the Plan, in accordance with Section 2520.103-5 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA:

	2010	**2009**
Statements of Net Assets Available for Benefits		
Investments, at fair value		
Mutual funds	$ 10,579,348	$ 9,037,920
Common collective trust	981,305	1,054,779
Statement of Changes in Net Assets Available for Benefits		
Interest and dividends	246,003	-
Net appreciation in fair value of investments	1,066,504	-

7. Tax Status

The Plan obtained its latest determination letter on April 23, 1999, in which the Internal Revenue Service (the "IRS") stated that the Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code. The Plan has been amended and restated since receiving the determination letter. The Company believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code and the Plan and related trust continue to be tax-exempt. Therefore, no provisions for income taxes have been included in the Plan's financial statements.

Accounting principles generally accepted in the United States of America require Plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan administrator has analyzed the tax positions by the Plan and has concluded that as of December 31, 2010, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan administrator believes it is no longer subject to income tax examinations for years prior to 2007.

8. Related Party Transactions

The Plan has notes receivable from participants, as described in Note 1 that are considered party-in-interest transactions. In addition, the Company provides certain accounting, recordkeeping and administrative services to the Plan for which it is not compensated.

9. Reconciliation Of Financial Statements To Form 5500

The following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500 as of December 31:

	2010	**2009**
Net assets available for benefits per the financial statements	$12,078,492	$10,547,058
Deemed distributions	18,699	-
Adjustment from fair value to contract value for fully benefit-responsive investment contracts held in common collective trust	18,680	-
Net assets available for benefits per the Form 5500	$12,115,871	$10,547,058

The following is a reconciliation of the increase in net assets available for benefits per the financial statements to the Form 5500 for the year ended December 31, 2010:

Increase in net assets available for benefits per the financial statements	$ 1,531,434
Deemed distributions	18,699
Change in adjustment from fair value to contract value for fully benefit-responsive investment contracts held in common collective trust	18,680
Increase in net assets availabe for benefits per the Form 5500	$ 1,568,813

Transportation Research Center Inc.
Employee Retirement Savings Plan and Trust
Schedule H, Line 4i - Schedule of Assets (Held at End of Year)
December 31, 2010

(a)	(b)	(c)	(d)	(e)
	Identity of Issuer, Borrower, Lessor or Similar Party	Description of Investment	Cost **	Current Value ***
	Morley	Investment Omnibus Institutional		$ 981,305
	Pimco	Total Return Fund		1,535,615
	Goldman Sachs	Government Income Fund A		938,201
	American Funds	The Growth Fund of America R4		1,386,395
	American Funds	Europacific Growth Fund R4		1,095,397
	Artisan	Mid Cap Fund IV		564,546
	Columbia Funds	Acorn Fund A		495,144
	Davis New York	Venture Fund A		624,139
	Dodge & Cox	Stock Fund		1,644,460
	Goldman Sachs	Small Cap Value Fund A		506,855
	Goldman Sachs	Mid Cap Value Fund A		561,943
	Mainstay	S&P 500 Index Fund A		770,974
	Columbia Select	Small Cap Fund Class Z		264,544
	Loomis Sayles	Bond Fund Retail		53,779
	Templeton	Global Bond Fund United States		49,001
	Blackrock	Inflation Protected Bond - Investment A		36,111
	Wasatch	1st Source Long/Short Fund		42,020
	Vanguard	Balanced Index Fund Investor		10,224
*	Participant loans	Interest rates ranging from 4.25% to 9.25%		550,741
				$ 12,111,394

Note: This schedule reports those assets required to be reported under ERISA Section 25020.102-11 and Form 5500 Schedule H, Line 4i.

* Reliance Trust Company is a party-in-interest

** Information omitted because all investments are participant directed.

*** Information certified as to completeness and accuracy by Reliance Trust Company.

TRANSPORTATION RESEARCH CENTER INC

FRANKLIN 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
FEBRUARY 7, 2012

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