

University of Cincinnati

A Component Unit of the State of Ohio

Office of Management and Budget
Circular A-133 Reports for the
Year Ended June 30, 2013





Dave Yost • Auditor of State

Board of Trustees
University of Cincinnati
51 Goodman Drive
Cincinnati, Ohio 45221-0637

We have reviewed the *Independent Auditors' Report on Financial Statements and Supplementary Information* of the University of Cincinnati, Hamilton County, prepared by BKD, LLP, for the audit period July 1, 2012 through June 30, 2013. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

November 13, 2013

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BOARD OF TRUSTEES

Trustees		Term Expires
C. Francis Barrett	Chairperson	2015
Thomas H. Humes	Vice Chairperson	2016
Robert E. Richardson, Jr.	Secretary	2017
Gary Heiman		2014
Ronald D. Brown		2018
Thomas D. Cassady		2019
William C. "Wym" Portman III		2020
Geraldine B. "Ginger" Warner		2021
Carl H. Linder III		2022
Student Trustees		
Joshua M. Smith, Graduate Student		2014
Benjamin J. Keefe, Undergraduate Student		2015

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Independent Auditor's Report on Financial Statements and Supplementary Information

Board of Trustees
University of Cincinnati
Cincinnati, Ohio

Report on the Financial Statements

We have audited the accompanying basic financial statements of the University of Cincinnati (University) and its discretely presented component unit, collectively a component unit of the State of Ohio, which are comprised of a statement of net position as of June 30, 2013, and a statement of revenues, expenses and changes in net position and statement of cash flows for the year then ended and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the University of Cincinnati Foundation, a discretely presented component unit of the University, which statements reflect total assets of \$366,514,000 as of June 30, 2013, and total revenues of \$102,508,000 for the year then ended. Those statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as they relate to the amounts included for the University of Cincinnati Foundation, is based solely on the report of the other auditors. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the University and of its discretely presented component unit as of June 30, 2013, and the respective changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the University's 2012 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 15, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the University and its discretely presented component unit's basic financial statements as a whole. The accompanying schedule of expenditures of federal awards required by OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2013, 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 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* in considering the University's internal control over financial reporting and compliance.

BKD, LLP

Cincinnati, Ohio
October 11, 2013

Management's Discussion and Analysis

Introduction

The following discussion and analysis provides an overview of the financial position of the University of Cincinnati (the "University") as of and for the year ended June 30, 2013, with comparative information as of and for the year ended June 30, 2012. Comments relate to the University and University Heights Community Urban Redevelopment Corporation (UHCURC), a blended component unit of the University. Comments do not pertain to the University's discretely presented component unit, The University of Cincinnati Foundation (the Foundation). The Foundation's financial results are presented in a columnar format with further information found in the notes to the financial statements. This overview has been prepared by management and should be read in conjunction with the financial statements and the notes that follow this section.

The University originated in 1819 and was city owned until becoming a state university on July 1, 1977. The University is a comprehensive public institution of higher learning with approximately 43,000 students and 4,400 faculty members on three campuses. Among the University's student population is more than 2,800 international students – over 1,000 of them undergraduates from 46 different nations. The University offers a diverse range of degree programs from baccalaureate to post-doctoral levels through 14 colleges. University campuses include Uptown Campus, UC Blue Ash, and UC Clermont with student populations of 81%, 11%, and 8%, respectively. The University, in total, employs approximately 14,000 people, making it one of the largest employers in the Cincinnati region.

In 2013, the University successfully converted from a quarter to a semester calendar system. The advantages of a semester calendar include: expanding academic depth, ease of student transfers, and job-market opportunities. The main academic advantage is that it increases opportunities for in-depth teaching, classroom projects and collaborative research. Transferring students in and out of University programs from other national institutions will also be easier since 90% of other national institutions follow the semester system. The semester system allows students to graduate earlier in the calendar year creating "first-mover" advantages when entering the job market.

The University has been designated by the Ohio Board of Regents as one of only two comprehensive graduate public universities in the state. The National Science Foundation ranks the University as one of the nation's top 30 public research universities. The University is also classified as a "very high" research university by the Carnegie Commission and ranked as one of America's top public research universities.

According to America's Best Colleges Guide, published by US News & World Report, the University is positioned among America's best national universities and has improved 21 places in the overall rankings. The University's rise in the rankings has been spurred by improved graduation rates, improved retention of first-year students, and increased alumni giving. Additionally, the University was listed for the seventh year in a row among the best institutions for an undergraduate education in Princeton Review's - The Best 378 Colleges. The University scored strongly in quality of life, sustainability efforts, a wide array of undergraduate majors, a diverse student body, easy registration, and great libraries. The University was also ranked no. 1 by PolicyMic.com for providing the best return to students and families for tuition payments in the nation. The website cited improving graduation rates and salaries for recent graduates.

The University is an institution with a rich history in discovery and innovation. Seven University faculty members have been named Fulbright scholars. Additionally, 11 University faculty members have been named Ohio Eminent Scholars in fields from medicine to molecular genetics to music. Research funding totaling \$405 million was awarded to the University and its affiliates. Affiliates include Cincinnati Children's Hospital Medical Center, Cincinnati Department of Veterans Affairs Medical Center, Shriners Hospitals for Children-Cincinnati, and UC Physicians' clinical trials. From the organic form at the lab bench to the lines on a drafting table, research at the University assumes many shapes, sizes, and even sounds. Discovery at the University is wide-ranging, from basic, clinical and translational research, to creative works and performance.

Financial Highlights

The University's "Proudly Cincinnati: Tower of Strength, Rock of Truth" campaign concluded on June 30, 2013, with more than \$1.09 billion raised from 100,672 donors. The \$1 billion campaign was launched publically in 2008 and is the most ambitious campaign to date. The impact of the campaign is evident all around the University through boldly designed facilities by signature architects, to nationally and internationally ranked programs, to record-breaking support for the University's innovative research.

For the sixth year in a row, the University's unrestricted net position has increased. During 2013, unrestricted net position increased from \$100 million to \$167 million, an increase of \$67 million. The increase is a result of improved student retention and increased enrollment coupled with cost containment initiatives.

While many universities are challenged to meet their enrollment targets, the University welcomed the largest student body in its history in August 2013 for the fall semester with a total of 42,656 students. Enrollment compared to the previous fall term increased by 1.6 percent.

Operating revenues continue to increase mainly due to increases in student tuition and fee revenue. This increase is due, in part, to improvements in retention rates. In 2013 and 2012, operating revenues totaled \$782 million and \$741 million, respectively; reflecting an increase of \$41 million in 2013. Conversely, operating expenses increased at a constrained pace from \$991 million in 2012 to \$1.024 billion in 2013, an increase of \$33 million.

Net investment income increased notably from \$27 million in 2012 to \$85 million in 2013, an increase of \$58 million. The increase was attributable to improved national and global markets along with strategic investment management. Fund A, the University's actively managed investment pool, achieved an annual return of 10.2%.

The University's long-term bond rating remained stable during 2013. In fiscal year 2012, both Moody's and Standard & Poor's increased the University's long-term bond rating. Moody's increased the rating from A1 (positive outlook) to Aa3 (stable outlook). Standard & Poor's increased its rating from A+ (stable outlook) to AA- (stable outlook). The rating increases came after an extensive review of the University's financial activities, strategic plans, and future prospects.

Using the Financial Statements

The University's financial report includes three financial statements and related notes:

- The Statement of Net Position
- The Statement of Revenues, Expenses and Changes in Net Position
- The Statement of Cash Flows

These financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) principles, which establish standards for external financial reporting for public colleges and universities. These principles require that financial statements focus on the University as a whole, with resources classified for accounting and reporting purposes into four net position categories.

Reclassifications

Certain amounts from the prior year have been reclassified to conform to the current-year presentation. These reclassifications had no effect on the change in net position.

Statement of Net Position

The Statement of Net Position reflects the total assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position (equity) of the University as of June 30, 2013, with comparative information as of June 30, 2012. Liabilities due within one year and assets available to pay those liabilities are classified as current. Other assets and liabilities are classified as noncurrent. Investment assets are carried at fair value. Capital assets are separated into two lines on the statement: those assets that are depreciated and those that are not depreciated. Items that are depreciated include buildings, equipment, infrastructure, land improvements, and library books. Items that are not depreciated include land, construction in progress, art, and rare book collections. There is no requirement to fund the accumulated depreciation. Instead, capital assets are largely funded by state capital appropriations, issuance of debt, and gifts from various donors. A summary of the University's net financial position at June 30, 2013, and 2012 follows:

Summary Statement of Net Position

	(in thousands)	2013	2012	Increase/(Decrease)	
				Amount	Percent
Current assets		\$251,900	\$333,655	(\$81,755)	-24.5%
Noncurrent assets					
Investments		264,692	160,609	104,083	64.8%
Endowment investments		524,389	507,224	17,165	3.4%
Accounts and notes receivable and other assets		27,772	29,269	(1,497)	-5.1%
Investment in UC Health		420,645	420,645	-	0.0%
Capital assets, net of depreciation		1,466,366	1,460,382	5,984	0.4%
Total assets		2,955,764	2,911,784	43,980	1.5%
Current liabilities		273,349	332,195	(58,846)	-17.7%
Noncurrent liabilities		1,067,263	1,074,427	(7,164)	-0.7%
Total liabilities		1,340,612	1,406,622	(66,010)	-4.7%
Net position		\$1,615,152	\$1,505,162	\$109,990	7.3%

Current Assets

Current assets consist primarily of cash and cash equivalents, short-term investment of operating funds and debt proceeds to be used for capital improvements, and accounts and notes receivable. Current assets decreased by \$82 million in 2013. The decrease in current assets during 2013 was a result of the University extending the maturity dates for operating funds past the one-year threshold for current assets while allowing for sufficient liquidity. The University invests its operating funds and borrowed proceeds to provide, in order of priority, safety of principal, liquidity, and maximum total return consistent with safety and liquidity.

Noncurrent Assets

Investments

Investments (excluding endowment investments) at June 30, 2013, totaled \$265 million, an increase of \$104 million from June 30, 2012. The increase in investments is mainly due to the maturity dates being extended, thus additional investments being classified as noncurrent versus current. Funds are invested in the University's temporary investment pool which had a weighted average maturity of 1.95 years at June 30, 2013, an increase from 1.3 years at June 30, 2012. Investments with a maturity date less than one year after June 30, 2013, are classified as current.

Endowment Investments

The University's endowment totaled \$1.046 billion at June 30, 2013. The endowment includes Fund A (actively managed pooled investments), Fund B (certain real estate), separately invested assets, and beneficial interests in irrevocable trusts. Below is a summary of the market value for each category of the University's endowment:

	(in thousands)	2013	2012	Increase/(Decrease)	
				Amount	Percent
Fund A (University's share)		\$510,453	\$493,714	\$16,739	3.4%
Fund A (Foundation's share)		232,808	210,209	22,599	10.8%
Total Fund A		743,261	703,923	39,338	5.6%
Fund B		831	831	-	0.0%
Separately Invested		47,570	41,616	5,954	14.3%
Beneficial Interests in Irrevocable Trusts		253,944	231,423	22,521	9.7%
Total Endowment Investments		\$1,045,606	\$977,793	\$67,813	6.9%

Those amounts in the table above that are recorded on the University's Statement of Net Position include the University's share of Fund A (excluding a \$17 million loan to UHCURC), Fund B, and separately invested funds. These investments total \$542 million. Of the \$542 million, \$524 million is recorded as noncurrent endowment investments and \$18 million is included in cash and cash equivalents and accounts receivable.

Endowment funds consist of both permanent endowments and funds functioning as endowment (quasi-endowments and term endowments). Permanent endowments are funds received from donors with the stipulation that the principal remain inviolate and be invested in perpetuity to produce income that is expended for a specific purpose. Funds functioning as endowment consist of amounts (restricted gifts or unrestricted funds) that have been allocated by the University for long-term investment purposes, but are not limited by donor stipulations requiring the University to preserve principal in perpetuity. Programs supported by endowment funds include scholarships, fellowships, professorships, research efforts, and other major programs and activities.

Fund A, the University's principal investment pool, increased in 2013 from \$704 million to \$743 million, an increase of \$39 million (6%). The increase is net of the 5% endowment spending distribution plus a fundraising fee allocation provided to the Foundation. Excluding Neighborhood Development Corporation loans of \$61 million, Fund A consists of approximately 24% U. S. equities, 15% fixed income and cash, 18% absolute return hedge funds, and 43% other investments, including private equity and real estate.

The University manages the endowment to support current operations in a way that generates a predictable stream of support while maintaining the purchasing power of endowment funds adjusted for inflation. The spending policy provides for annual distributions of 5% of the three-year quarterly moving-average market value of assets in the investment pool. The annual distribution has been reduced to 4.75% for fiscal year 2014.

The University is the beneficiary of numerous trusts held and administered by external trustees. The market value of these external trustee assets totaled \$254 million and \$231 million as of June 30, 2013, and June 30, 2012, respectively. These external trusts are irrevocable, and the University has a vested beneficial interest in the net income payable by the trusts. In accordance with GASB, these external trust assets are not recorded on the University's Statement of Net Position. Income is received annually and recorded on the University's Statement of Revenues, Expenses, and Changes in Net Position. The University received income of \$8.2 million and \$7.4 million in 2013 and 2012, respectively. Income from the trusts will continue to be received in perpetuity.

Endowment investments recorded in the University's column of the financial report exclude both the Foundation's share of Fund A and the University's beneficial interests in irrevocable trusts.

Investment in UC Health

The University's interest in UC Health is valued at \$421 million. The University's value for its investment is based on the cost method of accounting as of July 1, 2011. For further discussion of UC Health, please refer to Note 4, Investment in UC Health.

Capital Assets

The University Campus Master Plan 2000 has driven \$2.0 billion of construction projects that transformed the Uptown Campus into a cohesive community that enhances the student, faculty, and staff experiences through improved teaching and research spaces. This additional space addresses recent enrollment growth the University has been privileged to experience plus provide accommodations for future enrollment growth. During 2013, the University completed a campus-wide wireless project to upgrade and expand its wireless network. Wireless coverage is available in all campus buildings and consists of 4,000 access points for an average of nearly 38,000 wireless clients each day.

Campus planners and communities around the country have recognized the significance of the University's physical campus. Noted publications such as the Princeton Review along with national press, New York Times, Los Angeles Times, and Forbes Magazine, have noted the strength of the campus plan and the design excellence of the buildings and other structures that shape the plan. Now ranked as one of the top 10 most beautiful campuses, the University is poised to begin its next physical plan.

The University's strategic and academic plans set the stage for the physical plan that addresses stewardship of existing assets through the use of standards and design guides. The need to replace infrastructure in existing academic buildings is the driver of this plan along with the quest for improved energy efficiency and more flexible and radical use of space. Opportunities for changing classroom teaching and learning patterns will create more highly performing buildings that focus on both function and energy use. The strategy is sustainable and responsible given the recent completion of a major building initiative as well as constrained state and local resources available to fund major construction projects.

Capital asset additions are funded using a combination of state capital appropriations, gifts, debt, federal grants, and University funds. Capital additions totaled \$113 million in 2013 and \$121 million in 2012. Depreciation expense totaled \$101 million in 2013 and \$100 million in 2012. Capital additions are primarily comprised of capital projects that were either completed during the fiscal year or are in the construction or design phase at June 30 of each fiscal year.

Significant capital projects in design or construction

- Nippert Stadium Renovation – \$86 million
- Medical Sciences Building Rehabilitation, Phase 4 – \$90 million
- Morgens Residence Hall Renovation – \$33 million
- DAAP Facade Improvement – \$20 million
- Rieveschl Hall Renovation Phases 5 & 6 (700/800 level research labs) – \$14 million
- Roof replacements
- Facade preservation

In June 2013, the University's Board of Trustees approved an extensive renovation project for the University's football arena, Nippert Stadium. The renovation will include both the west and east concourses. A new west pavilion building of approximately 110,000 SF on 5 levels will be erected. The new pavilion will provide premium seating including club seats, patio seating (loge), and private suites. This additional seating will provide increased capacity for approximately 2,000 fans. The east concourse concession and restroom space will be enlarged by adding a new two story building. The project will not only increase revenue for Athletics through the addition of the premium seating but the overall fan experience will be enhanced due to the improved functionality of the stadium. This \$86 million project will be funded by Athletics, through a combination of planned gifts, private suite commitments, and external debt. The project is scheduled to be ready for the 2015 football season.

Planning related to the physical campus is equally concentrated and in full support of the University's academic mission. Plans will unfold in the context of a comprehensive physical, financial, and academic picture.

Liabilities

Debt

Total debt representing bonds, notes, capital leases, and certificates of participation was \$1.101 billion at June 30, 2013; a decrease of \$52 million from \$1.153 billion at June 30, 2012.

During 2013, the University refunded debt on two occasions to rollover non-permanent debt and to refund fixed rate maturities to reduce future debt service. Total net economic gain to be realized from the refunding activity is \$7.4 million over 19 years (see Note 6 – "Refundings" section).

The University entered into an interest rate swap which became effective May 1, 2009, and is currently associated with Series 2013B Bond Anticipation Notes (BANS). The intent of this derivative instrument is to protect the University against the potential of rising interest rates. The University reevaluated the municipal market and the fair value of the swap in the spring of 2013, and decided to issue new BANS to replace the maturing BANS associated with the swap. This same evaluation process is anticipated to take place in 2014 to determine the optimal refinancing method for the Series 2013B BANS and the outstanding swap. The fair value of the swap at June 30, 2013, was a negative \$3.2 million and is reflected as an interest rate swap liability in the noncurrent liability section of the Statement of Net Position.

The ratings on University debt were maintained by Standard & Poor's (S&P) and Moody's during 2013. S&P's rating on bonds is AA-; the rating on Certificates of Participation (COPS) is A+; and the rating on the notes is SP-1+. S&P's outlook for the University remained at stable during 2013. Moody's rating for bonds is Aa3; the rating for the COPS is A1; and the note rating is MIG1. Moody's outlook for the University remained at stable during 2013.

The University continues to invest in its expansion of research and educational facilities beyond the level provided by state capital appropriations through the issuance of debt. The extensive investment in these facilities is necessary to attract and maintain high quality students, faculty, and research funding in an increasingly competitive environment. The University's future debt financing activity will focus on the Medical Sciences Building rehabilitation, the Nippert Stadium renovation, upgrades of existing facilities and building systems, and the strategic management of the debt portfolio.

Net Position

The four net position categories represent the residual interest in the University's assets and deferred outflows of resources less liabilities and deferred inflows of resources. The University's net position at June 30, 2013 and 2012 is summarized below.

	(in thousands)	2013	2012	Increase/(Decrease)	
				Amount	Percent
Net investment in capital assets		\$403,616	\$382,974	\$ 20,642	5.4%
Restricted for:					
Nonexpendable:					
Endowment and gifts		326,344	308,439	17,905	5.8%
Investment in UC Health		420,645	420,645	-	0.0%
Expendable:					
Endowment and gifts		288,720	272,920	15,800	5.8%
Other, including debt service, debt proceeds, and capital appropriations		9,015	20,049	(11,034)	-55.0%
Unrestricted		166,812	100,135	66,677	66.6%
Total Net Position		\$1,615,152	\$1,505,162	\$109,990	7.3%

Net investment in capital assets represents both the University's non-depreciable and depreciable assets. Non-depreciable assets include land, construction in progress, art, and rare book collections. Depreciable assets include buildings, equipment, land improvements, and infrastructure. The amount included as invested in capital assets is also net of outstanding principal balances of debt attributable to the acquisition, construction, and improvement of those assets. During fiscal year 2013, net investment in capital assets increased by \$21 million. The change was a result of depreciation expense totaling \$101 million offset by additions of \$113 million in 2013 and further offset by related debt reductions.

Restricted nonexpendable net position includes, as a primary component, the University's permanently invested endowment funds. It also includes the University's investment in UC Health.

Restricted expendable net position is subject to externally imposed provisions governing its use. This category of net position mainly includes restricted quasi-endowment funds, unspent expendable endowment funds (available through the endowment spending policy), and gifts. Quasi-endowment funds totaled \$217 million and \$211 million in 2013 and 2012, respectively. Unspent expendable endowment funds totaled \$58 million in 2013 and \$59 million in 2012.

Unrestricted net position has improved significantly over the past several years. During 2013, unrestricted net position increased by \$67 million to \$167 million. Improvements in unrestricted net position are a result of the implementation of targeted financial strategies, greater accountability, and an integrated budget planning process.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The Statement of Revenues, Expenses and Changes in Net Position presents the University's results of activities for the year. Presented below are summarized statements of the University's revenues, expenses, and changes in net position for the years ended June 30, 2013 and 2012.

SUMMARY STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	(in thousands)	2013	2012	Increase/(Decrease)	
				Amount	Percent
Operating Revenues		\$781,980	\$741,481	\$40,499	5.5%
Operating Expenses		1,024,487	991,420	33,067	3.3%
Operating Loss		(242,507)	(249,939)	7,432	-3.0%
Nonoperating Revenues (Expenses)					
State educational appropriations		184,199	181,590	2,609	1.4%
Federal and state nonexchange grants		43,719	44,681	(962)	-2.2%
Gifts		51,968	43,905	8,063	18.4%
Net investment income		84,984	27,233	57,751	212.1%
Net interest on capital asset-related debt		(44,334)	(44,149)	(185)	0.4%
Other nonoperating expenses		1,909	(3,603)	5,512	-153.0%
Capital appropriations, gifts, and grants		29,788	21,109	8,679	41.1%
Additions to permanent endowments		264	697	(433)	-62.1%
Increase in net position		109,990	21,524	88,466	411.0%
Net position, beginning of year		1,505,162	1,483,638	21,524	1.5%
Net position, end of year		\$1,615,152	\$1,505,162	\$109,990	7.3%

Under GASB standards, revenues and expenses are categorized as either operating or nonoperating. Significant recurring sources of the University's revenues, including state appropriations, federal and state grants (nonexchange), and gifts are considered nonoperating as defined by GASB. Consequently, the operating loss of \$243 million does not account for these important revenue sources. Adding these three revenue sources, which total \$280 million for the fiscal year, offsets the operating loss. This provides a more accurate view of the University's operating results.

The increase in net position for 2013 totaled \$110 million as compared to \$22 million for 2012. This \$88 million increase was due in part to the improvement in net investment income of \$58 million with the balance of \$30 million attributable to improved operations combined with an increase in State appropriations and gifts received from donors.

REVENUES

One of the University's greatest strengths is the diverse stream of revenues that supplements its student tuition and fees including voluntary private support from individuals, foundations, and corporations along with government and other sponsored programs; state appropriations; and investment income. The University has aggressively sought, and will continue to seek, funding from all possible sources consistent with its mission to supplement student tuition and will prudently manage the financial resources realized from these efforts to fund its operating activities.

SUMMARY OF REVENUES

	(in thousands)	2013	2012	Increase/(Decrease)	
				Amount	Percent
Operating revenues					
Net student tuition and fees		\$414,872	\$381,213	\$33,659	8.8%
Federal, state, & local grants and contracts		152,392	166,347	(13,955)	-8.4%
Nongovernmental grants and contracts		19,895	20,350	(455)	-2.2%
Sales and services of educational departments		67,116	63,145	3,971	6.3%
Auxiliary enterprises, net		110,152	100,144	10,008	10.0%
Other		17,553	10,282	7,271	70.7%
Total operating revenues		781,980	741,481	40,499	5.5%
Nonoperating Revenues					
State educational appropriations		184,199	181,590	2,609	1.4%
Federal and state nonexchange grants		43,719	44,681	(962)	-2.2%
Gifts		51,968	43,905	8,063	18.4%
Net investment income		84,984	27,233	57,751	212.1%
Capital appropriations, gifts, and grants		29,788	21,109	8,679	41.1%
Additions to permanent endowments		264	697	(433)	-62.1%
Total nonoperating and other revenues		394,922	319,215	75,707	23.7%
Total revenues		\$1,176,902	\$1,060,696	\$116,206	11.0%

Operating Revenues

Student tuition and fees are the primary source of operating revenue for the University, which increased by \$34 million for 2013. A portion of this increase was due to a one-time anomaly related to the conversion from a quarter calendar system to a semester calendar beginning fall 2013. The recognition of a higher percentage of summer term revenue at June 30, 2013 was the result of summer term classes under semesters beginning in early May compared to quarter system classes, which always began in late June. The remaining increase was attributable to higher tuition and fees. For the 2012-13 academic year, the University's Board of Trustees approved a 3.5% increase in tuition and fees for both in-state and out-of-state undergraduate and graduate students. An increase of 6% was approved for the College of Law. Tuition and fees for the Pharm D program were increased by 9.5% for in-state students and 6.8% for out-of-state students.

The University has a high level of commitment to research. Revenue from federal, state, and local grants and contracts was \$152 million and \$166 million in 2013 and 2012, respectively; a decrease of \$14 million in 2013. The decrease in 2013 was due to an overall reduction in grant funds available for research. Annual research revenue as a percent of total operating revenue accounted for 19% of revenue in 2013.

Nonoperating Revenues

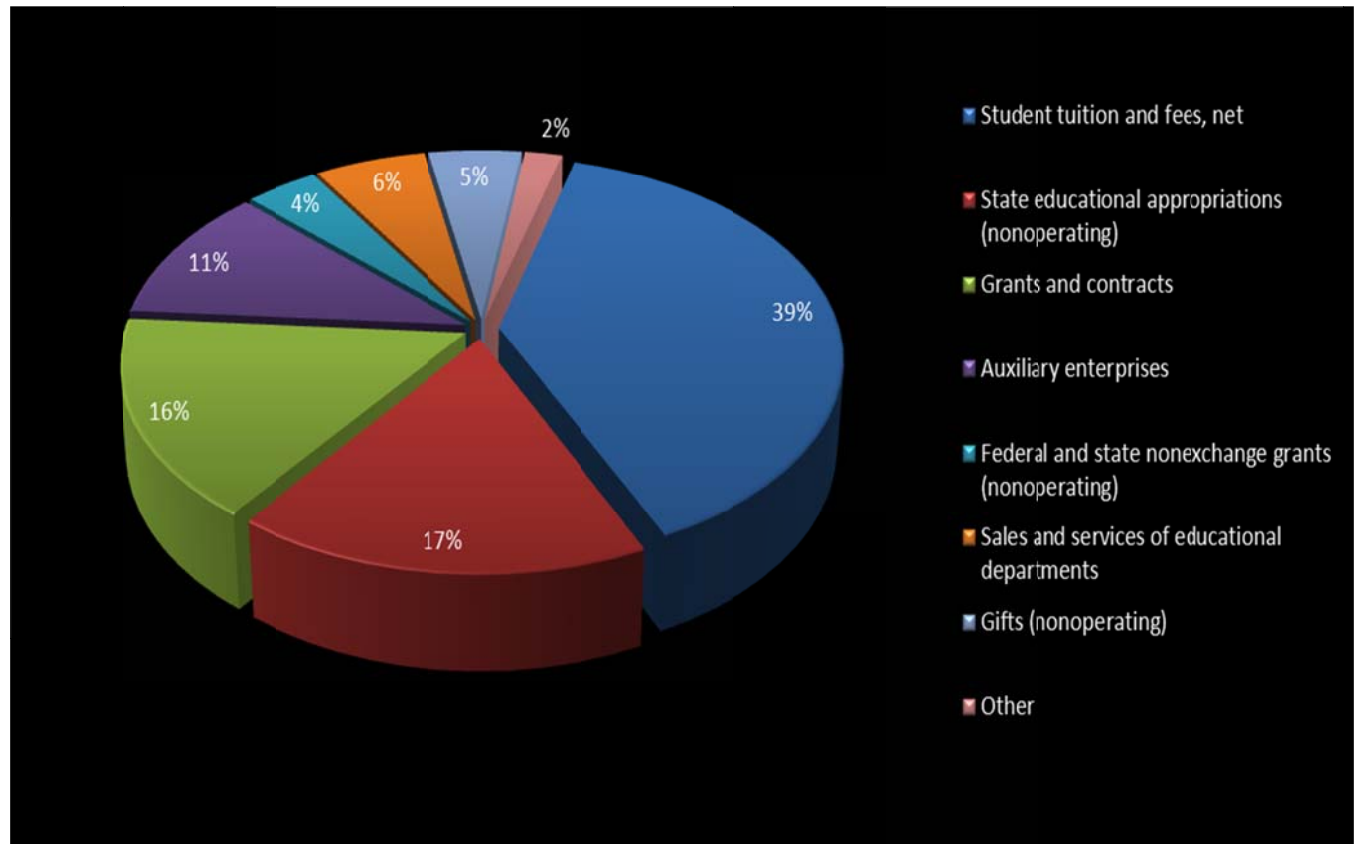
State educational appropriations increased from \$182 million in 2012 to \$184 million in 2013, an increase of \$2 million. While state appropriations contribute a significantly lower percentage of the overall funding of University operations, particularly compared to tuition, the resources remain a vital source of funding for academic programs and administrative costs.

Revenues from federal and state grants (nonexchange) provide for the recovery of direct and indirect costs. Such revenues decreased by \$1 million in 2013. In a time of heightened competitiveness, especially for federal research funding, the University continues to focus on maintaining its research base.

The results of fundraising efforts have been an important component of financial resources. Expendable gifts to the University totaled \$52 million and \$44 million in 2013 and 2012, respectively. The \$8 million increase in gift revenue was a direct result of the Foundation's fundraising efforts toward achieving the University's \$1 billion gift campaign, Proudly Cincinnati, which was launched publicly in 2008.

The University's investment income totaled \$85 million and \$27 million in 2013 and 2012 respectively, an increase of \$58 million. Investment income includes both endowment income and temporary investment pool income. The overall increase in investment income for 2013 is attributable to improved national and global markets along with strategic investment management.

Below is a chart listing revenues by source including revenues used for operating activities and those classified as nonoperating such as state educational appropriations, federal and state grants (nonexchange), and gifts. As noted earlier, GASB requires state appropriations, federal and state grants (nonexchange), and gifts to be classified as nonoperating revenues.



EXPENSES

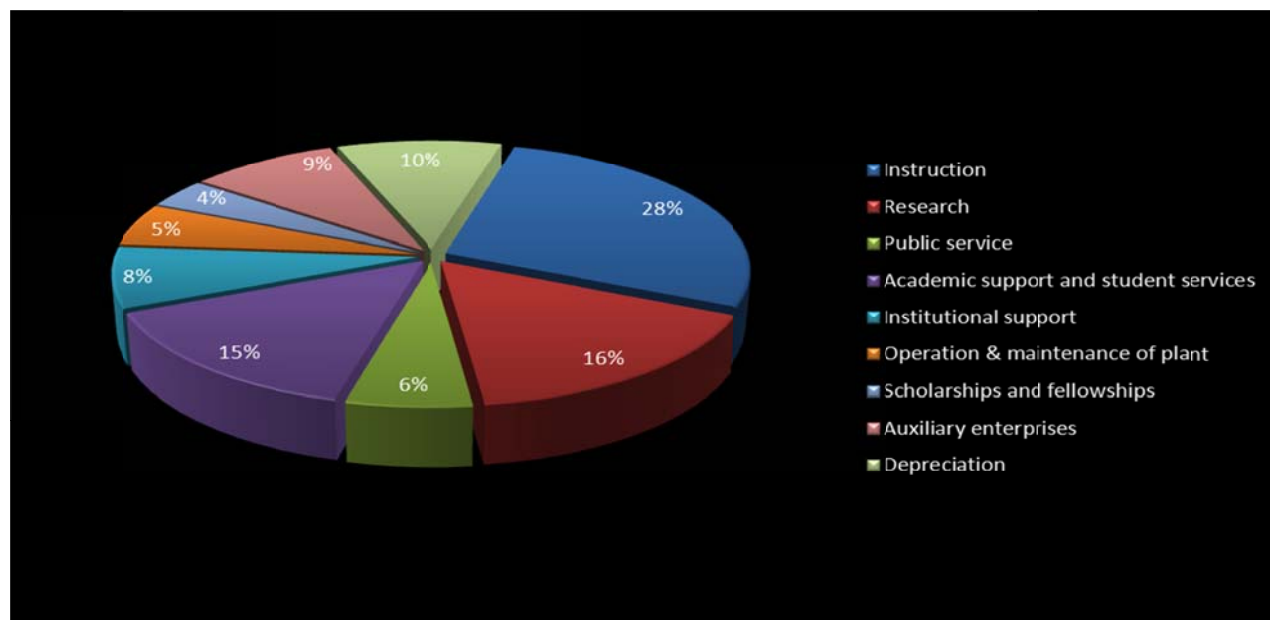
The University continues to employ cost containment initiatives to control expenses while investing in research, academic & institutional support, and students through scholarships and fellowships.

SUMMARY OF EXPENSE

(in thousands)	2013	2012	Increase/(Decrease)	
			Amount	Percent
Operating expenses				
Instruction	\$283,151	\$268,935	\$14,216	5.3%
Research	166,667	167,694	(1,027)	-0.6%
Public service	60,673	57,708	2,965	5.1%
Academic support and student services	148,640	140,701	7,939	5.6%
Institutional support	79,767	84,275	(4,508)	-5.3%
Operations and maintenance of plant	55,073	49,854	5,219	10.5%
Scholarships and fellowships	37,876	38,104	(228)	-0.6%
Auxiliary enterprises	91,530	83,992	7,538	9.0%
Depreciation	101,110	100,157	953	1.0%
Total operating expenses	1,024,487	991,420	33,067	3.3%
Nonoperating expenses				
Interest on capital asset-related debt	44,334	44,149	185	0.4%
Other nonoperating expenses	(1,909)	3,603	(5,512)	-153.0%
Total nonoperating expenses	42,425	47,752	(5,327)	-11.2%
Total expenses	\$1,066,912	\$1,039,172	\$27,740	2.7%

Total University expenses (operating and nonoperating) increased by \$28 million in 2013. The increase was attributable to an increase in various costs mainly related to instruction (additional summer semester costs), academic support and student services, operations and maintenance of plant, and auxiliary enterprises. Institutional support decreased by 5.3%, which was a result of the implementation of efficiency and cost cutting measures.

Below is a chart reflecting operating expenses by category and percentage of total operating expenses.



ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

In October 2012, the Board of Trustees voted unanimously to appoint Santa Jeremy Ono as the University's 28th president. The University community was immediately supportive of Dr. Ono's appointment. Dr. Ono had been serving as the Senior Vice President for Academic Affairs and Provost for the prior two years. During 2013, Dr. Ono filled all vacant cabinet positions including his former position as Provost.

Dr. Ono is one of a small group of university presidents in the nation who have fully embraced social media and has more than 22,000 followers of his Twitter feed: @PrezOno (<http://twitter.com/PrezOno>). Dr. Ono has dubbed the University as the #HottestCollegeinAmerica. For the President, "the caption represents an institution that has no interest in resting on a ranking; no problem in pushing boundaries and reimagining what's possible; and no doubt in its ability to transform the lives of young people via first-class teaching, research, leadership and service. More than a slogan, it speaks to the keen sense of purpose, pride and progress that emanates from every corner of our campus." Dr. Ono's leadership and personal connections to the University community played a key role in the University's record-breaking enrollment for fall 2013 of 42,656 students and the University's continued success in the national rankings. Targeted efforts toward strategic advancement have resulted in the University being listed third among 23 National Universities identified as "Up-and-Coming Schools" by U.S. News & World Report.

Through Dr. Ono's leadership, the University continues to chart its course for future advancement through the purposeful implementation of the Academic Master Plan. The plan has provided the strategic vision of becoming a first-choice destination for students, faculty, and staff. Guiding the plan are nine operational principles which include learning, discovery, community, economy, sustainability, global engagement, diversity, mission-based health care, and collaboration. Many promises have already been fulfilled in each of the principle areas. While the University continues to focus on meeting these principles, the University has begun to look ahead to creating its Third Century to sharpen the vision for institutional priorities for the next 15 years. The University will celebrate its 200th anniversary in 2019.

While the state capped tuition to 2% for the 2013-14 academic year, the University's Board of Trustees, per the recommendation of President Ono, approved freezing tuition for in-state and out-of-state undergraduate and graduate students. President Ono announced that now is the time for the University to send a "clear and compelling message to the broader community that we are firmly committed to keeping costs down for our students."

The State of Ohio's 2014-2015 approved budget appropriations bill includes funding reforms for Ohio's public colleges and universities. The changes in the funding methodology reward improved graduation rates and course completions. In 2014, the statewide average for the State Share of Instruction (SSI) will be distributed to university main campuses based on the following allocations. Actual percentages will vary by institution.

- Degrees awarded – 50.0%
- Course completions – 28.0%
- Doctoral set-asides – 12.9%
- Medical set-asides – 8.6%
- Earmarks < 1%

Distributions to regional campuses will be based 100% on course completion. The initial SSI allocation schedule distributed by the State for 2014 appropriations reflects an increase for the University.

Awards from both the National Institutes of Health (NIH) and Department of Education are projected to continue to decline due to Federal budget cuts. This decrease in Federal research funding will negatively impact the overall amount of grant funding available to University researchers. As a part of the University's long-term plan to advance the research initiative and expand private gifts, the University is collaborating and strategizing with the University of Cincinnati Research Institute (UCRI), a newly established 501(c)(3) nonprofit organization. UCRI's charge is to connect University experts to industry partners, facilitate commercialization of research, and enhance cooperative and experiential learning experiences for University students.

Income distribution for endowment spending for 2014 has been reduced from 5% to 4.75%. The distribution calculation is based on the previous twelve-quarter moving average of market value. In 2015, endowment spending will be further reduced to 4.5%. Additionally, both neighborhood development corporation loans and local real estate-related assets will be excluded from the distribution calculation. Reducing the spending policy and modifying the asset base used in the spending policy calculation are important steps to insure the long-term protection of the endowment corpus and provide ongoing intergenerational equity.

University of Cincinnati

(a component unit of the State of Ohio)

Statement of Net Position (in thousands)	University		The University of Cincinnati Foundation	
	2013	2012	2013	2012
as of June 30, 2013 (with comparative information as of June 30, 2012)				
Assets				
Current assets				
Cash and cash equivalents	\$65,751	\$112,016	\$4,827	\$3,093
Current portion of investments	122,022	153,672		
Current portion of accounts receivable, net	48,822	46,044	1,566	2,011
Current portion of pledges receivable, net			30,963	18,862
Current portion of notes receivable, net	6,556	6,459		
Deposits with bond trustees	914	7,512		
Current portion of other assets	7,835	7,952	10,134	9,772
Total current assets	251,900	333,655	47,490	33,738
Noncurrent assets				
Investments	264,692	160,609		
Endowment investments	524,389	507,224	281,409	253,718
Accounts receivable, net	4,199	3,648		
Pledges receivable, net			37,105	33,015
Notes receivable, net	23,573	25,434		
Other assets		187		
Investment in UC Health	420,645	420,645		
Capital assets not being depreciated	258,563	214,510		
Capital assets being depreciated, net	1,207,803	1,245,872	510	688
Total noncurrent assets	2,703,864	2,578,129	319,024	287,421
Total Assets	2,955,764	2,911,784	366,514	321,159
Liabilities				
Current liabilities				
Accounts payable	49,779	47,875	1,430	1,815
Accrued liabilities	20,598	24,233		
Current portion of accrued compensation	80,661	79,591		
Current portion of bonds, notes, and leases payable	81,140	130,026		
Deposits and advances	35,974	44,472		
Funds held on behalf of others	5,197	5,998		
Total current liabilities	273,349	332,195	1,430	1,815
Noncurrent liabilities				
Accrued compensation	18,469	21,244		
Government loan advances	25,853	25,168		
Bonds and leases payable	1,019,730	1,022,752		
Interest rate swap liability	3,211	5,263		
Other noncurrent liabilities			11,993	10,853
Total noncurrent liabilities	1,067,263	1,074,427	11,993	10,853
Total Liabilities	1,340,612	1,406,622	13,423	12,668
Net Position				
Net investment in capital assets	403,616	382,974	510	688
Restricted for:				
Nonexpendable:				
Endowment and gifts	326,344	308,439	272,294	251,302
Investment in UC Health	420,645	420,645		
Expendable:				
Endowment and gifts	288,720	272,920	101,830	82,554
Other, including debt service, debt proceeds, and capital appropriations	9,015	20,049		
Unrestricted	166,812	100,135	(21,543)	(26,053)
Total Net Position	\$ 1,615,152	\$ 1,505,162	\$ 353,091	\$ 308,491

The accompanying Notes to Financial Statements are an integral part of this statement.

University of Cincinnati

(a component unit of the State of Ohio)

Statement of Revenues, Expenses, and Changes in Net Position (in thousands)

	University		The University of Cincinnati Foundation	
	2013	2012	2013	2012
for the year ended June 30, 2013 (with comparative information for the year ended June 30, 2012)				
Operating Revenues				
Student tuition and fees	\$ 514,535	\$ 477,425		
Less scholarship allowances	99,663	96,212		
Net student tuition and fees	414,872	381,213		
Federal grants and contracts	146,025	156,103		
State and local grants and contracts	6,367	10,244		
Nongovernmental grants and contracts	19,895	20,350		
Sales and services of educational departments	67,116	63,145		
Auxiliary enterprises	110,152	100,144		
Other operating revenues	17,553	10,282	\$ 11,969	\$ 12,494
Total Operating Revenues	781,980	741,481	11,969	12,494
Operating Expenses				
Educational and general:				
Instruction	283,151	268,935		
Research	166,667	167,694		
Public service	60,673	57,708		
Academic support	92,059	97,441		
Student services	56,581	43,260		
Institutional support	79,767	84,275	16,520	17,522
Operations and maintenance of plant	55,073	49,854		
Scholarships and fellowships	37,876	38,104		
Auxiliary enterprises	91,530	83,992		
Depreciation	101,110	100,157	214	256
Total Operating Expenses	1,024,487	991,420	16,733	17,778
Operating loss	(242,507)	(249,939)	(4,764)	(5,284)
Nonoperating Revenues (Expenses)				
State educational appropriations	184,199	181,590		
Federal nonexchange grants	40,698	42,566		
State nonexchange grants	3,021	2,115		
Gifts	51,968	43,905	65,155	40,786
Net investment income	84,984	27,233	25,384	3,230
Net interest on capital asset-related debt	(44,334)	(44,149)		
Payments to University of Cincinnati			(41,006)	(37,524)
Other nonoperating revenues (expenses)	1,909	(3,603)	(169)	(3,876)
Net Nonoperating Revenues	322,445	249,657	49,364	2,616
Income (loss) before other revenues	79,938	(282)	44,600	(2,668)
Other Revenues				
State capital appropriations	16,337	10,757		
Capital gifts and grants	13,451	10,352		
Additions to permanent endowments	264	697		
Total Other Revenues	30,052	21,806	-	-
Increase (decrease) in net position	109,990	21,524	44,600	(2,668)
Net Position, beginning of year	1,505,162	1,483,638	308,491	311,159
Net Position, end of year	\$ 1,615,152	\$ 1,505,162	\$ 353,091	\$ 308,491

The accompanying Notes to Financial Statements are an integral part of this statement.

University of Cincinnati

(a component unit of the State of Ohio)

Statement of Cash Flows (in thousands)

	University	
for the year ended June 30, 2013 (with comparative information for the year ended June 30, 2012)	2013	2012
Cash Flows from Operating Activities		
Student tuition and fees	\$ 402,641	\$ 376,539
Federal, state, and local grants and contracts	210,715	229,591
Sales and services of educational departments and auxiliary enterprises	175,587	163,475
Expenditures and other deductions:		
Compensation	(626,695)	(612,241)
Payments for materials, services and other	(317,439)	(325,964)
Loans issued	(4,047)	(6,507)
Loan principal collected	5,811	5,339
Interest on loans receivable	175	737
Other revenue	19,524	9,931
Net Cash Used for Operating Activities	(133,728)	(159,100)
Cash Flows from Noncapital Financing Activities		
State educational appropriations	184,199	181,590
Federal nonexchange grants	40,698	42,566
State nonexchange grants	3,021	2,115
Gift receipts for current use	51,809	46,860
Additions to permanent endowments	264	697
Net Cash Provided by Noncapital Financing Activities	279,991	273,828
Cash Flows from Capital and Related Financing Activities		
State capital appropriations	14,378	15,109
Private gifts	5,110	3,793
Grants	7,845	5,420
Other	6,560	8,447
Proceeds from issuance of capital debt	143,964	231,115
Purchases of capital assets	(118,498)	(117,578)
Principal paid on capital debt and leases	(195,872)	(263,936)
Interest payments on capital debt and leases	(50,555)	(52,717)
Net Cash Used for Capital and Related Financing Activities	(187,068)	(170,347)
Cash Flows from Investing Activities		
Interest and dividends on investments, net	15,677	23,749
Proceeds from sales and maturities of investments	2,166,229	1,363,205
Purchases of investments	(2,186,135)	(1,297,038)
Other endowment expenditures	(1,231)	(2,436)
Net Cash (Used for) Provided by Investing Activities	(5,460)	87,480
Net (Decrease) Increase in Cash and Cash Equivalents	(46,265)	31,861
Cash and Cash Equivalents, Beginning of Year	112,016	80,155
Cash and Cash Equivalents, End of Year	\$ 65,751	\$ 112,016

University of Cincinnati

(a component unit of the State of Ohio)

Statement of Cash Flows (in thousands)

University

for the year ended June 30, 2013 (with comparative information for the year ended June 30, 2012)

2013

2012

Reconciliation of Operating Loss to Net Cash Used for Operating Activities:

Operating loss	\$ (242,507)	\$ (249,939)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation expense	101,110	100,157
Changes in assets and liabilities:		
Accounts receivable, net	1,228	4,515
Notes receivable, net	(1,763)	(1,130)
Other assets	(290)	(1,430)
Accounts payable	1,947	1,065
Accrued compensation and other	(1,084)	(422)
Advances	(3,122)	(515)
Compensated absences	(3,150)	(1,242)
Deposits	254	1,166
Other liabilities	13,649	(11,325)
Net Cash Used for Operating Activities	\$ (133,728)	\$ (159,100)

Noncash Transactions

Accrued liabilities for property, plant and equipment	\$ 11,753	\$ 17,709
Gifts of property, plant and equipment	661	1,139

The accompanying Notes to Financial Statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2013

1. Organization and Summary of Significant Accounting Policies

Organization

The University of Cincinnati (the University) originated in 1819 with the founding of Cincinnati College. In 1977, the University formally became part of the Ohio public university system. As such, it is a component unit of the State of Ohio. Under provisions of the Internal Revenue Code, Section 115, and the applicable income tax regulations of the State of Ohio, the University, as a state institution, is exempt from taxes on income other than unrelated business income. Since the University has no material net unrelated business income during the year ended June 30, 2013, there are no provisions for income taxes.

Under Ohio Revised Code 3361.01, the University of Cincinnati's Board of Trustees is the governing body of the University of Cincinnati. The board is composed of 11 members: nine (9) voting members and two (2) nonvoting student members. All board members are appointed by the Governor of Ohio with the advice and consent of the State Senate. Trustees are appointed to nine-year terms of office, with the exception of student trustees who are appointed to two-year terms.

The Board is responsible for selecting and appointing the president; setting the operating budget; approving personnel appointments; granting all degrees awarded by the University, including honorary degrees; establishing tuition and fee rates; approving contracts; and approving all rules, regulations, curriculum changes, new programs and degrees of the University.

Basis of Presentation

The accompanying financial statements present the accounts of the University and of the following entities:

- University Heights Community Urban Redevelopment Corporation (UHCURC), described more fully in Note 16, is a legally separate not-for-profit organization which owns a residence complex offering housing for University students. UHCURC is reported as a blended component unit of the University in accordance with the provisions of the Governmental Accounting Standards Board (GASB) and is included in the University's Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows.
- The University of Cincinnati Foundation (the Foundation), described more fully in Note 17, is a legally separate not-for-profit organization engaged in fundraising activities exclusively for the benefit of the University. The Foundation is a discretely presented component unit of the University in accordance with the provisions of GASB on the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position.

Basis of Accounting

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, as prescribed by GASB. The University reports as a special purpose government engaged primarily in business type activities (BTA), as defined by GASB, on the accrual basis. Business type activities are those that are financed in whole or in part by fees charged to external parties for goods and services. In accordance with BTA reporting, the University presents Management's Discussion and Analysis, Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, Statement of Cash Flows, and Notes to the Financial Statements.

In November 2010, GASB issued a statement related to service concession arrangements, which are a type of public-private or public-public partnerships. The statement provides guidance on the accounting and reporting for agreements where a governmental entity conveys to another party (operator) the right and related obligation to provide services through the use of a public asset in exchange for significant consideration and the operator collects and is compensated by fees from third parties. The requirements of the statement are for periods beginning after December 15, 2011. There was no significant impact on the financial statements related to the implementation of this statement.

In November 2010, GASB issued a statement to amend previous statements related to the assessment of potential component units in determining what should be included in the financial reporting entity, and financial reporting entity display and disclosure requirements. The requirements of the statement are effective for periods beginning after June 15, 2012. The University elected early adoption of this statement in fiscal year 2011. There was no significant impact on the financial statements related to the implementation of this statement.

In December 2010, GASB issued a statement with the objective to incorporate in its authoritative literature all of the pronouncements issued on or before November 30, 1989 by the Financial Accounting Standards Board (FASB) and the American Institute of Certified Public Accountants (AICPA) that do not conflict with or contradict GASB pronouncements. The requirements of the statement are for periods beginning after December 15, 2011. There was no significant impact on the financial statements related to the implementation of this statement.

In June 2011, GASB issued a statement that standardizes the presentation of deferred outflows of resources and deferred inflows of resources, which are distinct from assets and liabilities, and their effects on an entity's net position. Additionally, the statement renames the residual of all elements presented in a statement of financial position as net position, rather than net assets. The requirements of the statement are for periods beginning after December 15, 2011. The University has revised the presentation of the financial statements. However, there was no significant impact on the financial statements related to the implementation of this statement.

In June 2012, GASB issued a statement to establish new accounting and financial requirements for pension plans provided by the University to its employees. University employees participate in cost-sharing multiple-employer plans, which are within the scope of this statement. This statement will require the University to recognize a net pension liability (or asset), pension expense, and pension-related deferred inflows and outflows of resources based on the University's proportionate share of collective amounts for all participating employers in the plans. The requirements of the statement are for periods beginning after June 15, 2014. Management believes there will be a significant impact on the financial statements related to the implementation of this statement but is still evaluating the overall effect.

The University's financial resources are classified for accounting and reporting purposes into the following four net position categories:

- Net Investment in Capital Assets: Capital assets, net of accumulated depreciation, reduced by outstanding debt attributable to the acquisition, construction or improvement of those assets.
- Restricted for nonexpendable and expendable purposes:
 - Nonexpendable – The net position subject to externally-imposed restrictions, which must be retained in perpetuity by the University, is classified as nonexpendable net position. Such assets include the University's permanent endowment and the University's investment in UC Health.
 - Expendable – The net position whose use by the University is subject to externally-imposed restrictions that can be fulfilled by actions of the University pursuant to those restrictions or that expire by the passage of time are classified as expendable net position. Such assets include the spendable portion of endowment and gifts and other assets including debt service, debt proceeds, and capital appropriations.
- Unrestricted: The remaining net position that is neither the net investment in capital assets or restricted for nonexpendable and expendable purposes. The University's unrestricted net position may be designated for specific purposes by action of management or the Board of Trustees or may otherwise be limited by contractual agreements with outside parties. Substantially all of the unrestricted net position is designated for academic and research programs and initiatives and for capital programs.

Summary of Significant Accounting Policies

Investments are reported in four categories in the Statement of Net Position. Investments identified as current and noncurrent are used for operating and capital activities. Investments identified as endowment are those funds invested in portfolios that are considered by management to be of a long duration. The fourth investment is identified as the University's investment in UC Health.

Investments in marketable securities are carried at fair value, as established by the major securities markets. Purchases and sales of investments are accounted for on the trade date basis. Investment income is recorded on the accrual basis. Realized and unrealized gains and losses are reported in investment income.

The University's endowment portfolio includes alternative investments, such as limited partnerships, that are not publicly traded. These investments are generally carried at fair value provided by the management of the investment partnerships as of March 31, 2013, as adjusted by cash receipts, cash disbursements and securities distributions through June 30, 2013, in order to provide an approximation of fair value at June 30. In addition, the carrying amount of these investments is adjusted for June 30 information from management of the investment partnerships when necessary to provide a reasonable estimate of fair value as of June 30, 2013. Because these investments are not readily marketable, the estimated value is subject to uncertainty. Therefore, the estimated value may differ from the value that would have been used had a ready market for the investments existed. Such differences could be material.

Accounts Receivable are recorded net of an allowance for uncollectible accounts. The allowance is based on management's judgment of potential uncollectible amounts, based on historical experience and type of receivable. Accounts receivable primarily include tuition and fee charges to students and charges for auxiliary enterprise services provided to students, faculty and staff.

Pledged gifts for endowments from individuals, foundations, or corporations do not meet eligibility requirements as defined by GASB, to be recognized on the University's Statement of Net Position. The Foundation receives pledges and bequests for the benefit of the University and as a FASB entity, recognizes those gifts on its financial report. Once the gift is received by the Foundation and transferred to the University, the University recognizes the gift income.

Notes receivable are mainly loans made to students under various federal loan programs. Such loans are recorded net of estimated uncollectible amounts.

Capital Assets are comprised of land, land improvements, infrastructure, buildings and equipment. Land, works of art and historical treasures are capitalized but not depreciated. All University assets are recorded at cost at date of acquisition, or market value at date of donation. The University's capitalization threshold is \$100,000 for major capital projects and intangible assets except for internally generated software which has a threshold of \$500,000. For all other items the capitalization threshold is \$5,000. Interest on related borrowing, net of interest earnings on invested proceeds, is capitalized during the period of construction. The University and its blended component unit's property and equipment are depreciated using the straight-line method over the estimated useful lives (from three to fifty years) of the respective assets. When plant assets are sold or disposed of, the carrying value of such assets and the associated depreciation are removed from the University's records.

Compensated absences, reported as accrued compensation, include liabilities related to vacation and sick leave accruals. University employees earn vacation and sick leave on a monthly basis. All accrued vacation is considered a current liability. Vacation benefits may accrue up to a maximum of three years' credit. Earned but unused vacation days are payable upon termination. Sick leave accrues without limit; however, unused days are payable only upon retirement from the University, subject to 30- or 60-day limits depending on the date of hire. The termination payment method is utilized to compute the liability for sick leave.

Advances include receipts relating to tuition, student fees and athletic events received in advance of services to be provided. Advances also include the amounts received from grant and contract sponsors that have not yet been earned under the terms of the agreement. The University will recognize such amounts as revenue when services are provided.

Endowment Spending Policy—For donor restricted endowments, the Uniform Prudent Management of Institutional Funds Act, as adopted in Ohio, permits the University to distribute an amount of realized and

unrealized endowment appreciation as the Board of Trustees determines to be prudent. The University's policy is to accumulate the undistributed realized and unrealized appreciation within the endowment, which is discussed in Note 2.

Student Tuition and Residence Hall Fees - Stipends and other payments made directly to students are presented as scholarship and fellowship expenses that offset tuition and fee revenue. Fee authorizations provided to graduate teaching, research and administrative associates as part of employment arrangement are presented in instruction, research and other functional categories of operating expense.

Auxiliary Enterprise Revenues primarily represent revenues generated by athletics, bookstores, the conference center, dining, housing, and parking.

Operating Activities, as reported on the Statement of Revenues, Expenses and Changes in Net Position are those that generally result from exchange transactions such as payments received for providing services and payments made for services or goods received. Nearly all of the University's expenses are from exchange transactions. Certain significant revenue streams available to support operations are classified as nonoperating revenues (i.e. state educational appropriations, nonexchange federal and state grants, gifts, and investment income) in accordance with GASB standards.

Management Estimates—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, deferred inflows and outflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Comparative Information— Financial information presented by the University for 2012 is for comparative purposes. This information should be read in conjunction with the University's financial statements for the year ended June 30, 2012, which were previously audited. An unmodified audit opinion was expressed on those financial statements.

Reclassifications— Certain amounts from the prior year have been reclassified to conform to current-year presentation. These reclassifications had no effect on the change in net position.

2. Cash, Cash Equivalents, and Investments

Summary—The University maintains centralized management for substantially all of its cash and investments. With the exception of insurance reserves and other endowment investments which require separate management by donor stipulation, the University invests its operating cash in relatively short-duration assets in the Temporary Investment Pool. A majority of the assets of the University's endowment assets are invested in the Endowment Fund A.

Distributions are made from the University endowment to the University entities that benefit from those funds. The endowment spending policy provides for an annual distribution of 5% of the twelve-quarter moving-average market value of endowment units.

Effective June 1, 2009 Ohio's version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) became effective and replaced the Ohio Uniform Management of Institutional Funds Act. UPMIFA provides statutory rules for the management and investment of endowment funds owned and controlled by charitable institutions.

Authorizations—The Temporary Investment Pool is invested principally in investment-grade money-market and fixed-income securities. Balances in the Temporary Investment Pool are primarily for operating expenses or for funding capital projects.

Investment policies are governed and authorized by University rules. For endowment investments, the approved asset mix may range from 70% to 90% variable investments and 10% to 30% fixed income investments, at any one time, at the discretion of the University's investment committee.

The University has an established set of investment guidelines related to targeted asset allocation and allowable ranges for alternative investments. For alternative investment categories, as defined by investment practitioners, the Investment Committee target allocations are: Private Real Estate 3%, Private Equity including Natural Resources 17%, and Hedge Funds 20%. Maximum allowable holdings for these three categories are 3%, 17% and 20%, respectively.

Diversification is a fundamental risk-management strategy for the endowment portfolio. Accordingly, the portfolio includes investments in domestic and non-U.S. stocks, bonds and loans; real estate; and limited partnerships for investment in real estate, private equity and hedge funds.

Off-Balance-Sheet Risk— The University's investment strategy incorporates certain financial instruments which involve, to varying degrees, elements of market risk and credit risk in excess of amounts recorded in the financial statements. Market risk is the potential for changes in the value of financial instruments due to market movements, including interest and foreign exchange rate movements and fluctuations embodied in forward, futures, and commodity or security prices. Market risk is directly impacted by the volatility and liquidity of the markets in which the related underlying assets are traded. Credit risk is the possibility that a loss may occur due to the failure of a counterparty to perform according to the terms of the contract. The University's risk of loss in the event of counterparty default is typically limited to the amounts recognized in the Statement of Net Position and is not represented by the contract or notional amounts of the instruments.

Cash and Cash Equivalents— The University considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. At June 30, 2013, the carrying amount of the University's cash and cash equivalents for all funds is \$65,751,000 as compared to bank and investment account balances of \$79,575,000. The difference between the carrying amount and the bank balances is caused primarily by deposits in transit and outstanding checks and the Foundation's share of the Endowment Fund A cash and cash equivalents.

Of the University's bank balances, \$454,000 is covered by federal depository insurance and money market funds account for \$76,879,000.

Investments

The fair value of University investments at June 30, 2013 is (in thousands):

U.S. government, agency and treasury securities	\$ 101,698
Municipal bonds and notes	29,322
Corporate notes and bonds	299,919
Corporate stocks	201,254
Mutual funds	111,013
Other securities	379,911
Real estate	<u>12,635</u>
Total investments – including UC Foundation share of Fund A	1,135,752
Less UC Foundation share of Fund A	<u>224,649</u>
Total investments	911,103
Less current investments	<u>122,022</u>
Total noncurrent investments	<u>\$ 789,081</u>

Current investment detail (in thousands):

U.S. government, agency and treasury securities	\$ 12,898
Municipal notes and bonds	17,713
Corporate notes and bonds	<u>91,411</u>
Total current investments	<u>\$ 122,022</u>

Alternative investments of \$391 million are included within mutual funds and other securities in the summary schedule of investments above. Certain of these alternative investments are carried at estimated fair value

as of March 31, 2013, as adjusted by cash receipts, cash disbursements and securities distributions through June 30, 2013, at a total estimated fair value of \$102 million (please refer to Note 1, Summary of Significant Accounting Policies, regarding valuation of alternative investments). In addition, the University also has alternative investments in investment funds that are not themselves publicly traded investments for which fair values are established by the major securities markets. Such alternative investments are carried at fair value of \$154 million at June 30, 2013. The University's outstanding commitment to alternative investments is \$72 million as of June 30, 2013.

At June 30, 2013, other securities included \$73,236,000 net of \$20,260,000 of loan loss reserves, of loans made to certain nonprofit entities for the purpose of developing residential and commercial facilities on the borders of the campus. Currently, these loans are secured primarily by mortgages on parcels of land purchased by these nonprofit entities. Some of these mortgages are subordinated to external financing arranged by these entities. These loans bear interest at 6%. The University expects repayment once the residential and commercial facilities have streams of rental income. Loan loss reserves are estimated based on aggregate cash flow projections for the projects and independent appraisals of the underlying undeveloped real estate. Changes in loan loss reserves are reflected in nonoperating revenues (expenses), as a component of net investment income.

At June 30, 2013, the fair (market) value of land and other real estate held as investments was \$12,635,000. Independent real estate appraisals are obtained on a three-year cycle; however, relevant real estate markets are reviewed between appraisal periods to determine if the reported market values remain accurate. Appraisers usually consider the use of three approaches to value when developing a market value opinion for real property. These are the cost approach, sales comparison approach, and income capitalization approach. The most recent appraisals were received for June of 2012.

The investments in the table above are classified by the University in the following categories: \$386,714,000 is included in the Temporary Investment Pool portfolio and \$524,389,000 is included in endowment investments.

Beneficial Interest in Irrevocable External Trusts

The University is the beneficiary of numerous trusts held and administered by external trustees. The market value of these external trustee assets totaled \$253,944,000 as of June 30, 2013. These external trusts are irrevocable, and the University has a vested beneficial interest in the net income payable by the trusts. In accordance with GASB, these external trust assets are not recorded on the University's Statement of Net Position. Income is received annually and recorded on the University's Statement of Revenues, Expenses, and Changes in Net Position. The University received income of \$8,247,000 for 2013. Income from the trusts will continue to be received in perpetuity.

University Investment Pools

University investments are pooled in one of three funds: Endowment Fund A, Endowment Fund B, and the Temporary Investment Pool. In addition to the pooled funds, the University's endowment assets include those funds separately invested per donor stipulation. These separately invested funds totaled approximately \$47,570,000 at June 30, 2013.

The Endowment Fund A is the principal investment pool for the University and Foundation endowments that may be pooled legally or by donor concurrence. The University employs the share method of accounting for Fund A investments and for proportionate distribution of income to each fund that participates in the pool. At June 30, 2013, Endowment Fund A shares totaled 9,192,202 with a market value of \$743,261,000 (including cash and cash equivalents and interest receivable). The Foundation owned 2,879,300 of those shares with a market value of \$232,808,000 (including cash and cash equivalents and interest receivable). The Foundation's share of Fund A is approximately 31%. Since 2002, substantially all Foundation endowments held in trust, by donor stipulation, have been invested in the University's Endowment Fund A.

The Endowment Fund B comprises real estate holdings received by bequest. Real estate holdings in Fund B totaled \$831,000 at June 30, 2013.

Temporary Investment Pool funds include cash not otherwise invested in the endowment. These funds are used for operating and capital expenditure purposes.

The following chart summarizes the changes in relationships between cost and fair values of the Endowment Fund A assets for the year (in thousands except per share amounts):

	<u>Net Cost</u>	<u>Fair Value</u>	<u>Net Gains/ (Losses)</u>	<u>Fair Value Per Share</u>
End of year	\$731,399	\$743,261	\$ 11,862	\$ 80.86
Beginning of year	736,669	703,923	<u>(32,746)</u>	78.65
Unrealized net gain for year			44,608	
Realized net gain for year			<u>19,683</u>	
Total net gain for year			<u>\$ 64,291</u>	
Total gain per share			<u>\$ 7.00</u>	

The University has adopted a spending rate policy which limits the distribution of endowment income earned in the investment pool to 5% of the moving-average market value for the twelve-quarter period ending each December.

Income allocated for spending during 2013 amounted to \$4.48 per share of the Endowment Fund A. The average annual earnings per share, exclusive of capital appreciation, amounted to \$1.16.

GASB standards require government entities to categorize investments by interest rate risk, credit risk, and custodial credit risk.

Interest Rate Risk

The University's investments total \$1,135,752,000 including \$224,649,000 of UC Foundation's share of the Endowment Fund A. The segmented time distribution method is used to portray interest rate risk of \$527,252,000 of bond and other fixed income investments. Investments for the year ended June 30, 2013 is summarized as follows (in thousands):

Investment Type	Fair Value	Investment Maturities (In Years)			
		Less than 1	1 to 5	6 to 10	More than 10
US Treasury obligations	\$ 19,315	\$ -	\$ 16,299	\$ 20	\$ 2,996
US Government Agencies	81,135	12,898	47,974	3,805	16,458
Municipal bonds and notes	29,322	17,713	8,210	925	2,474
Corporate bonds and notes	301,168	91,412	171,152	16,471	22,133
Bond mutual funds	42,786	42,786	-	-	-
Local mortgage secured loans	52,975	39,943	7,232	-	5,800
Other	551	367	184	-	-
Total	<u>\$ 527,252</u>	<u>\$ 205,119</u>	<u>\$ 251,051</u>	<u>\$ 21,221</u>	<u>\$ 49,861</u>

Investment maturities less than one year in the table above include \$122,022,000 in the Temporary Investment Pool, \$57,068,000 in endowment investments, and \$26,029,000 of the Foundation's share of the

Endowment Fund A. Local mortgage secured loans are comprised of demand notes receivable. Amounts reflected as maturities represent management's best estimate of anticipated collections of these receivables. The University's investment policy stipulates that the weighted average maturity of investments in the Temporary Investment Pool will be no longer than 6 years. The weighted average of fixed income maturities in the Endowment portfolio will not exceed 20 years.

Credit Risk

The Temporary Investment Pool permits investments in investment grade securities at the time of purchase. Securities ratings downgraded below investment grade after purchase are permitted to be retained. Endowment investment-grade bonds are limited to those in the first four grades of any rating system. Below-investment grade high yield bond investments and certain unrated investments having strategic value to the University are permitted. In accordance with the University's investment policy, the University's bond and other fixed income investments are rated by nationally recognized rating organizations as follows as of June 30, 2013 (in thousands):

<u>Rating</u>	
AAA	\$89,377
AA	36,295
A	170,501
BBB	81,027
M1G1	1,550
P-2	39,630
Not Rated	<u>108,872</u>
Total	<u><u>\$527,252</u></u>

Custodial Credit Risk

Of the University's \$1,135,752,000 total investments, which includes \$224,649,000 of the UC Foundation's share of the Endowment Fund A, \$1,069,151,000 are uninsured, not registered in the name of the University, and are held by trust departments or agents in the University's name, and thus are exposed to custodial credit risk. The University does not have a policy for custodial credit risk.

3. Accounts and Notes Receivable

Accounts and notes receivable as of June 30, 2013 is as follows (*in thousands*):

Accounts receivable	\$45,251
Notes receivable	30,130
Accrued interest receivable	<u>7,769</u>
Total	83,150
Less current receivables	<u>55,378</u>
Noncurrent receivables	<u><u>\$27,772</u></u>

Allowances for uncollectible receivables have been provided in the amount of approximately \$3,813,000 for accounts receivable and \$6,588,000 for notes receivable as of June 30, 2013.

An allowance for uncollectible accrued interest receivable has been provided in the amount of approximately \$23,748,000 related to loans made to certain nonprofit entities as of June 30, 2013 (see Note 2).

4. Investment in UC Health

UC Health (legally know as UC Healthcare System and Affiliate) is an Ohio private nonprofit corporation that is qualified as a tax-exempt organization and is a "public hospital agency" within the meaning of Chapter 140 of the Ohio Revised Code. UC Health is the renamed and reorganized Ohio nonprofit corporation formerly referred to as The Health Alliance of Greater Cincinnati (the "Alliance). UC Health's mission is to provide life changing, patient centered medical care, drive innovation through ground breaking research, and educate and inspire the next generation of healthcare professionals within an integrated health care delivery system. Its vision is to be the region's quality health care partner and a national leader in solving complex medical problems. UC Health includes University of Cincinnati Medical Center, West Chester Hospital, Drake Center, Lindner Center of HOPE, Bridgeway Pointe, and University of Cincinnati Physicians, Inc.

UC Health operates under an affiliation agreement that was entered into between the University, UC Health, and UC Healthcare System on June 28, 2012. Pursuant to the affiliation agreement, the University retained its equity interest in the net assets of UC Health. The equity interest is recorded on the University's Statement of Net Position in the noncurrent section and is valued based on the cost method. Management believes that the cost method is the preferred valuation method to reflect the relationship change from a joint venture structure under the Alliance agreement to a single member relationship as defined in the June 28, 2012 affiliation agreement. The value of the investment is recorded at \$421 million and has been since 2011. The University monitors any potential changes to the investment valuation such as impairment. There were no changes to the investment value in UC Health for the year ended June 30, 2013.

UC Health provides the University an annual education and research payment and programmatic support that must be used exclusively for Academic Health Center purposes. The total of these payments and support for the year ended June 30, 2013 was \$13,853,000. The University also provides various shared services, consisting mainly of utilities, security and various administrative services to UC Health for which the University is reimbursed on a cost basis. The total cost of these services for the year ended June 30, 2013 was approximately \$16,049,000.

5. Capital Assets

Capital asset activity for the year ended June 30, 2013 is summarized as follows (*in thousands*):

	Balance July 1, 2012	Additions	Retirements/ Transfers	Balance June 30, 2013
Land	\$ 26,420	\$ 145	\$ -	\$ 26,565
Land improvement	101,661	-	8	101,669
Buildings	1,905,611	-	37,474	1,943,085
Construction in progress	173,020	91,233	(47,610)	216,643
Infrastructure	117,020	-	850	117,870
Building equipment	15,866	-	(274)	15,592
Moveable equipment	186,849	13,378	(2,442)	197,785
Computer software	39,132	4	(54)	39,082
Library books	164,459	8,326	(2,433)	170,352
Collections	15,070	92	(27)	15,135
	2,745,108	113,178	(14,508)	2,843,778
Less: Accumulated depreciation	1,284,726	101,111	(8,425)	1,377,412
Capital assets, net	\$1,460,382	\$ 12,067	\$ (6,083)	\$1,466,366

Land, construction in progress and collections, as shown above, represent nondepreciable items. Therefore, there is no accumulated depreciation for those categories.

6. Bonds, Notes, Capital Leases, and Other Debt

Bonds, notes, capital leases, and other debt at June 30, 2013 comprise the following (*in thousands*):

Bond Series – Fixed Rate Debt	Issue Date	Maturity Dates		Interest Rates	Amount
		Through			
2004A	2004	2031		4.00 - 5.00%	\$ 10,885
2004D	2004	2015		5.00%	2,925
2004E	2005	2016		3.75 - 5.00%	4,855
2005A	2005	2020		5.00%	62,620
2005D	2006	2019		4.00 - 5.00%	20,410
2006A	2006	2031		3.75 - 5.00%	40,710
2007A	2007	2031		4.00 - 5.00%	71,540
2007G	2008	2034		3.75 - 5.00%	82,405
2008C	2008	2031		3.12 - 5.00%	34,380
2008G	2009	2020		4.00 - 5.50%	14,645
2009C	2010	2030		3.00 - 5.00%	98,695
2009E	2010	2030		2.50 - 4.65%	5,450
2010B	2011	2015		3.00%	340
2010C (Taxable Build America Bonds)	2011	2039		3.24 - 6.48%	94,865
2010F	2011	2034		3.00 - 5.00%	89,595
2010G (Taxable Build America Bonds)	2011	2032		4.72 - 6.28%	14,880
2011A	2011	2021		3.50 - 5.00%	13,705
2011C	2011	2031		3.00 - 5.25%	26,645
2011E	2012	2028		3.00 - 5.00%	29,125
2012A	2012	2031		2.00 - 5.00%	87,730
2012C	2013	2033		3.00 - 5.00%	82,535
2013A	2013	2034		3.12 - 5.00%	16,120
Total bonds – fixed rate debt					<u>905,060</u>
Notes					
2012D	Dec-12	Dec-13		1.50%	2,500
2013B	May-13	May-14		1.50%	30,050
Total notes					<u>32,550</u>
Capital Leases					
University Center (2005)	2005	2024		3.50-5.00%	45,755
Stetson capital lease	2006	2033		4.25-5.97%	30,720
Turner capital lease	2006	2033		4.13-5.25%	9,270
Equipment capital leases	2011	2014		2.09%	90
Total capital leases					<u>85,835</u>
Total bonds, notes, and capital leases					<u>1,023,445</u>
Other Debt					
UHCURC*/Hamilton County Bonds-Series 2010	2011	2039		3.00-5.00%	50,200
Premium net of unamortized costs and loss on refunding					27,225
Total other debt					<u>77,425</u>
Total bonds, notes, capital leases, and other debt					<u><u>\$ 1,100,870</u></u>

*University Heights Community Urban Redevelopment Corporation (see Note 16)

Debt Issuances and Permanent Fundings

General Receipt Bonds

During the year ended June 30, 2013, the University issued the following general receipt fixed rate bond series:

Series 2012C tax exempt bonds were issued on December 6, 2012 in the amount of \$82,600,000. This bond series was issued at a premium and bears interest at rates ranging from 3.00% to 5.00%. The final maturity of Series 2012C is June 1, 2033. The proceeds were used to pay associated bond issue costs, to provide funding for the Utility Energy Savings Project Phase 4, and to refund a total of \$88,410,000 of existing debt as follows: \$30,735,000 of Series 2004A, \$13,595,000 of Series 2004D and \$9,480,000 of Series 2004E bonds were advance refunded; \$2,990,000 of Series 2002G bonds and \$31,610,000 of Series 2011F Notes were current refunded.

Series 2013A tax exempt bonds were issued on May 9, 2013 in the amount of \$16,120,000. This bond series was issued at a premium and bears interest at rates ranging from 3.125% to 5.00%. The final maturity of Series 2013A is June 1, 2034. The proceeds were used to pay associated bond issue costs and to provide funding for the following capital projects: Rieveschl Undergraduate Teaching Lab Renovation Phases 5 and 6 and Roof Replacement Phases 4 and 5.

Derivative Transactions

The University has one pay-fixed interest rate swap in effect at June 30, 2013, which has been in existence since May 1, 2009. The initial objective of this interest rate swap was to protect the University against the potential of rising interest rates within the fixed rate market. Through the evaluation process outlined in GASB standards, the University has determined its interest rate swap to be ineffective, thus it is considered to be an investment derivative versus a hedging derivative. The fair value of the swap on June 30, 2013 was (\$3,211,000). The fair value increased by \$2,052,000 in 2013; this change is reported as an investment gain within the Statement of Revenues, Expenses and Changes in Net Position and decreases the interest rate swap liability on the Statement of Net Position.

The following table summarizes the University's pay-fixed interest rate swap agreement as of June 30, 2013:

Associated Debt Issue	Outstanding Notional Amount	Effective Date	Fixed Rate Paid	Variable Rate Index Received	Fair Value	Swap Termination Date	Counterparty Rating
2013B BANS	\$24,075,000	5/1/2009	3.163%	USD- 67% LIBOR-BBA-1M	(\$3,211,000)	6/1/2030	AA-/Aa3

Based on the swap agreement, the University pays to the swap counterparty (Royal Bank of Canada) interest calculated at a fixed rate. In return, the swap counterparty pays the University interest based on a specified index. Only the net difference in interest payments is actually exchanged between the parties. The University continues to pay interest on the 2013B BANS obligations as due. The University has no collateral posting requirements on this swap.

Risks

Credit Risk: There are no counterparty collateral posting requirements on the swap. The University was not exposed to credit risk of the counterparty as the swap had a negative fair value throughout fiscal year 2013. A derivative management guideline is in place at the University, which addresses diversifying counterparty risk and limiting the University's credit exposure on derivative transactions.

Basis Risk: The swap exposes the University to basis risk should the interest rate received on the swap be less than the interest rate paid on the obligation. This mismatch will effectively result in a higher synthetic fixed rate and the expected savings may not be realized. As of June 30, 2013, the University is experiencing basis risk due to the issuance of a BAN at a higher rate of interest than what is being received on the swap.

Termination Risk: The University or counterparty may terminate the swap if either party fails to perform under the terms of the agreement. Termination provisions may result in the University paying or receiving a termination payment, depending on the value of the swap at that point in time.

Market-access Risk: Market conditions in the spring of 2009 prevented the University from issuing a variable rate bond series to coincide with the June 1, 2030 maturity date of the swap, therefore Series 2009A BANS was issued on May 12, 2009. Subsequent BANS have been issued on an annual basis to refund maturing notes; Series 2013B BANS is the current debt issue associated with the swap. The University will again reevaluate the municipal market and the fair value of the swap in the spring of 2014 to take appropriate actions relating to the Series 2013B BANS and the outstanding swap.

Fair Value

As of June 30, 2013, the fair value of the swap agreement was a liability of \$3,211,000 (reported as interest rate swap liability on the Statement of Net Position), indicating the amount that the University would be required to pay the counterparty to terminate the swap agreement. The fair value was estimated using the income approach, which converts future cash flows to a single present value using discounting. That value is then adjusted to incorporate non-performance risk for the University since the swap is a liability. The fair value of the swap agreement was developed by an independent third party with no vested interest in the swap transaction.

Bond Anticipation Notes

During the year ended June 30, 2013, the University issued the following Bond Anticipation Notes (BANS):

- Series 2012D was issued at a premium on December 13, 2012 in the amount of \$2,500,000, at an interest rate of 1.50%, to current refund \$2,500,000 of 2011F BANS. The remaining Series 2011F BANS were refunded within Series 2012C Bonds or retired with University cash and gifts. Series 2012D matures on December 12, 2013.
- Series 2013B was issued at a premium on May 9, 2013 in the amount of \$30,050,000, at an interest rate of 1.50%, to current refund \$30,050,000 of Series 2012B BANS. Series 2013B matures on May 9, 2014.

Capital Lease Obligations

At June 30, 2013, the capital lease obligation to finance the costs of the University's University Center project was \$45,755,000. The lease for the University Center constitutes an unconditional obligation of the University to make lease payments which pay principal and interest on certain certificates of participation issued by The Bank of New York Mellon Trust Company, N.A., as trustee, through the final maturity of such certificates to the extent of the University's general receipts.

In addition, the University has capital lease obligations in connection with the financing of two buildings (One Stetson Square and the Turner Center) which are owned by King Highland Community Urban Redevelopment Corporation and occupied, all or in part, by the University. At June 30, 2013, the University's capital lease obligation for One Stetson Square was \$30,720,000; at June 30, 2013, the University's capital lease obligation for Turner Center was \$9,270,000. This financing was affected by the issuance of economic development revenue bonds by the County of Hamilton, Ohio (the "King Highland Bonds"). The leases for One Stetson Square and the Turner Center also constitute unconditional obligations to make lease payments which pay the principal and interest on the King Highland Bonds.

The University has not pledged its general receipts to the payment of these leases nor has the University pledged its general receipts to the payment of such Certificates of Participation. Holders of the Bond Anticipation Notes have a prior and superior claim to the general receipts than does King Highland and the trustee for the holders of such Certificates of Participation.

The University also had \$90,000 of financing obligations outstanding for equipment located in various departmental units at June 30, 2013. The obligations issued for equipment are unsecured except for an interest in the equipment.

Refundings

General Receipts Bond Anticipation Notes—Series 2013B general receipt bond anticipation notes (BANS) were issued on May 9, 2013 in the amount of \$30,050,000 for the purpose of current refunding \$31,960,000 of Series 2012B BANS. The proceeds from the sale of the Series 2013B BANS along with University gifts were used to refund/retire Series 2012B BANS on May 9, 2013. Series 2013B BANS were issued to refund \$6,150,000 issued in advance of the receipt of gifts; and to refund \$23,900,000 of the Series 2012B BANS which current refunded Series 2011B BANS issued in May, 2011, which current refunded Series 2010A BANS issued in May 2010, which current refunded Series 2009A BANS issued in May 2009 to current refund \$23,380,000 of the following June 1, 2009 fixed rate bond maturities: Series AL1 \$240,000, Series AO \$480,000, Series AQ \$270,000, Series AT \$30,000, Series AU \$105,000, Series AV \$35,000, Series AZ \$80,000, Series 2001A \$7,090,000, Series 2002A \$240,000, Series 2002D \$340,000, Series 2002F \$1,725,000, Series 2002G \$1,015,000, Series 2003C \$4,430,000, Series 2004A \$2,130,000, Series 2004D \$975,000, Series 2004E \$1,295,000, Series 2006A \$2,120,000 and Series 2007A \$780,000. The Series 2009A BANS were initially issued in place of variable rate bonds. The interest rate swap is now associated with the 2013B BAN issue. When bonds are issued to replace the BANS, they will have maturities that will correspond to the swap amortization. There was no gain or loss on the refunding transaction.

General Receipts Bonds— Series 2012C general receipt bonds were issued on December 6, 2012 in the amount of \$82,600,000. The proceeds were used to refund a total of \$88,410,000 in existing debt which included current refunding \$2,990,000 of Series 2002G fixed rate bonds and \$31,610,000 of Series 2011F BANS; and advance refunding \$30,735,000 of Series 2004A, \$13,595,000 of Series 2004D, and \$9,480,000 of Series 2004E fixed rate bonds. The purpose of this transaction was to refund callable maturities to achieve future debt service savings as well as to permanently fix short-term debt associated with capital projects. The economic gain to the University is \$7,398,000 and will be realized over a period of 19 years as a reduction of interest expense. As a result of the refunding, \$3,362,000 has been recorded as a deferred loss on refunding recorded within accrued liabilities on the Statement of Net Position and will be amortized into income from 2013 through 2031. The deferred loss on refunding reflects the difference between the refunding reacquisition price for the respective portion of Series 2012C and the net carrying amount of the outstanding principal balances of the refunded debt issues.

Collateralization and Debt Service Reserves

The general receipts bonds and general receipts bond anticipation notes are collateralized by a pledge of general receipts of the University. The capital lease obligations and capital leases (Stetson and Turner) are secured by base rent payments under the leases. The net book value of assets under capital lease obligations is \$103,558,000 as of June 30, 2013. Payment of base rents is subordinate to debt service payments on the University's general receipt bonds and bond anticipation notes. The capital leases related to equipment is collateralized by the specified equipment.

Debt service reserves were required for debt issued under the Original Trust Agreement dated May 1, 1974. The Amended and Restated Trust Agreement dated May 1, 2001 removed the debt service reserve requirement for subsequent bond issues, but required the debt service reserves on pre-amended bonds to remain in place until they were fully refunded or retired. All pre-amended bonds have been fully refunded or retired as of June 30, 2013 and thus the University no longer maintains any debt service reserves.

Debt Service Commitments

For bonds and notes payable at June 30, 2013 (including the UHCURC/Hamilton County bonds), scheduled annual debt service payments subsequent to June 30, 2013 are as follows (*in thousands*):

Fiscal Year	Principal *	Interest**	Total
2014	\$72,150	\$47,353	\$119,503
2015	45,450	45,137	90,587
2016	47,405	43,150	90,555
2017	52,415	41,058	93,473
2018	55,085	38,583	93,668
2019-2023	261,285	153,829	415,114
2024-2028	219,210	92,780	311,990
2029-2033	147,115	45,739	192,854
2034-2038	72,815	15,874	88,689
2039-2040	<u>14,880</u>	<u>1,008</u>	<u>15,888</u>
Total	<u>\$987,810</u>	<u>\$524,511</u>	<u>\$1,512,321</u>

* Fiscal year 2014 principal includes \$32,550,000 of BANS that are outstanding as of June 30, 2013. These BANS are expected to be retired, renewed or refunded into long term debt.

** Amounts do not reflect federal subsidies to be received for Build America Bonds interest.

The University's \$24,075,000 LIBOR swap is currently attached to Series 2013B BANS. Principal and associated interest for this BAN series is reflected within FY14 in the debt service table; the swap payments associated with the LIBOR swap are not reflected in the table.

Scheduled principal and interest payments on capital leases subsequent to June 30, 2013 are (*in thousands*):

Fiscal Year	Principal	Interest	Total
2014	\$5,605	\$4,295	\$9,900
2015	5,830	4,028	9,858
2016	6,785	3,732	10,517
2017	4,300	3,394	7,694
2018	4,570	3,179	7,749
2019-2023	27,505	12,187	39,692
2024-2028	16,175	5,882	22,057
2029-2033	<u>15,065</u>	<u>2,333</u>	<u>17,398</u>
Total	<u>\$85,835</u>	<u>\$39,030</u>	<u>\$124,865</u>

Defeased Debt

Debt defeased by the University for which amounts remain outstanding at June 30, 2013, is (in thousands):

<u>Bond Series</u>	<u>Maturity Dates</u>	<u>Interest Rate(s)</u>	<u>Amount Outstanding</u>
Series 2004A	2016-2031	4.375-5.00%	\$30,735
Series 2004D	2015-2016 2023-2026	4.75-5.00%	37,845
Series 2004E	2017-2021	3.85%-5.00%	<u>9,480</u>
Total			<u>\$78,060</u>

Neither the outstanding indebtedness nor the related trust accounts are reflected in the accompanying financial statements for the fully defeased bonds listed above. United States Treasury obligations and/or cash in an amount sufficient to pay principal and interest on the defeased obligations, when due, has been deposited with a trustee in accordance with the defeasance of the debt.

Other

Interest expense on indebtedness, net of Build America Bond federal interest subsidy (\$248,000) for the year ended June 30, 2013 was \$44,334,000. Capitalized interest expense on construction-related debt, net of Build America Bond Federal interest subsidy (\$1,981,000) and interest earnings (\$299,000) was \$5,872,000.

7. Long-Term Liabilities

Long-term liabilities as of June 30, 2013 are as follows (in thousands):

	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2013</u>	<u>Current Portion</u>	<u>Noncurrent Portion</u>
Bonds, notes and capital leases:						
Bonds and notes payable	\$1,039,665	\$131,270	\$183,125	\$987,810	\$72,150	\$915,660
Capital lease-equipment	3,108	-	3,018	90	90	-
Capital lease obligations	90,665	-	4,920	85,745	5,515	80,230
Premium net of unamortized costs and loss on refunding	<u>19,340</u>	<u>12,694</u>	<u>4,809</u>	<u>27,225</u>	<u>3,385</u>	<u>23,840</u>
Total bonds, notes and capital leases	<u>1,152,778</u>	<u>143,964</u>	<u>195,872</u>	<u>1,100,870</u>	<u>81,140</u>	<u>1,019,730</u>
Other long-term liabilities:						
Compensated absences	59,062	3,897	7,046	55,913	37,444	18,469
Government loan advances	25,168	711	26	25,853	-	25,853
Interest rate swap liability	<u>5,263</u>	<u>-</u>	<u>2,052</u>	<u>3,211</u>	<u>-</u>	<u>3,211</u>
Total other long-term liabilities	<u>89,493</u>	<u>4,608</u>	<u>9,124</u>	<u>84,977</u>	<u>37,444</u>	<u>47,533</u>
Total	<u>\$1,242,271</u>	<u>\$148,572</u>	<u>\$204,996</u>	<u>\$1,185,847</u>	<u>\$ 118,584</u>	<u>\$1,067,263</u>

8. Operating Leases

The University leases various office space and equipment under operating lease arrangements. These facilities and equipment are not recorded as assets on the Statement of Net Position. The total rental expense under all arrangements was \$6,527,000 for the year ended June 30, 2013.

There are two significant operating leases that the University has entered into with initial or remaining terms in excess of one year as of June 30, 2013. In August 2010, the University entered into an operating lease arrangement with IRG Batavia I, LLC for the use of two buildings and common space located in Batavia, Ohio. This lease has an initial term of five years with four renewal options of five year terms each. Monthly lease payments started at \$30,565 with an increase of 3% each lease year thereafter. The expense for this lease in 2013 was \$436,241. In May 2013, the University entered into an operating lease arrangement with USquare, LLC for the use of office space adjacent to the Uptown campus. This lease has an initial term of ten years with renewal options of two consecutive five year terms. There was no expense for this lease in 2013.

Future minimum payments for the above two operating leases as of June 30, 2013, are as follows:

<u>Year Ending June 30,</u>	
2014	\$ 518,338
2015	1,038,651
2016	646,982
2017	598,333
2018	607,167
2019-2023	<u>3,119,900</u>
	<u>\$ 6,529,371</u>

9. State Support

The University is a state-assisted institution of higher education and receives from the State of Ohio a state share of instruction that is student-enrollment based. This subsidy is determined annually by the Ohio Board of Regents. The State also provides line-item appropriations that support, in part, the current operations of various activities including clinical teaching expenditures.

In addition to the operating subsidies, the State of Ohio provides funding for construction and renovation of major plant facilities on the University's campuses. The state passes a capital appropriations bill biannually for both major capital projects and basic renovation projects of which the University receives a share. Such facilities are reported as capital assets on the Statement of Net Position.

10. Retirement Plans and Other Post Employment Benefits

Retirement benefits are available for substantially all employees under one of several contributory retirement plans. Prior to July 1, 1977, when the University became a state institution, employees were covered by either the City of Cincinnati Retirement System (CRS) or the Teachers' Insurance and Annuity Association - College Retirement Equities Fund (TIAA-CREF). Certified teachers appointed on or after July 1, 1977, are covered by the State Teachers Retirement System (STRS Ohio). Non-certified employees appointed on or after that date are covered by the Ohio Public Employees Retirement System (OPERS). Employees may opt out of STRS Ohio and OPERS and participate in the Alternative Retirement Plan (ARP) if they meet certain eligibility requirements.

STRS Ohio and OPERS are statewide systems that offer three separate plans: (1) a defined benefit plan, (2) a defined contribution plan, and (3) a combined plan. Each of the three options is discussed in greater detail in the following sections.

Defined Benefit Plans

The OPERS and STRS Ohio plans are cost-sharing, multiple-employer, defined-benefit, public-employee retirement systems. Each provides retirement, disability, and survivor benefits to plan members and beneficiaries. These plans also provide health care benefits to vested retirees. Benefits provided under the plans are established by state statute.

OPERS provides postemployment health care benefits to retirees with ten or more years of qualifying Ohio service credit under the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including postemployment health care coverage. The plan benefits include a medical plan, prescription drug program and Medicare Part B premium reimbursement. The Ohio Revised Code permits, but does not mandate, OPERS to provide Other Post Employment Benefits (OPEB) to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

STRS Ohio provides access to health care coverage to eligible retirees who participated in the Defined Benefit or Combined Plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs, and partial reimbursement of monthly Medicare Part B premiums. Pursuant to Chapter 3307 of the Ohio Revised Code, STRS Ohio has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care cost in the form of monthly premiums.

Both plans issue separate, publicly available financial reports that include financial statements and required supplementary information. These reports may be obtained by contacting each organization as follows:

OPERS
277 East Town Street, Columbus, Ohio 43215-4642
Telephone (800) 222-7377
www.opers.org

STRS Ohio
275 East Broad Street, Columbus, Ohio 43215-3771
Telephone (888) 227-7877
www.strsoh.org

Defined Contribution Plans

On June 23, 1998, pursuant to Ohio House Bill 586, the University created an Ohio Alternative Retirement Plan (ARP), which is designed to aid the University in recruiting and retaining employees by offering a portable retirement option. The ARP is a defined contribution plan that provides full and immediate vesting of all contributions made on behalf of the participant. Contributions are directed to one of eight investment management companies, which allow the participant to manage the investment of all retirement funds. New employees who qualify for the ARP have 120 days from the date of hire to elect the ARP option. Once this window has passed, the employee will not have the option to elect into the ARP. ARP does not provide disability benefits, annual cost-of-living adjustments, postretirement health care benefits or death benefits to plan members and beneficiaries. Benefits are entirely dependent on the sum of contributions and investment returns earned by each participant's choice of investment options.

At June 30, 2013, there were 1,949 members of the plan. Under the provisions of ARP, the required rate for plan participants was 10% for 2013. The employer contribution rate for participants electing out of OPERS and STRS Ohio was 14% for 2013. During 2013, 2012, and 2011, the employer contributions were \$14,196,000, \$14,134,000, and \$14,336,000, respectively.

OPERS also offers a defined contribution plan, the Member-Directed Plan (MD). The MD plan does not provide disability benefits, annual cost-of-living adjustments, postretirement health care benefits or death benefits to plan members and beneficiaries. Benefits are entirely dependent on the sum of contributions and investment returns earned by each participant's choice of investment options.

STRS Ohio also offers a defined contribution plan in addition to its long established defined benefit plan. All employee contributions and employer contributions at a rate of 10.5% are placed in an investment account directed by the employee. Disability benefits are limited to the employee's account balance. Employees electing the defined contribution plan receive no postretirement health care benefits.

Combined Plans

OPERS offers a combined plan. This is a cost-sharing, multiple-employer defined benefit plan that has elements of both a defined benefit and defined contribution plan. In the combined plan, employee contributions are invested in self-directed investments, and the employer contribution is used to fund a reduced defined benefit. Employees electing the combined plan receive postretirement health care benefits. OPERS provides retirement, disability, survivor and postretirement health benefits to qualifying members of the combined plan.

STRS Ohio offers a combined plan with features of both a defined contribution plan and a defined benefit plan. In the combined plan, employee contributions are invested in self-directed investments, and the employer contribution is used to fund a reduced defined benefit. Employees electing the combined plan receive postretirement health care benefits.

Funding Policy

The Ohio Revised Code provides OPERS and STRS Ohio statutory authority over employer and employee contributions. The required actuarially determined contribution rates (as a percentage of covered payroll) for the employee and the University are as follows for the year ending June 30, 2013:

	OPERS (staff)	OPERS (Law Enforcement staff)	STRS Ohio
<u>Employee:</u>			
Entire fiscal year	10%		10%
7/12 – 12/12		12.10%	
1/13 – 6/13		12.60%	
<u>University:</u>			
Entire fiscal year	14%	18.10%	14%

The University's contributions, representing 100% of employer contributions for the year ended June 30, 2013, and for each of the two preceding years are as follows (*in thousands*):

<u>Fiscal Year</u>	<u>OPERS</u>	<u>STRS Ohio</u>
2013	\$21,094	\$18,899
2012	\$21,405	\$17,843
2011	\$21,534	\$17,894

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. For the year ended December 31, 2012, OPERS allocated 4.0% of the employer contribution rate to fund the health care program for members in the Traditional Plan. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05%. The OPERS Board of Trustees 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. University employer contributions to OPERS to fund OPEB for 2013, 2012, and 2011 were approximately \$6,026,000, \$6,115,000, and \$6,921,000 respectively.

For the fiscal year ended June 30, 2012, STRS Ohio allocated employer contributions equal to 1.0% covered payroll to a Health Care Stabilization Fund from which payments for health care benefits are paid. University employer contributions to STRS Ohio to fund OPEB for 2013, 2012, and 2011 were approximately \$1,350,000, \$1,274,000, and \$1,278,000, respectively.

11. Risk Management and Self-Insurance Funds

The University is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters and employee health and accident benefits. Settled claims have not exceeded commercial coverage in any of the three preceding years. The state of Ohio self-insures workers' compensation benefits for all state employees, including University employees. Workers' compensation claims are administered by CareWorks.

The University provides for medical professional and general liability insurance through a combination of an actuarially funded self-insurance program sponsored by the University and has purchased commercial insurance in excess of the self-insurance amount. The medical professional liability insurance program also includes qualified not-for-profit physician practice corporations, largely subsumed into University of Cincinnati Physicians, Inc. Medical professional self-insurance limits were \$4 million per occurrence for 2013. An additional \$30 million in commercial excess professional liability insurance was provided above the self-insured retention.

The University's self-insurance program is based on calculations by independent actuaries and funds are deposited directly into two irrevocable self-insurance trust funds, one for medical and professional liability and one for general liability. In the opinion of management, trust assets totaling approximately \$27,293,000 are adequate to cover estimated liabilities resulting from known claims and incidents and incurred-but-not-reported incidents as of June 30, 2013 for the University and University of Cincinnati Physicians, Inc. Trust assets recorded on the University's financial report total \$4,025,000 included in current portion of other assets and liabilities of \$598,000 included in accrued liabilities in the Statement of Net Position as of June 30, 2013.

General liability coverage is also provided as part of a group insurance program of Ohio state universities known as the Inter-University Council of Ohio Insurance Consortium (IUC-IC). This program provided for \$10 million retention per occurrence with the first \$100,000 funded by UC, \$900,000 funded by pooled funds held through the IUC-IC and \$9 million reinsured through a commercial reinsurance agreement. Excess commercial coverage for general liability was provided with total limits of \$50 million shared with the other participating universities. In addition, educators' legal liability coverage was provided through the IUC-IC program with \$35 million in total limits also shared among the participating institutions. The IUC-IC self-insurance pools are funded by an agreed formula among the participating universities. This program qualifies as a public entity risk pool as defined by GASB standards and is classified as a risk-sharing pool. Under this arrangement, there is a transfer of risk from the University to the pool. Therefore, there is no recognition in the University's financial statements of assets or liabilities related to the IUC-IC program.

Property insurance is also provided through the IUC-IC program, consisting of commercial property insurance with a \$350,000 retention, and a self-insurance pool to fund retained losses subject to a \$100,000 university deductible. Total insurance expense paid through the IUC-IC program was \$1,197,000.

The University is also self-insured for a portion of medical, dental, and pharmacy benefits provided to employees. The cost of such self-insured benefits provided during 2013 was approximately \$84,451,000. In addition, \$6,289,000 was accrued for 2013, for estimated claims incurred but not reported.

12. Other Commitments and Contingencies

The University is currently a defendant in various legal actions. Although the final outcome of such actions cannot currently be determined, the University's administration is of the opinion that the eventual liability, if any, will not have a material effect on the financial position or operations of the University.

The University receives grants and contracts from certain federal, state and local agencies to fund research and other activities. The costs, both direct and indirect, that have been charged to the grants or contracts are subject to examination and approval by the granting agency. It is the opinion of management that any disallowance or adjustment of such costs would not have a material effect on the financial statements.

The University's utility plant is exposed to market price fluctuations on its purchase of natural gas. Purchase commitments have been issued with certain suppliers of natural gas whereby the University has locked in the price of natural gas for specified amounts to stabilize costs.

13. Capital Project Commitments

At June 30, 2013, the University is committed to future capital expenditures as follows (*in thousands*):

Contractual commitments	\$ 81,640
Estimated completion costs of projects	<u>194,964</u>
Total	<u>\$ 276,604</u>

These projects are being funded through various resources, including the State of Ohio, as follows (*in thousands*):

Approved state appropriations requested and released as of June 30, 2013	\$ 9,200
Approved state appropriations not yet requested	17,471
University funded prior to June 30, 2013	51,511
Funds to be provided subsequent to June 30, 2013, from various available sources	<u>198,422</u>
Total	<u>\$ 276,604</u>

The \$198,422 of funding to be provided subsequent to June 30, 2013 will come from state funds, debt, and University funds.

14. Restricted Net Position

Restricted net position is either nonexpendable or expendable. Nonexpendable restricted net position consists primarily of endowments whose corpus is held in perpetuity. Only the income and net appreciation is used for the purpose specified by the donor. The principal of expendable restricted net position may be used for the donor-specified purpose. Restricted nonexpendable and expendable net position is held for the following purposes (*in thousands*):

Restricted nonexpendable:	
Instruction	\$ 103,221
Research	34,942
Academic support	41,511
College/programs	80,209
Scholarships	71,148
Interest in UC Health	420,645
Other	<u>12,311</u>
	763,987
Less: UHCURC Elimination	<u>16,998</u>
Total	<u>\$ 746,989</u>

Restricted expendable:	
Instruction	\$ 28,825
Research	97,456
Academic support	25,763
College/programs	96,561
Scholarships	35,911
Student loans	10,070
Grants and contracts	425
Capital projects	<u>2,724</u>
Total	<u>\$ 297,735</u>

15. Related Organization

The University of Cincinnati Physicians, Inc. (UCP) is a legally separate nonprofit corporation formed under Chapter 1702 of the Ohio Revised Code through which the faculty of the University of Cincinnati's College of Medicine engage in clinical practice. In 2011, UCP entered into an integration of operations and assets agreement with UC Health and UC Health's wholly-owned subsidiary, University of Cincinnati Physicians Company (UCPC), an Ohio non-profit corporation, to form a common medical enterprise. This agreement facilitates the legal arrangements for UCP to lease certain of its employees and provide administrative and operational support services to UCPC. The agreement also facilitated the conveyance, transfer, and deliverance to UCPC assets and liabilities used in connection with the operations of the medical practices and related businesses.

The University appoints a voting majority of UCP's Board of Directors. However, the University's accountability for UCP does not extend beyond making these appointments. As such and per GASB standards, UCP does not qualify as a component unit of the University.

16. University Heights Community Urban Redevelopment Corporation

University Heights Community Urban Redevelopment Corporation (UHCURC) is organized as a not-for-profit corporation under the laws of the state of Ohio. Its mission is to revitalize the University Heights neighborhood adjacent to the University of Cincinnati. UHCURC was organized by three founding members: The Heights Community Council, the Greek Affairs Council and the University of Cincinnati. The corporation owns a student housing complex that consists of 20 buildings with the capacity to house approximately 700 students.

The governance structure of UHCURC's Board of Trustees gives the University a voting majority on the board. Due to this structure and the fact the University can impose its will on UHCURC, the organization is reported as a blended component unit of the University. Accordingly, all significant intercompany accounting transactions have been eliminated as required by generally accepted accounting principles.

UHCURC's fiscal year end is August 31. As GASB standards require, the reporting entity should incorporate financial statements for the blended component unit's fiscal year ending during the reporting entity's fiscal year. Therefore, UHCURC's financial statements for the year ending August 31, 2012 have been blended with the University's financial statements for the fiscal year ending June 30, 2013.

A condensed statement of net position for UHCURC as of August 31, 2012 and the related statement of revenues, expenses and changes in net position and statement of cash flows for the year then ended are as follows:

Statement of Net Position

	<u>8/31/2012</u>
Current assets	\$40,093
Accounts receivable – University of Cincinnati	9,228
Capital assets not being depreciated	4,788,026
Capital assets being depreciated, net	<u>46,358,503</u>
Total assets	<u>51,195,850</u>
Current liabilities	590,812
Long-term debt – current portion	980,000
Long-term debt	47,617,597
Accrued interest payable – University of Cincinnati	8,394,649
Notes payable – University of Cincinnati	<u>16,998,436</u>
Total liabilities	<u>74,581,494</u>
Net Investment in capital assets	558,943
Unrestricted	<u>(23,944,587)</u>
Total net position	<u><u>\$(23,385,644)</u></u>

Statement of Revenues, Expenses and Changes in Net Position

	<u>8/31/2012</u>
Operating revenues	\$3,341,323
Operating expenses	3,488,869
Depreciation	<u>1,583,865</u>
Decrease in net position	(1,731,411)
Net position, beginning of the year	<u>(21,654,233)</u>
Net position, end of the year	<u><u>\$(23,385,644)</u></u>

Statement of Cash Flows

	<u>8/31/2012</u>
Net cash from operating activities	\$988,679
Net cash used for capital and financing activities	<u>(994,560)</u>
Net decrease in cash and cash equivalents	(5,881)
Cash and cash equivalents, beginning of the year	<u>44,142</u>
Cash and cash equivalents, end of the year	<u><u>\$38,261</u></u>

17. University of Cincinnati Foundation

The University of Cincinnati Foundation is a legally separate, tax-exempt component unit of the University. The Foundation complies with FASB pronouncements for reporting purposes. The principal function of the Foundation is to solicit, reserve, hold, invest and administer funds and to make distributions to or for the benefit of the University. Since these resources held by the Foundation can be used only 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. The University received \$41,006,000 in payments from the Foundation for the period ended June 30, 2013. These payments are reported as gifts on the University's Statement of Revenues, Expenses, and Changes in Net Position.

Separate financial information regarding the Foundation may be obtained by contacting the Foundation at University of Cincinnati Foundation, University Hall, Suite 100, 51 Goodman Drive, Cincinnati, Ohio 45221-0064. Selected disclosures from the University of Cincinnati Foundation financial statements can be found beginning on the following page.

THE UNIVERSITY OF CINCINNATI FOUNDATION NOTES TO FINANCIAL STATEMENTS

PLEDGES RECEIVABLE

Contributors to the Foundation have made unconditional pledges totaling approximately \$85,797,000 as of June 30, 2013. For payments that extend beyond one year, these pledges receivable have been discounted at rates ranging from 0.8% to 6.0% to a net present value of approximately \$72,197,000 as of June 30, 2013.

As of June 30, the unpaid pledges are due as follows:

	<u>2013</u>
Less than one year	\$ 32,528,604
One to five years	19,520,080
More than five years	<u>33,747,820</u>
	85,796,504
Less discount to present value	(13,599,850)
Less allowance for uncollectible pledges	<u>(4,128,000)</u>
	<u>\$ 68,068,654</u>

The Foundation records unconditional promises to give at fair value on the date the promise to give is received using the expected present value technique ("EPV"). EPV calculates present value by discounting risk-adjusted expected cash flows using a risk-free interest rate (yield to maturity on U.S. Treasuries representing the average pledge term). Amortization of the discount is recorded as additional contribution revenue.

Amounts due from irrevocable bequests, which are unconditional promises to give, as of June 30, 2013, of approximately \$17,457,000, are included in the total amount of unconditional pledges due in more than five years. The allowance for uncollectible pledges includes approximately \$1,719,000 associated with the irrevocable bequests as of June 30, 2013.

Fourteen donors currently have outstanding conditional pledges to the Foundation. As of June 30, 2013, the conditions were not substantially met, therefore, the net present value of the pledges is not included in the carrying amount of pledges receivable. The net present value of the conditional pledges approximated \$1,518,000 as of June 30, 2013.

ENDOWMENT FUNDS

Endowment assets are invested in a manner consistent with statutory fiduciary responsibilities and policies adopted by the Foundation's Board of Trustees. The primary objective is to produce long-term real growth in assets, net of administrative and investment fees, by generating a total endowment rate of return which is greater than the spending rate plus the Consumer Price Index. Strategies to achieve the primary objective at a prudent level of risk include: (a) diversification of assets among various classes; (b) diversification of investment styles within asset class; and (c) ongoing review of investment manager performance with respect to rate of return, adherence to investment style and compliance with investment guidelines.

The Foundation's endowment pool and separately invested endowment funds include donor restricted endowment funds, funds designated by the Board of Trustees for reinvestment in the endowment funds, and investment income on the endowment funds that have been appropriated for expenditure. As required by US GAAP, net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the absence or existence of donor imposed restrictions.

The Board of Trustees has interpreted the State of Ohio's UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

In accordance with the Foundation's interpretation of UPMIFA, investment income and appreciation/depreciation earned on investments held in the permanently restricted endowment funds are credited to either unrestricted or temporarily restricted net assets, unless otherwise stipulated by the donor. Financial assets are to be invested in a manner consistent with statutory fiduciary responsibilities and policies adopted by the Foundation's Board of Trustees.

There are 926 endowment funds at June 30, 2013. As of June 30, 2013, the fair value of these funds collectively was \$30,076,448 less than the original gift amounts.

The Foundation has adopted a spending rate policy that limits the distribution of endowment income. The spending rate is 5% of the moving average market value for the twelve-quarter period ended each December. Earnings above the spend rate limit are reinvested in the endowment fund for the purposes of promoting endowment fund growth. During 2013, income earned in the investment pool was less than the amount allocated for expenditure by approximately \$7,862,900. This shortfall was funded by cumulative capital gains in the investment pool for the year ended June 30, 2013.

The endowment net asset composition by type of fund as of June 30, 2013, was as follows:

	2013			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor restricted endowment funds	\$ -	\$ 55,672,402	\$ 236,267,082	\$ 291,939,484
Board designated endowment funds	(25,885,729)	-	-	(25,885,729)
Total	\$ (25,885,729)	\$ 55,672,402	\$ 236,267,082	\$ 266,053,755

The change in endowment fund net assets for the year ended June 30, 2013, is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ (29,612,721)	\$ 50,888,885	\$ 216,909,852	\$ 238,186,016
Investment income:				
Interest and dividend income	389,708	7,803,338	16,425	8,209,471
Net realized/unrealized gain	3,707,230	4,001,777	-	7,709,007
Total investment income	4,096,938	11,805,115	16,425	15,918,478
Contributions and other transfers	-	2,098,496	17,389,710	19,488,206
Appropriation of endowment assets for expenditure	(412,473)	(9,874,584)	(65,710)	(10,352,767)
Other changes:				
Other income	-	508,541	1,291,448	1,799,989
Income reinvestment	42,527	245,949	725,357	1,013,833
Endowment net assets, end of year	\$ (25,885,729)	\$ 55,672,402	\$ 236,267,082	\$ 266,053,755

Permanently restricted endowment assets appropriated for expenditure relate primarily to contributions received where a donor originally permanently restricted the donation and subsequently changed the nature of the restriction.

INVESTMENTS

In July 2002, the Foundation combined its pooled investment securities with the investment pool of the University. This action was taken to maximize investment diversification and realize economies of scale with respect to costs

of managing the investments. The Foundation continues to serve as trustee for these assets. The Foundation maintains individual records of each fund included in the transfer of assets to the investment pool of the University. Each fund subscribes to, or disposes of, units in the pool at the unit market value at the end of each quarter. Income is allocated to each fund in the pool based on units of participation. As of June 30, 2013, the University is holding approximately \$1,827,000 that is to be invested in the University pooled investments. This amount is recorded as other investments in the Statements of Financial Position.

The Foundation also manages other investments, which amounted to approximately \$46,765,000 as of June 30, 2013. These funds represent separately invested endowments, temporary cash investments, and split-interest trusts where the Foundation is the remainderman.

The following presents investments held by the Foundation as of June 30, 2013:

	2013		2013
	Fair Value		Cost
Cash equivalents	\$ 3,686,235	\$	3,686,434
U.S. Government and agency obligations	3,187,950		3,179,271
Corporate bonds	10,358,923		10,506,548
Mutual funds	20,332,239		19,690,655
Common stocks and exchange traded funds	11,026,652		8,672,349
University pooled investments	<u>232,816,844</u>		<u>252,039,409</u>
Total	<u>\$ 281,408,843</u>	\$	<u>297,774,666</u>

The number of units in the University pooled investments owned by the Foundation totaled 2,879,300, which represents 31% share of the University investment pool as of June 30, 2013. The University pooled investments holds primarily common stock, mutual funds, and corporate and government fixed income obligations, which are stated at fair value as determined by market prices. In addition, the pool invests in loans to certain not-for-profit entities for the purpose of developing residential and commercial facilities near the University's main campus. These loans are secured by mortgages, some of which are subordinated to external financing arrangements, on parcels of land purchased by these not-for-profit entities for development. Certain investments in the University pooled investments are stated at fair value, as provided by the investment managers. Audited financial statements of the underlying investments in the University pooled investments as of June 30, 2013, are used as a basis for fair value when available. When not available, the fair value is based upon financial information as of an interim date, adjusted for cash receipts, cash disbursements and other distributions made through June 30, 2013. The Foundation believes that the carrying value of these investments is a reasonable estimate of fair value at June 30, 2013. Certain underlying investments in the University pooled investments are not readily marketable; therefore, the estimated values of these investments are subject to certain risks. As a result, the fair value of the University pooled investments could differ from the value that may have been determined had a market for certain investments in the University investment pool existed.

The underlying investments that comprise University pooled investments as of June 30 are as follows:

	2013
U.S. equity securities	23%
International equity securities	20
Fixed income securities	16
Private equity capital	14
Hedge funds	17
Real estate and community development	10
Total	<u>100%</u>

BENEFICIAL INTEREST IN TRUSTS – OTHER TRUSTEES

The Foundation has been notified of thirteen trusts held by other trustees where the remainder interest will irrevocably benefit the University. In addition, the Foundation has been notified of two charitable lead unitrusts held by other trustees where annual payments are received by the Foundation. The Foundation values these assets by projecting the value of the trust assets to future periods and then discounting the anticipated cash flows at a rate reflective of the credit risk involved. Beneficial interest in trusts held by other trustees amounted to approximately \$8,925,000 as of June 30, 2013.

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Federal Agency	Federal CFDA	Program Title or Pass Through Entity ID	Federal Expenditures
STUDENT FINANCIAL AID CLUSTER			
STUDENT FINANCIAL AID - DIRECT FUNDS			
Department of Education			
Office of Student Financial Assistance Programs	84.007	Federal Supplemental Educational Opportunity Grants	1,291,960
Office of Student Financial Assistance Programs	84.033	Federal Work-Study Program	1,578,242
Office of Student Financial Assistance Programs	84.038	Federal Perkins Loan Program_Federal Capital Contributions	27,015,399
Office of Student Financial Assistance Programs	84.063	Federal Pell Grant Program	39,405,666
Office of Student Financial Assistance Programs	84.268	Federal Direct Student Loans	294,094,958
Department of Education	84.379	Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	133,534
		TOTAL DEPARTMENT OF EDUCATION	363,519,759
Department of Health and Human Services			
Health Resources and Services Administration	93.264	Nurse Faculty Loan Program (NFLP)	117,115
Health Resources and Services Administration	93.342	Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students	857,269
Health Resources and Services Administration	93.364	Nursing Student Loans	743,713
		TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES	1,718,097
		TOTAL STUDENT FINANCIAL AID - DIRECT FUNDS	365,237,856
		TOTAL STUDENT FINANCIAL AID CLUSTER	365,237,856
RESEARCH AND DEVELOPMENT CLUSTER			
RESEARCH AND DEVELOPMENT - DIRECT FUNDS			
Department of Agriculture			
Department of Agriculture	10	USDA FOREST SERVICE #10-JV-11242303-047	2,009
Department of Agriculture	10	USDA Forest Service 12-JV-11221636-169	4,940
Agricultural Research Service	10.001	Agricultural Research_Basic and Applied Research	33,444
National Institute of Food and Agriculture	10.310	Agriculture and Food Research Initiative (AFRI)	161,897
Foreign Agricultural Service	10.961	Scientific Cooperation and Research	42,388
		TOTAL DEPARTMENT OF AGRICULTURE	244,678
Department of Defense			
Department of Defense	12	Army W81XWH-09-1-0673	62,945
Department of Defense	12	Army W911NF-09-2-0034	23,662
Department of Defense	12	Army W911QX-11-P-0132	-1,161
Department of Defense	12	Army W911QY-10-C-0185	57,673
Department of Defense	12	Army W912HQ-11-P-0053	-505
Department of the Navy, Office of the Chief of Naval Research	12.300	Basic and Applied Scientific Research	197,957
Office of the Secretary of Defense	12.351	Basic Scientific Research - Combating Weapons of Mass Destruction	500,070
U.S. Army Medical Command	12.420	Military Medical Research and Development	2,285,069
U.S. Army Materiel Command	12.431	Basic Scientific Research	127,401
Department of the Air Force, Materiel Command	12.800	Air Force Defense Research Sciences Program	2,364,573

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Federal Agency	Federal CFDA	Program Title or Pass Through Entity ID	Federal Expenditures
National Security Agency	12.901	Mathematical Sciences Grants Program	39,359
Advanced Research Projects Agency	12.910	Research and Technology Development	898,718
		TOTAL DEPARTMENT OF DEFENSE	6,555,761
Department of Education			
Office of Special Education and Rehabilitative Services	84.325	Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	340,353
		TOTAL DEPARTMENT OF EDUCATION	340,353
Department of Energy			
Department of Energy	81.049	Office of Science Financial Assistance Program	1,335,933
Department of Energy	81.049A	ARRA Office of Science Financial Assistance Program	2,585
Department of Energy	81.087	Renewable Energy Research and Development	70,284
Department of Energy	81.089	Fossil Energy Research and Development	11,545
Department of Energy	81.121	Nuclear Energy Research, Development and Demonstration	168,380
Department of Energy	81.133A	ARRA-Geologic Sequestration Training and Research Grant Program	103,484
		TOTAL DEPARTMENT OF ENERGY	1,692,211
Department of Health and Human Services			
Department of Health and Human Services	93	CDC/NIOSH 200-2012-M-53004	18,774
Department of Health and Human Services	93	CDC/NIOSH 200-2012-M-53428	24,162
Department of Health and Human Services	93	CDC/NIOSH 200-2012-M-53429	27,443
Department of Health and Human Services	93	CDC/NIOSH 212-2011-M-40617	9,063
Department of Health and Human Services	93	CDC/NIOSH 212-2011-M-40881	12,403
Department of Health and Human Services	93	CDC/NIOSH 214-2013-M-54654	4,369
Department of Health and Human Services	93	CDC/NIOSH 214-2013-M-54908	2,574
Department of Health and Human Services	93	CDC/NIOSH 254-2010-M-34341	11,394
Department of Health and Human Services	93	CDC/NIOSH 254-2010-M-35635	12,964
Department of Health and Human Services	93	CDC/NIOSH 254-2011-M-40232	13,527
Department of Health and Human Services	93	CDC/NIOSH 254-2011-M-40375	3,922
Department of Health and Human Services	93	CDC/NIOSH 254-2011-M-40454	3,207
Department of Health and Human Services	93	CDC/NIOSH 254-2012-M-51956	21,050
Department of Health and Human Services	93	CDC/NIOSH 254-2012-M-52039	6,000
Department of Health and Human Services	93	CDC/NIOSH 254-2012-M-52789	13,025
Department of Health and Human Services	93	HHSN272201000029I	155,531
Department of Health and Human Services	93	HHSN272201000029I/HHSN2700002	73,123
Department of Health and Human Services	93	HHSN272201200811P	26,067
Department of Health and Human Services	93	NICHHD HHSN275200403377I / HHSN275200900080U TASK 4	83,604
Department of Health and Human Services	93	NICHHD HHSN275200403377I / HHSN275201000023U TASK 5	6,333
Department of Health and Human Services	93	NICHHD HHSN275200403377I / HHSN275201100056U TASK 7	264,968
Department of Health and Human Services	93	NICHHD HHSN275200403377I / HHSN275201100059U TASK 8	21,667
Department of Health and Human Services	93	NICHHD HHSN275200403377I / HHSN275201100060U TASK 6	24,227

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Federal Agency	Federal CFDA	Program Title or Pass Through Entity ID	Federal Expenditures
Centers for Disease Control and Prevention	93.070	Environmental Public Health and Emergency Response	137,052
Food and Drug Administration	93.103	Food and Drug Administration_Research	123,580
Health Resources and Services Administration	93.110	Maternal and Child Health Federal Consolidated Programs	814,528
National Institutes of Health	93.113	Environmental Health	9,257,023
National Institutes of Health	93.121	Oral Diseases and Disorders Research	470,161
Health Resources and Services Administration	93.124	Nurse Anesthetist Traineeships	19,392
Centers for Disease Control and Prevention	93.136	Injury Prevention and Control Research and State and Community Based Programs	41,826
National Institutes of Health	93.142	NIEHS Hazardous Waste Worker Health and Safety Training	1,638,376
National Institutes of Health	93.173	Research Related to Deafness and Communication Disorders	567,641
Agency for Healthcare Research and Quality	93.226	Research on Healthcare Costs, Quality and Outcomes	193,703
National Institutes of Health	93.242	Mental Health Research Grants	3,599,183
Health Resources and Services Administration	93.250	Geriatric Academic Career Awards	164,630
Centers for Disease Control and Prevention	93.262	Occupational Safety and Health Program	2,116,068
National Institutes of Health	93.273	Alcohol Research Programs	8,088
National Institutes of Health	93.279	Drug Abuse and Addiction Research Programs	5,131,094
National Institutes of Health	93.281	Mental Health Research Career/Scientist Development Awards	468,352
National Institutes of Health	93.282	Mental Health National Research Service Awards for Research Training	72,905
National Institutes of Health	93.286	Discovery and Applied Research for Technological Innovations to Improve Human Health	2,384,398
National Institutes of Health	93.307	Minority Health and Health Disparities Research	1,302
National Institutes of Health	93.350	National Center for Advancing Translational Sciences	4,669,185
National Institutes of Health	93.351	Research Infrastructure Programs	669,564
Health Resources and Services Administration	93.358	Advanced Nursing Education Traineeships	-1
Health Resources and Services Administration	93.365	Sickle Cell Treatment Demonstration Program	351,803
National Institutes of Health	93.389	National Center for Research Resources	-12,294
National Institutes of Health	93.393	Cancer Cause and Prevention Research	591,372
National Institutes of Health	93.394	Cancer Detection and Diagnosis Research	213,920
National Institutes of Health	93.395	Cancer Treatment Research	691,097
National Institutes of Health	93.396	Cancer Biology Research	2,060,661
National Institutes of Health	93.398	Cancer Research Manpower	577,508
Administration for Children and Families	93.632	University Centers for Excellence in Developmental Disabilities Education, Research, and Service	513,582
National Institutes of Health	93.701	Trans-NIH Recovery Act Research Support	7,192,497
National Institutes of Health	93.702	National Center for Research Resources, Recovery Act Construction Support	1,376,902
National Institutes of Health	93.837	Cardiovascular Diseases Research	9,733,208
National Institutes of Health	93.838	Lung Diseases Research	297,046
National Institutes of Health	93.839	Blood Diseases and Resources Research	569,126

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Federal Agency	Federal CFDA	Program Title or Pass Through Entity ID	Federal Expenditures
National Institutes of Health	93.846	Arthritis, Musculoskeletal and Skin Diseases Research	1,213,111
National Institutes of Health	93.847	Diabetes, Digestive, and Kidney Diseases Extramural Research	8,362,272
National Institute of Diabetes and Digestive and Kidney Disease	93.848	Digestive Diseases and Nutrition Research	1,067,632
National Institute of Diabetes and Digestive and Kidney Disease	93.849	Kidney Diseases, Urology and Hematology Research	359,512
National Institutes of Health	93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders	14,509,761
National Institutes of Health	93.855	Allergy, Immunology and Transplantation Research	5,250,606
National Institutes of Health	93.856	Microbiology and Infectious Diseases Research	-772
National Institutes of Health	93.859	Biomedical Research and Research Training	2,433,687
National Institutes of Health	93.865	Child Health and Human Development Extramural Research	640,557
National Institutes of Health	93.866	Aging Research	971,877
National Institutes of Health	93.867	Vision Research	2,272,177
Health Resources and Services Administration	93.884	Grants for Training in Primary Care Medicine and Dentistry	364,479
Fogarty International Center	93.934	Fogarty International Research Collaboration Award	349,429
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			95,338,203
Department of Housing and Urban Development			
Department of Housing and Urban Development	14	HUD OHLHH0199-09	151,091
Office of Healthy Homes and Lead Hazard Control	14.906	Healthy Homes Technical Studies Grants	166,892
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			317,983
Department of Justice			
Office of Juvenile Justice and Delinquency Prevention	16.548	Title V_Delinquency Prevention Program	5,710
National Institute of Justice	16.560	National Institute of Justice Research, Evaluation, and Development Project Grants	269,786
TOTAL DEPARTMENT OF JUSTICE			275,496
Department of the Interior			
U.S. Geological Survey	15.807	Earthquake Hazards Reduction Program	-555
U.S. Geological Survey	15.816	Minerals Resources External Research Program	24,819
TOTAL DEPARTMENT OF THE INTERIOR			24,264
Department of Transportation			
Federal Aviation Administration (FAA)	20.108	Aviation Research Grants	72,454
TOTAL DEPARTMENT OF TRANSPORTATION			72,454
Department of Veterans Affairs			
Department of Veterans Affairs	64	VAMC VA250-13-P-0604	240,880
Department of Veterans Affairs	64	VAMC VA250-13-Q-0317	2,341
TOTAL DEPARTMENT OF VETERANS AFFAIRS			243,221
Environmental Protection Agency			
Environmental Protection Agency	66	EPA EP-11-H-000738	1,385
Environmental Protection Agency	66	EPA EP-C-1-028 Req# PR-ORD-11-00263	64,101

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Federal Agency	Federal CFDA	Program Title or Pass Through Entity ID	Federal Expenditures
Office of Research and Development	66.509	Science To Achieve Results (STAR) Research Program	229,475
Office of Research and Development	66.511	Office of Research and Development Consolidated Research/Training/Fellowships	431,336
Office of Research and Development	66.514	Science To Achieve Results (STAR) Fellowship Program	542
Office of Research and Development	66.516	P3 Award: National Student Design Competition for Sustainability	16,063
TOTAL ENVIRONMENTAL PROTECTION AGENCY			742,902
Institute of Museum and Library Services			
Institute of Museum and Library Services	45.312	National Leadership Grants	4,758
TOTAL INSTITUTE OF MUSEUM AND LIBRARY SERVICES			4,758
National Aeronautics and Space Administration			
National Aeronautics and Space Administration	43	NASA NNX10AQ44G 01-04	81,242
National Aeronautics and Space Administration	43	NASA NNX13AF46A	6,938
National Aeronautics and Space Administration	43.001	Science	176,556
National Aeronautics and Space Administration	43.002	Aeronautics	70,307
TOTAL NATIONAL AERONAUTICS AND SPACE ADMINISTRATION			335,043
National Science Foundation			
National Science Foundation	47.041	Engineering Grants	2,206,398
National Science Foundation	47.049	Mathematical and Physical Sciences	2,480,542
National Science Foundation	47.050	Geosciences	288,722
National Science Foundation	47.070	Computer and Information Science and Engineering	144,518
National Science Foundation	47.074	Biological Sciences	873,311
National Science Foundation	47.075	Social, Behavioral, and Economic Sciences	286,889
National Science Foundation	47.076	Education and Human Resources	2,613,305
National Science Foundation	47.078	Polar Programs	201,739
National Science Foundation	47.079	International Science and Engineering (OISE)	-152
National Science Foundation	47.082	Trans-NSF Recovery Act Research Support	963,428
TOTAL NATIONAL SCIENCE FOUNDATION			10,058,700
Office of Personnel Management			
Office of Personnel Management	27.003	Federal Student Temporary Employment Program	77,487
Office of Personnel Management	27.011	Intergovernmental Personnel Act (IPA) Mobility Program	2,377,075
TOTAL OFFICE OF PERSONNEL MANAGEMENT			2,454,562
TOTAL RESEARCH AND DEVELOPMENT - DIRECT FUNDS			118,700,589
RESEARCH AND DEVELOPMENT - PASS THROUGH FUNDS			
Agency for International Development			
Agency for International Development	98.012	ACE HED130-9743-ZAF-11-02/HED/USAID	341,071
TOTAL AGENCY FOR INTERNATIONAL DEVELOPMENT			341,071
Corporation for National and Community Service			
Corporation for National and Community Service	94.019	United Way 93 CNKYSIF YR1	10,939
Corporation for National and Community Service	94.019	United Way 93 CNKYSIF YR2	132,595
TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			143,534

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Department of Commerce			
National Oceanic and Atmospheric Administration (NOAA)	11.417	OSURF 60025701	4,093
		TOTAL DEPARTMENT OF COMMERCE	4,093
Department of Defense			
Department of Defense	12	ARKEMA INC P.007663 SUB AF	442,757
Department of Defense	12	AZIMUTH CORP 226-6273-NDL	52,572
Department of Defense	12	AZIMUTH CORP 226-6273-UC1 / AF FA8650-12-C-6273	149,130
Department of Defense	12	CRM Subcontract No CIN_09-01 Sub Army	3,063
Department of Defense	12	Edaptive PO# 020112-UC-01 sub DOD	18,415
Department of Defense	12	Eng & Scientific Inv N00014-12-M-0267	24,553
Department of Defense	12	Eng & Scientific Inv W56HZV-12-C-0215	20,120
Department of Defense	12	Enogetek Inc / Army 007215	93,423
Department of Defense	12	General Nano/Navy N00014-12-C-0537	42,686
Department of Defense	12	General Nano/Navy N00014-12-M0052	15,371
Department of Defense	12	General Nano/Navy N68335-13-C-0006	2,910
Department of Defense	12	GE-PO# 200-1J-14H13325	11,550
Department of Defense	12	GE-PO# 200-1J-14H13326	46,928
Department of Defense	12	Giner sub Army W911NF-11-C-0232	16,081
Department of Defense	12	HemCom Med Tech 2009-I-LYP-1 Sub Army	-124,925
Department of Defense	12	HEMERUS SUB ARMY - LEUKOSEP	166,958
Department of Defense	12	High Perf Tech Sub# HPTI-PETTT-CIN DOD	25,386
Department of Defense	12	High Perf Tech Sub# HPTI-PETTT-CIN DOD TO#2	7,997
Department of Defense	12	INHIBIKAS THERAPEUTICS INC 0000013121	44,068
Department of Defense	12	INNOVATIVE SCIENTIFIC SOLUTIONS INC SB06810	48,636
Department of Defense	12	INNOVATIVE SCIENTIFIC SOLUTIONS INC SB08610	49,499
Department of Defense	12	ISSI #SB01010 / SUB AFF33615-03-D-2329	-404
Department of Defense	12	Jackson State Univ #634874 sub ONR	-790
Department of Defense	12	JACOBS SUB AIR FORCE PO#AFRL-0000002588 & AFRL 0000002716	123,949
Department of Defense	12	John Hopkins PO#109900	33,847
Department of Defense	12	John Hopkins PO#109900 Mod 2	9,963
Department of Defense	12	Knite Inc SubCon No. 21 / AF	42,856
Department of Defense	12	Neuren Pharmaceuticals EGG INTREPID	148,594
Department of Defense	12	Terumo BCT IMPROVE II CTS-0080	4,262
Department of Defense	12	UES S-845-001-005	81,231
Department of Defense	12	UES S-875-060-020	71,573
Department of Defense	12	UES S-875-130-002	90,328
Department of Defense	12	UES S-875-181-001	5,273
Department of Defense	12	UES S-923-100-003	37,061
Department of Defense	12	UES S-923-100-005	36,884
Department of Defense	12	UES S-923-200-003	35,535
Department of Defense	12	UES S-923-401-001	159,838
Department of Defense	12	UES S-923-401-003	55,950
Department of Defense	12	UES S-932-019-MR003	11,264

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Department of Defense	12	UES S-953-019-MR002	54,603
Department of Defense	12	Universal Tech Corp 09-S568-0077-01-C1	61,119
Department of Defense	12	Universal Tech Corp 11-S590-0020-34-C3	3,226
Department of Defense	12	Universal Tech Corp 12-S590-0020-49-C6	14,707
Department of Defense	12	UNIVERSITY OF NEVADA LAS VEGAS SUB#13-708B-B-00	49,188
Department of Defense	12	URS EGG0040966 sub NAVY	-32
Department of the Navy, Office of the Chief of Naval Research	12.300	American Burn Assn - Army W81XWH-09-2-0194	2,140
Office of the Secretary of Defense	12.351	Johns Hopkins 982633 Sub DOD	48,368
U.S. Army Medical Command	12.420	CFBRE W81XWH-10-2-0104	8,068
U.S. Army Medical Command	12.420	CFBRE 07969-03-296148	4,257
U.S. Army Medical Command	12.420	Rutgers AFIRM PO#S1061135	326,445
U.S. Army Medical Command	12.420	Soluble Systems, LLC P00001	102,007
U.S. Army Medical Command	12.420	UCSD PO#10291745	665,984
U.S. Army Medical Command	12.420	UCSD PO#10313357	191,884
U.S. Army Medical Command	12.420	UCSD PO#10316818	57,723
U.S. Army Medical Command	12.420	UCSD PO#10317743	16,724
U.S. Army Medical Command	12.420	UCSD PO#10320447	150,116
U.S. Army Materiel Command	12.431	Penn State 4408-UC-USA-0124	116,737
U.S. Army Materiel Command	12.431	Rice U / Sub DARPA	136,931
U.S. Army Materiel Command	12.431	U Missouri C00031041-01	49,718
Office of the Secretary of Defense	12.630	U Missouri C00037615-01	85,551
Department of the Air Force, Materiel Command	12.800	HM Jackson Fnd 694141	70,671
Department of the Air Force, Materiel Command	12.800	OREGON HSU 9006220_UCIN AF	127,981
Department of the Air Force, Materiel Command	12.800	TDA RESEARCH INC 1096.JN.UC.12.01	14,853
Department of the Air Force, Materiel Command	12.800	Univ of Dayton Research Inst RS12025	49,342
Advanced Research Projects Agency	12.910	UC Irvine 2010-2493	3,871
TOTAL DEPARTMENT OF DEFENSE			4,516,574
Department of Education			
Department of Education	84	OBR01-2872 sub USED	15,504
Department of Education	84	OBR01-2873 sub USED	17,896
Department of Education	84	OBR01-2874 sub USED	14,289
Office of Special Education and Rehabilitative Services	84.327	U Kansas IFIG Subcontract sub USED	3,345
Office of Innovation and Improvement	84.350	Campbellsville Univ sub USED YRS 01-05	7,500
Department of Education	84.395	ARRA OSURF 600035141	71,003
Department of Education	84.395	ARRA OSURF 60037411	4,333
TOTAL DEPARTMENT OF EDUCATION			133,870
Department of Energy			
Department of Energy	81	Argonne 1F-30622/DOE 06CH11357	147,413
Department of Energy	81	Argonne 97-30461 / DOE	-383
Department of Energy	81	ARRA GE 900328290	59,986
Department of Energy	81	Battelle Contract No 00101721	237,425
Department of Energy	81	Battelle Contract No 113480 Mod 12	16,119
Department of Energy	81	Battelle Contract No 199065 Mod 4	20,180
Department of Energy	81	Battelle-PNNL No. 149581	200
Department of Energy	81	Battelle-PPNL No. 149552	47,517

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Federal Agency	Federal CFDA	Program Title or Pass Through Entity ID	Federal Expenditures
Department of Energy	81	Brookhaven National Lab/DOE Daya Bay China	6,214
Department of Energy	81	Los Alamos Subcontract 191323-1	26,763
Department of Energy	81	ORISE/DOE Fellow	59,672
Department of Energy	81	ORISE/DOE ORISE FELLOW	-1,394
Department of Energy	81	Sandia 1313064	27,198
Department of Energy	81	Siemens Sub#038/AHTFFG/DE-FC26-05NT42644	46,519
Department of Energy	81	UT-Battelle 4000114532	29,317
Department of Energy	81	UT-Battelle 4000114694	24,366
Department of Energy	81	VA CFBRE Sub No 006	21,490
Department of Energy	81.049	Battelle Contract No 00088635	131,105
Department of Energy	81.049	Battelle Contract No 00102835	287,627
Department of Energy	81.049	Bettergy SBIR Phase II / DOE	30,087
Department of Energy	81.049	CPWR 1080-28	33,626
Department of Energy	81.049	CPWR 1080-35/ DE-FC01-06EH06004	19,828
Department of Energy	81.089	B&W RCD 1481/DOE DE-FE0007716	1,922
Department of Energy	81.089	U Missouri Sub 00026229-01	8,124
Department of Energy	81.114	Medical Univ of South Carolina MUSC 12-13 Year 2	60,000
Department of Energy	81.114	MUSC 09-095 DOE ID14692	-32,877
		TOTAL DEPARTMENT OF ENERGY	1,308,044
Department of Health and Human Services			
Department of Health and Human Services	93	Ai Cure Tech HHSN271201200020C	14,007
Department of Health and Human Services	93	Brown Univ 00000300	230,095
Department of Health and Human Services	93	CCHM 109864	2,131
Department of Health and Human Services	93	CCHMC 106802 M3	30,071
Department of Health and Human Services	93	Cin Health Network 2H76HA00111-22-00	457,998
Department of Health and Human Services	93	Cincinnati Health Network 2H76HA00111	132,993
Department of Health and Human Services	93	CWRU RES507653	5,188
Department of Health and Human Services	93	CWRU RES5058835	45,096
Department of Health and Human Services	93	CWRU RES507570	8,620
Department of Health and Human Services	93	Dystonia Fndn Coalition Career Dev Awd	34,458
Department of Health and Human Services	93	Federation Employee Fiscal Advisers FEFA 005-1005	206,893
Department of Health and Human Services	93	Hamilton County Public Health PO 2013-0033	56,113
Department of Health and Human Services	93	HCPHD / CDC VIA ODH HIV PREVENTION 007975	90,299
Department of Health and Human Services	93	Healthy Housing Solutions Inc 200-2010-37369	40,347
Department of Health and Human Services	93	ODJFS JFS01-03000011859 G-1213-06-0149/#12-5081	101,849
Department of Health and Human Services	93	U ILLINOIS AT CHICAGO 2010-06621	5,000
Department of Health and Human Services	93	U Toledo NS 2008-029	11,257
Food and Drug Administration	93.103	Cin Health Dept CHD3510479	17,519
Substance Abuse and Mental Health Services Administration	93.104	CCMHRB Sub SAMHSA Fast Trac Year 4	112,276
Substance Abuse and Mental Health Services Administration	93.104	CCMHRB Sub SAMHSA Fast Track Year 3	48,089
Substance Abuse and Mental Health Services Administration	93.104	HCMHRB National Evaluation of JOURNEY Sub SAMHSA	283,546

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Health Resources and Services Administration	93.107	U Toledo F2012-110	35,298
Health Resources and Services Administration	93.107	U Toledo F2013-12	30,387
Health Resources and Services Administration	93.110	HFM 1-H30mc24047-01-00	11,000
National Institutes of Health	93.113	CCHMC 107837	393,932
National Institutes of Health	93.113	CCHMC 107837 M1	-30,952
National Institutes of Health	93.113	CCHMC 107837 M5	11,437
National Institutes of Health	93.113	CCHMC 130899 M1	74,215
National Institutes of Health	93.113	CCHMC 131098	5,444
National Institutes of Health	93.113	CCHMC 131098 M1	85,618
National Institutes of Health	93.113	Columbia U 5-75744 /ES01590-05	109,318
National Institutes of Health	93.113	Illinois U Chicag SUB 2007-04409	95,409
National Institutes of Health	93.113	Illinois U Chicago /U01 ES020886-01	-1,361
National Institutes of Health	93.113	NKU SUB # 4000831-S1	1,957
National Institutes of Health	93.113	U ROCHESTER PO#415923-G	3,602
National Institutes of Health	93.113	UCSF 6375SC	27,810
National Institutes of Health	93.113	UIC 2012-0393-01-00	12,805
National Institutes of Health	93.113	UIC/5U01ES020886-03	15,243
National Institutes of Health	93.113	Univ Illinois Chicago # 2011-04282-01-00	2,646
National Institutes of Health	93.113	UNIV ILLINOIS CHICAGO 2012-02586-01-000	70,038
National Institutes of Health	93.121	SUNY R824315	4,556
Health Resources and Services Administration	93.134	LIFELINE SUB HRSA R39OT18282-02-00	54,157
Health Resources and Services Administration	93.134	LIFELINE SUB HRSA R39OT18282-03-00	144,810
National Institutes of Health	93.142	ICWU SUB ES06162-20 HDPTP	-353
National Institutes of Health	93.142	ICWU SUB ES06162-20 HWWT	2,552
National Institutes of Health	93.142	ICWU SUB ES06162-21 HDPTP	3,512
National Institutes of Health	93.142	ICWU SUB ES06162-21 HWWT	42,379
National Institutes of Health	93.142	ICWU SUB ES09758-20	-1,115
National Institutes of Health	93.142	ICWU/ES09758/DOE	2,153
Health Resources and Services Administration	93.145	U PITT 0019469 (119266-4)	-510
Health Resources and Services Administration	93.145	U PITT Sub# H4AAH006002	266,223
National Institutes of Health	93.172	CCHMC 130224	7,486
National Institutes of Health	93.173	STAR Sub 2R44DC010104	71,611
National Institutes of Health	93.173	STAR Sub 2R44DC010104-03-04 Phase 2	39,323
National Institutes of Health	93.173	STAR Sub 5 R43 DC011475	9,582
National Institutes of Health	93.173	TRINCH #719111	5,413
National Institutes of Health	93.173	TRINCH 719111	8,500
Centers for Disease Control and Prevention	93.184	HFM sub CDC11-12-HTC434	4,706
Centers for Disease Control and Prevention	93.184	HFM sub CDC12-13-HTC434	7,187
National Institutes of Health	93.213	Mass General SUOI AT000613	3,967
Agency for Healthcare Research and Quality	93.226	CCHMC 107609	-79
Agency for Healthcare Research and Quality	93.226	CWRU RES507452	109
National Institutes of Health	93.242	FIMR 500494-CIN-01	3,959
Health Resources and Services Administration	93.249	OSURF 60027361	1,795
Health Resources and Services Administration	93.249	OSURF 60036741	4,422
Centers for Disease Control and Prevention	93.262	TEXAS A&M USHSC 23-S120001	39,490
National Institutes of Health	93.273	Miriam Hospital 710-9908	6,319
National Institutes of Health	93.279	Battelle Contract No 223995	1,032
National Institutes of Health	93.279	U of Toledo N2013-9	21,176

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National Institutes of Health	93.279	VACSP via NIDDA4006 CSP 1029 study	539
Centers for Disease Control and Prevention	93.283	AAMC MM-0971-07/07	-6,500
Centers for Disease Control and Prevention	93.283	ODH 3140014BC0512	-25,343
Centers for Disease Control and Prevention	93.283	ODH 3140014BC0613	140,230
National Institutes of Health	93.286	U Mich EB004527-06	117,901
National Institutes of Health	93.350	Boston U 4500001250/NCATS TR000157	3,354
National Institutes of Health	93.389	Boston U 9500300567	19,999
National Institutes of Health	93.389	Miami U G470217	11,279
National Institutes of Health	93.393	BRIGHAM & WOMEN'S HOSPITAL 104375	3,707
National Institutes of Health	93.393	CHMC 131306	7,850
National Institutes of Health	93.393	CREAL RAD/08/10	-106
National Institutes of Health	93.393	LSU sub 68049	15,750
National Institutes of Health	93.395	ACR RTOG SUB #2113	30,926
National Institutes of Health	93.395	Bexion Pharm 2R44 sub CA136017-03	16,301
National Institutes of Health	93.395	Brigham and Woman's Hospital /ACOSOG/7U10CA076001	4,569
National Institutes of Health	93.395	GOG 27469-033 (2010-2016)	134,973
National Institutes of Health	93.395	NSABP SUB NCI TFED 187	23,950
National Institutes of Health	93.395	SWOG/U Mich/NCI CA32102	37,367
National Institutes of Health	93.396	CCHMC 105687 M3	8,004
National Institutes of Health	93.396	UCSD PO#10320965	1,395
National Institutes of Health	93.396	UCSD PO10320965-001	16,192
National Institutes of Health	93.396	WRIGHT STATE UNIVERSITY P00255527	43,175
National Institutes of Health	93.399	NSABP STAR SUB NCI/PFED24-CN01	2,928
National Institutes of Health	93.399	NSABP SUB NCI TIND 187	4,832
National Institutes of Health	93.701	ARRA Boston University 4296-5 Project 3	-11,468
National Institutes of Health	93.701	ARRA JWCI MSLT-II	141
National Institutes of Health	93.701	ARRA Mass General 8 MGH 217200	259,762
National Institutes of Health	93.701	ARRA OSURF 60021601	70,934
National Institutes of Health	93.701	ARRA U Mich Sub 3001413194-PNT 2012	128,803
National Institutes of Health	93.701	ARRA U Washington UW 667337Z 2012	9,893
Agency for Healthcare Research and Quality	93.715	ARRA CFBRE 003 Sub ACR	216
Agency for Healthcare Research and Quality	93.715	ARRA Mass General 217197	198,155
Centers for Disease Control and Prevention	93.724	ARRA HCPHD PO#540848	10,773
Office of the Secretary	93.727	ARRA GCHB 90BC001601	197,832
Centers for Medicare and Medicaid Services	93.779	OBR / ODJFS A-1213-07-0343	223,371
Centers for Medicare and Medicaid Services	93.779	OBR Sub A-1011-07-0213	-8,636
Centers for Medicare and Medicaid Services	93.791	OSU/OCM/ODJFS/Sub 60033102	4,190
Centers for Medicare and Medicaid Services	93.791	OSURF 60033102	4,548
Centers for Medicare and Medicaid Services	93.791	OSURF 60037336	44,432
National Institutes of Health	93.837	BRIGHAM & WOMEN'S HOSPITAL 104005	15,961
National Institutes of Health	93.837	CCHMC 105059	78,898
National Institutes of Health	93.837	CCHMC 107306	25,188
National Institutes of Health	93.837	CCHMC 107954	77,000
National Institutes of Health	93.837	CCHMC 107954 M1	247,300
National Institutes of Health	93.837	CCHMC 108489 PO#3100197321	2,955
National Institutes of Health	93.837	CCHMC 109317	6,626
National Institutes of Health	93.837	CCHMC 109363	8,348

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National Institutes of Health	93.837	CCHMC 131302	9,900
National Institutes of Health	93.837	Duke University 162060	10,521
National Institutes of Health	93.837	OSURF RF01081502	107,857
National Institutes of Health	93.837	SSS CRB-UCLAA-S-10-00045	17,545
National Institutes of Health	93.837	SSS CRB-UWAS1-S-11-00027	901
National Institutes of Health	93.837	U Iowa 1001063656	16,888
National Institutes of Health	93.837	U Iowa W000149485 2012	-266
National Institutes of Health	93.837	U Iowa W000149485 2013	15,803
National Institutes of Health	93.837	U of Rochester 415539-G-002	4,350
National Institutes of Health	93.837	University of Washington 743031	12,000
National Institutes of Health	93.837	University of Washington 750406	20,187
National Institutes of Health	93.837	UTHSC 0006871A	105,876
National Institutes of Health	93.837	UTHSC 0007526A 2013	180,368
National Institutes of Health	93.837	UTHSC 0008027A	795,267
National Institutes of Health	93.838	CCHMC 107456 M2	1,523
National Institutes of Health	93.838	CCHMC 108330	16,884
National Institutes of Health	93.838	UCSF 4914SC	84,302
National Institutes of Health	93.839	CCHMC 109700 M5	306
National Institutes of Health	93.846	CCHMC 105512 M3	29,611
National Institutes of Health	93.846	CCHMC 105515 M3	29,611
National Institutes of Health	93.846	CCHMC 105591	1,505
National Institutes of Health	93.846	CCHMC 105591 M4	11,571
National Institutes of Health	93.846	CCHMC 106355 M3	4,607
National Institutes of Health	93.846	CCHMC 107387 M2	9,982
National Institutes of Health	93.846	CCHMC 130426	115,799
National Institutes of Health	93.846	U Minnesota N000188502	1,317
National Institutes of Health	93.847	CCHMC 103852 2012	-23
National Institutes of Health	93.847	CCHMC 105886	416
National Institutes of Health	93.847	CCHMC 105886 M1	7,187
National Institutes of Health	93.847	CCHMC 109080	7,228
National Institutes of Health	93.847	CCHMC 110385	16,620
National Institutes of Health	93.847	CCHMC 131862	29,332
National Institutes of Health	93.847	GWU S-GRD1213-KR6	170,564
National Institutes of Health	93.847	Johns Hopkins 2001342367	127,564
National Institutes of Health	93.847	MEDICAL COLLEGE OF GEORGIA 25034-10	42,413
National Institutes of Health	93.847	P2D 10060847	1,783
National Institutes of Health	93.847	Tufts Medical Center 5007467	110,810
National Institutes of Health	93.847	U Utah 10019799-01	-20,324
National Institutes of Health	93.847	UC Davis 201013238-01	-1,140
National Institutes of Health	93.847	UC Davis 201013238-M2	219,283
National Institute of Diabetes and Digestive and Kidney Disease	93.848	CCHMC 103952 2012	-288
National Institute of Diabetes and Digestive and Kidney Disease	93.848	P2D/SUB R43 DK081293-02	1,590
National Institutes of Health	93.853	CCHMC 108771 M6	-297
National Institutes of Health	93.853	CCHMC 109091 M1	4,022
National Institutes of Health	93.853	CCHMC 109717 M7	257,716
National Institutes of Health	93.853	City of Hope 22999.914934.6694	7,581
National Institutes of Health	93.853	Columbia U 5-75959 2012	11,134
National Institutes of Health	93.853	Cornell Univ 089 sub NS50324	377

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National Institutes of Health	93.853	Emory University S383887	23,044
National Institutes of Health	93.853	Johns Hopkins 2000794678	51,427
National Institutes of Health	93.853	Johns Hopkins 2000796412	26,049
National Institutes of Health	93.853	Johns Hopkins 2001055121	22,398
National Institutes of Health	93.853	Mass General 2CARE NS052592 1-5	-602
National Institutes of Health	93.853	Mass General 8 NS052592B 2CARE	6,880
National Institutes of Health	93.853	Med College Wisconsin Sub #1 NS035929	15,064
National Institutes of Health	93.853	Medical Univ of South Carolina MUSC 08-160	25,045
National Institutes of Health	93.853	MSU 61-0095UC Project 4	5,983
National Institutes of Health	93.853	U Akron R8423-UC	24,753
National Institutes of Health	93.853	U Maryland Sub 069208	102,005
National Institutes of Health	93.853	U Mich 3000691483-RPT	35
National Institutes of Health	93.853	U Mich 3000691483-RPT07	12,652
National Institutes of Health	93.853	U Mich 3001300231-PIII	325,252
National Institutes of Health	93.853	U Mich 3002112001	35,915
National Institutes of Health	93.853	U Mich 5000002770	146,017
National Institutes of Health	93.853	U Mich 5000002951	97,222
National Institutes of Health	93.853	U North Carolina COSS sub NS042167	8,955
National Institutes of Health	93.853	U Washington 688607	8,744
National Institutes of Health	93.853	U Washington 734275	60,914
National Institutes of Health	93.853	UAB 003 sub NS041588	57,903
National Institutes of Health	93.853	UAB 00426787-005	94,969
National Institutes of Health	93.853	UAB sub NS048281	27,996
National Institutes of Health	93.853	UMDNJ 5 R01 NS038384-01-12	6,665
National Institutes of Health	93.853	UTSMC 120106 PO#RGC0000000149	61,499
National Institutes of Health	93.853	Washington U WU0915 PO 2904625N	59
National Institutes of Health	93.853	Yale U A08082 M01A10557	26,053
National Institutes of Health	93.853	Yale University A09014	96,287
National Institutes of Health	93.855	Brigham and Woman's Hospital 108085	11,968
National Institutes of Health	93.855	Brigham and Woman's Hospital 108269	19,826
National Institutes of Health	93.855	Brigham and Woman's Hospital 2012-2013 ACTG 5178	184,486
National Institutes of Health	93.855	CCHMC 110491 M2	142,022
National Institutes of Health	93.855	Denver Health and Hospital Auth E3400A	29,753
National Institutes of Health	93.855	Duquesne G1200050	33,948
National Institutes of Health	93.855	Mayo Foundation 63062224	4,711
National Institutes of Health	93.855	Mayo sub R01 AI091594-02	70,738
National Institutes of Health	93.855	SSS BRS-ACURE-S-12-000604-002301	188
National Institutes of Health	93.855	St. Jude 111277060-7489196	31,633
National Institutes of Health	93.855	U Chicago 39778-5-30818	111,579
National Institutes of Health	93.855	U Colorado 2591171	11,327
National Institutes of Health	93.855	UPITT 0023660 (119158-1)	110,953
National Institutes of Health	93.859	UAB 00398606-001	99,103
National Institutes of Health	93.865	Baylor College of Medicine 101565366	87,656
National Institutes of Health	93.865	CCHMC 106338	9,944
National Institutes of Health	93.865	CCHMC 109046 M1	11,850
National Institutes of Health	93.865	CWRU RES506737	41,065
National Institutes of Health	93.865	PURDUE 4102-24430	-167

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National Institutes of Health	93.865	U Alabama 000501070 001	13,894
National Institutes of Health	93.865	UCSF 7193SC	13,197
National Institutes of Health	93.866	CCHMC 130522	25,929
National Institutes of Health	93.866	Great Lakes sub AG033947-03A1	3,313
National Institutes of Health	93.866	U of Nebraska 36-5360-2141-001	40,446
National Institutes of Health	93.867	Washington U WU-12-197	44,482
National Institutes of Health	93.879	ORISE/NLM/DOE Associate Fellowship Program	2,299
National Institutes of Health	93.879	OSURF 60032386	24,946
National Institutes of Health	93.879	OSURF 60036993	12,323
Health Resources and Services Administration	93.918	Cin Health Network 5H75HA00111 12-13	51,721
Health Resources and Services Administration	93.918	Cin Health Network 5H75HA00111 13-14	16,549
Centers for Disease Control and Prevention	93.940	ODH 3140012HO0113	49,650
Centers for Disease Control and Prevention	93.943	ODH 03140012HT0112	52,132
Centers for Disease Control and Prevention	93.943	ODH 03140012HT0213	30,125
Health Resources and Services Administration	93.969	UKRF 3048109594-13-016	109,505
Centers for Disease Control and Prevention	93.991	ODH 03140014CC0312	73,561
Centers for Disease Control and Prevention	93.991	ODH 03140014CC0413	34,883
Department of Health and Human Services	93.ARRA	ARRA CWRU RES505693	2,876
Department of Health and Human Services	93.ARRA	ARRA SSS CRB-DCR01-S-09-00319 TASK 2	36,977
Department of Health and Human Services	93.ARRA	ARRA SSS CRB-DCR01S-09-00319 Task 3	12,493
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			11,481,377
Department of Homeland Security			
Department of Homeland Security	97	UKRF 3048108070-11-354	181,738
Department of Homeland Security	97.130	Medical Univ of South Carolina MUSC12-105	53,130
Department of Homeland Security	97.130	Medical Univ of South Carolina MUSC 13-001	52,668
TOTAL DEPARTMENT OF HOMELAND SECURITY			287,536
Department of Housing and Urban Development			
Office of Healthy Homes and Lead Hazard Control	14.906	Silent Spring Institute 7504 -Ucinn	8,148
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			8,148
Department of Justice			
Department of Justice	16	ETS CW1898520 Sub IARPA Project Sirius	117,940
Department of Justice	16	Sandusky County Re-entry Evaluation 008445	22,363
Office of Juvenile Justice and Delinquency Prevention	16.540	ODYS 2009-JJ-SI1-0063	52,236
Office of Juvenile Justice and Delinquency Prevention	16.540	ODYS 2011-JJ-DMC-0550	162,515
Office of Juvenile Justice and Delinquency Prevention	16.540	ODYS 2011-JJ-SI1-0063	46,243
National Institute of Justice	16.560	Yale U P00294 M10P10741	8,978
TOTAL DEPARTMENT OF JUSTICE			410,275
Department of Labor			
Office of Workers' Compensation Programs	17.310	CPWR 2913-10 Yr. 5	12,524
TOTAL DEPARTMENT OF LABOR			12,524
Department of the Interior			
U.S. Geological Survey	15.805	OSRF 60069767	142
U.S. Geological Survey	15.805	OSURF GRT00008849	25,932
U.S. Geological Survey	15.808	USC Subaward 33542621	18,945
TOTAL DEPARTMENT OF THE INTERIOR			45,019

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Federal Agency	Federal CFDA	Program Title or Pass Through Entity ID	Federal Expenditures
Department of Transportation			
Department of Transportation	20	NAS SUB DOT NCHRP 12-91	26,747
Department of Transportation	20	URS CORP-14174-PID 81595 Sub ODOT	-92
Department of Transportation	20	URS CORP-OHIO Sub ODOT 14174 Phase II	114,076
Research and Innovative Technology Administration	20.701	OSURF 60031037	6,350
Research and Innovative Technology Administration	20.701	OSURF 60037348/DTRT07-G-0005	2,452
	TOTAL	DEPARTMENT OF TRANSPORTATION	149,533
Environmental Protection Agency			
Environmental Protection Agency	66	Pegasus WA 2- 45	30,275
Environmental Protection Agency	66	Pegasus WA 1-01	6,251
Environmental Protection Agency	66	Pegasus WA 1-13	66,242
Environmental Protection Agency	66	Pegasus WA 1-19	19,638
Environmental Protection Agency	66	Pegasus WA 1-23	15,322
Environmental Protection Agency	66	Pegasus WA 1-24	12,348
Environmental Protection Agency	66	Pegasus WA 1-33	51,652
Environmental Protection Agency	66	Pegasus WA 1-36	16,669
Environmental Protection Agency	66	Pegasus WA 1-39	93
Environmental Protection Agency	66	Pegasus WA 1-41	8,951
Environmental Protection Agency	66	Pegasus WA 1-45	28,608
Environmental Protection Agency	66	Pegasus WA 1-45 Task 1	39,305
Environmental Protection Agency	66	Pegasus WA 1-53	28,198
Environmental Protection Agency	66	Pegasus WA 1-64	25,247
Environmental Protection Agency	66	Pegasus WA 1-66	14,415
Environmental Protection Agency	66	Pegasus WA 2- 19	37,577
Environmental Protection Agency	66	Pegasus WA 2- 41	2,292
Environmental Protection Agency	66	Pegasus WA 2-13 EP-C-11-006	50,653
Environmental Protection Agency	66	Pegasus WA 2-16	2,699
Environmental Protection Agency	66	Pegasus WA 2-23	28,659
Environmental Protection Agency	66	Pegasus WA 2-33 EP - C - 11-006	67,186
Environmental Protection Agency	66	Pegasus WA 2-35	16,807
Environmental Protection Agency	66	Pegasus WA 2-45	60,798
Environmental Protection Agency	66	Pegasus WA 2-53	2,325
Environmental Protection Agency	66	Pegasus WA 2-64	47,207
Environmental Protection Agency	66	Pegasus WA 2-71	26,612
Environmental Protection Agency	66	Pegasus WA 2-77	5,156
Environmental Protection Agency	66	SRC, Inc. SCFA53501	46,345
	TOTAL	ENVIRONMENTAL PROTECTION AGENCY	757,530
National Aeronautics and Space Administration			
National Aeronautics and Space Administration	43	Aurora Flight Sciences AFS11-0558 Sub NASA	7,831
National Aeronautics and Space Administration	43	CFD RESEARCH CORP 1467 Sub NASA	6,829
National Aeronautics and Space Administration	43	Cornerstone Research 201100322 Sub NASA	76,036
National Aeronautics and Space Administration	43	Jet Propulsion Laboratory No. 1473268	17,978
National Aeronautics and Space Administration	43	Jet Propulsion Laboratory No. 1473759	4,726
National Aeronautics and Space Administration	43.001	OAI 007527 OSGC/NASA	8,186
	TOTAL	NATIONAL AERONAUTICS AND SPACE ADMINISTRATION	121,586
National Endowment for the Humanities			
National Endowment for the Humanities	45.160	American Coucil of Learned Societies ARHC	58,732

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TOTAL NATIONAL ENDOWMENT FOR THE HUMANITIES			58,732
National Science Foundation			
National Science Foundation	47.041	Bettergy 1247577	19,992
National Science Foundation	47.041	GVD 1143160 sub NSF	758
National Science Foundation	47.041	NCA&T 260116B NSF YEARS 1-5	690,575
National Science Foundation	47.041	NCA&T 260116C NSF Supplement	31,074
National Science Foundation	47.041	Oklahoma St AA544202-S1	9,268
National Science Foundation	47.049	BETTERGY 1142695 Sub NSF	6,553
National Science Foundation	47.049	Notre Dame 0715396 SUB NSF	14,240
National Science Foundation	47.049	Notre Dame 1219444	1,585
National Science Foundation	47.050	U of New Mexico 133549-87S1	15,561
National Science Foundation	47.074	U Illinois 2012-00109-01 / A0691	2,190
National Science Foundation	47.076	CPS DRL-0929557 Sub NSF	33,757
National Science Foundation	47.076	U of Tennessee at Chattanooga 8500029533	1,648
National Science Foundation	47.076	WSU DUE-0817332	273
TOTAL NATIONAL SCIENCE FOUNDATION			827,474
TOTAL RESEARCH AND DEVELOPMENT - PASS THROUGH FUNDS			20,606,920
TOTAL RESEARCH AND DEVELOPMENT CLUSTER			139,307,509
OTHER - DIRECT FUNDS			
Appalachian Regional Commission			
Appalachian Regional Commission	23.002	Appalachian Area Development	249,974
TOTAL APPALACHIAN REGIONAL COMMISSION			249,974
Department of Education			
TRIO Cluster			
Office of Postsecondary Education	84.042	TRIO_Student Support Services	249,167
Office of Postsecondary Education	84.044	TRIO_Talent Search	281,228
Office of Postsecondary Education	84.047	TRIO_Upward Bound	774,133
Office of Postsecondary Education	84.066	TRIO_Educational Opportunity Centers	252,986
Office of Postsecondary Education	84.217	TRIO_McNair Post-Baccalaureate Achievement	260,429
TOTAL TRIO CLUSTER			1,817,943
Other Department of Education			
Office of Postsecondary Education	84.116	Fund for the Improvement of Postsecondary Education	40,475
Institute of Education Sciences	84.305	Education Research, Development and Dissemination	294,810
Office of Special Education and Rehabilitative Services	84.327	Special Education_Technology and Media Services for Individuals with Disabilities	65,365
Office of Postsecondary Education	84.334	Gaining Early Awareness and Readiness for Undergraduate Programs	3,373,764
TOTAL OTHER DEPARTMENT OF EDUCATION			3,774,414
TOTAL DEPARTMENT OF EDUCATION			5,592,357
Department of Homeland Security			
Department of Homeland Security	97.103	Degrees at a Distance Program	10,454
TOTAL DEPARTMENT OF HOMELAND SECURITY			10,454

University of Cincinnati
A Component Unit of the State of Ohio
Schedule of Expenditures of Federal Awards
for the period ending June 30, 2013

Federal Agency	Federal CFDA	Program Title or Pass Through Entity ID	Federal Expenditures
Department of Justice			
Office of Juvenile Justice and Delinquency Prevention	16.523	Juvenile Accountability Block Grants	36,922
Bureau of Prisons	16.601	Corrections_Training and Staff Development	9,709
		TOTAL DEPARTMENT OF JUSTICE	46,631
Department of Labor			
Department of Labor	17	OSHA GNIP 2012	7,917
		TOTAL DEPARTMENT OF LABOR	7,917
Environmental Protection Agency			
Office of Research and Development	66.514	Science To Achieve Results (STAR) Fellowship Program	1,531
		TOTAL ENVIRONMENTAL PROTECTION AGENCY	1,531
National Endowment for the Humanities			
National Endowment for the Humanities	45.149	Promotion of the Humanities_Division of Preservation and Access	96,728
		TOTAL NATIONAL ENDOWMENT FOR THE HUMANITIES	96,728
		TOTAL OTHER - DIRECT FUNDS	6,005,592
OTHER - PASS THROUGH FUNDS			
Department of Agriculture			
Department of Agriculture	10	Miss St. U 018000-340452-02	16,370
Department of Agriculture	10	Miss. St. 018000-340452-18	29,337
Food and Nutrition Service	10.558	ODE CACFP SUB USDA 11-12 Program 2	9,733
Food and Nutrition Service	10.558	ODE Sub USDA CACFP FY 2013	36,485
		TOTAL DEPARTMENT OF AGRICULTURE	91,925
Department of Defense			
U.S. Army Materiel Command	12.431	ACADEMY OF APPLIED SCIENCE 12-50	2,596
		TOTAL DEPARTMENT OF DEFENSE	2,596
Department of Education			
Office of Postsecondary Education	84.116	U Louisville #10-1109-01 US	16,709
Office of Educational Research and Improvement	84.287	CPS Academy of World Languages 007841	21,024
Office of Educational Research and Improvement	84.287	CPS Academy of World Languages After School Year 2	92,495
Office of Educational Research and Improvement	84.287	CPS Mt. Washington Castle Connections Year 2	23,041
Office of Educational Research and Improvement	84.287	CPS Mt. Washington Castle Connections Year 3	167,403
Office of Educational Research and Improvement	84.287	CPS-Westwood sub USED	16,942
Office of Educational Research and Improvement	84.287	Northwest Local Schools SES	-443
Office of Educational Research and Improvement	84.287	Winton Woods City Schools SES	109
Office of Elementary and Secondary Education	84.357	CPS SES 2011-12	148,048
Office of Elementary and Secondary Education	84.366	ODE OMSP EDU01-0000007909	18,336
Office of Elementary and Secondary Education	84.367	OBR 12-09(5-12) sub USED ITQP	42,848
Office of Elementary and Secondary Education	84.367	OBR 12-10 (K-5) sub USED, ITQP	7,214
Office of Elementary and Secondary Education	84.367	OBR11-10 (5-12) sub USED ITQP	94,780
Office of Elementary and Secondary Education	84.367	OBR11-11 (K-5) sub USED ITQP	62,880
Department of Education	84.395	ARRA Battelle RTTT 334858	71,156
Department of Education	84.395	ARRA ODE 000000008119	45,315

University of Cincinnati
A Component Unit of the State of Ohio
Schedule of Expenditures of Federal Awards
for the period ending June 30, 2013

Federal Agency	Federal CFDA	Program Title or Pass Through Entity ID	Federal Expenditures
Department of Education	84.395	ARRA ODE-EDU01-0000010635	70,761
Department of Education	84.395	ODE 00000008119	-38,642
Department of Education	84.413A	ARRA Battelle 316366	47,524
		TOTAL DEPARTMENT OF EDUCATION	907,500
Department of Health and Human Services			
Medicaid Cluster			
Centers for Medicare and Medicaid Services	93.778	OSURF 60034413	7,340
Centers for Medicare and Medicaid Services	93.778	OSURF 60040446	3,474
		TOTAL MEDICAID CLUSTER	10,814
CCFC (Child Care and Development) Cluster			
Administration for Children and Families	93.575	HAM CO JOB & FAM SVC 119222	-8,174
Administration for Children and Families	93.575	ODJFS/DHHS DAY CARE CONTR HAM CO JOB & FAM SVC 008152	38,956
Administration for Children and Families	93.575	OHIO CHILD CARE RES & REF ASSN Yr 3	-150
Administration for Children and Families	93.575	OHIOCHILD CARE RES & REF ASSN - Step Up To Quality Yr 4	9,548
		TOTAL CCFC (CHILD CARE AND DEVELOPMENT) CLUSTER	40,180
		TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES	50,994
Department of Justice			
Justice Assistance Grant Program Cluster (JAG)			
Bureau of Justice Assistance	16.738	Cincinnati PD 25X0028	1,453
Bureau of Justice Assistance	16.738	Conn Dept of Corrections 11DOC0125AA	24,157
Bureau of Justice Assistance	16.738	Council on Chemical Abuse ORAS Training PO # 11200	8,351
Bureau of Justice Assistance	16.738	CPD Contract 15X0038	53,260
Bureau of Justice Assistance	16.738	Indiana Judicial Center Sub DOJ Training 008472	9,516
Bureau of Justice Assistance	16.738	OCJS 2009-JG-EOR-6239	23,993
Bureau of Justice Assistance	16.738	OCJS 2009-JG-EOR-6699	-16,021
Bureau of Justice Assistance	16.738	OCJS 2010-JG-A0V-V6950	32,077
Bureau of Justice Assistance	16.738	OCJS 2010-JG-A0V-V6951	29,568
Bureau of Justice Assistance	16.738	OCJS 2010-JG-B01-6831	39,228
Bureau of Justice Assistance	16.738	OCJS 2010-JG-EOR-6846	78
Bureau of Justice Assistance	16.738	Research Foundation of CUNY 74959-A	30,000
Bureau of Justice Assistance	16.738	Solano County 03401-12	1,078
Bureau of Justice Assistance	16.738	The Judiciary of the State of Hawaii Sub DOJ EPICS Training	19,942
Bureau of Justice Assistance	16.738	VA Beach PO JPMS-13-0001	48,022
Bureau of Justice Assistance	16.738	Virginia Beach Court Services Unit EPICS	-1
Department of Justice	16.803	ARRA OCJS 2009-RA-R01-2369 Sub DOJ	146,416
		TOTAL JUSTICE ASSISTANCE GRANT PROGRAM CLUSTER (JAG)	451,117
Department of Justice	16	Conn Department of Corrections 13DOC0112AA	2,225
Department of Justice	16	KY PON2 527 1300001383 1	2,789
Department of Justice	16	KY PON2 527 1300001390 1	12,406
Department of Justice	16	VA Beach JPMS-13-0002	7,150
Office of Juvenile Justice and Delinquency Prevention	16.523	Arizona Supreme Court 2011-172	-4,783
Office of Juvenile Justice and Delinquency Prevention	16.523	Arizona Supreme Court 2011-74	-6,518

University of Cincinnati
A Component Unit of the State of Ohio
Schedule of Expenditures of Federal Awards
for the period ending June 30, 2013

Federal Agency	Federal CFDA	Program Title or Pass Through Entity ID	Federal Expenditures
Office of Juvenile Justice and Delinquency Prevention	16.523	Arizona Supreme Court 2011-74 / 2011-172	-10
Office of Juvenile Justice and Delinquency Prevention	16.523	City of Richmond, VA PD 20120203581	-6,185
Office of Juvenile Justice and Delinquency Prevention	16.523	City of Richmond, VA PD 20130207129	17,421
Office of Juvenile Justice and Delinquency Prevention	16.523	HCJC Sub DOJ Services to Youth on Probation 12-13	31,408
Office of Juvenile Justice and Delinquency Prevention	16.523	Humboldt County, CA CPC-CSA EPICS	51,471
Office of Juvenile Justice and Delinquency Prevention	16.523	Marion County Court GRANT 09JB17	25,000
Office of Juvenile Justice and Delinquency Prevention	16.523	Virginia Dept of Juvenile Justice MOA 13-004	6,847
Office of Juvenile Justice and Delinquency Prevention	16.523	Yolo City, CA Probation Dept Sub DOJ CPC Training	-3
Bureau of Justice Assistance	16.593	Nevada DOC ORAS Training	13,438
Bureau of Justice Assistance	16.745	Sidney Municipal Court: Eval. of Mental Health Court	648
Bureau of Justice Assistance	16.751	New Hampshire Dept. of Corrections Sub Bureau of Justice 008280	51,677
Bureau of Justice Assistance	16.751	ODRC 403-12-0842	37,773
Bureau of Justice Assistance	16.812	OIC of Clark County EVAL. OF OIC SERVICES 008447	25,066
TOTAL DEPARTMENT OF JUSTICE			718,937
Department of Transportation			
Highway Safety Cluster			
National Highway Traffic Safety Administration (NHTSA)	20.600	ODPS SC-2012-8-00-00-00366-00 BROWN CTY	16,557
National Highway Traffic Safety Administration (NHTSA)	20.600	ODPS SC-2013-8-00-00-00332-00 BROWN CTY	7,132
TOTAL HIGHWAY SAFETY CLUSTER			23,689
Highway Planning and Construction Cluster			
Federal Highway Administration (FHWA)	20.205	ODOT #11569	76,714
Federal Highway Administration (FHWA)	20.205	ODOT #24752	38,024
Federal Highway Administration (FHWA)	20.205	ODOT #24837 sub USDOT Traffic Data for Integrated Proj-Level	138,003
Federal Highway Administration (FHWA)	20.205	ODOT 25177	74,117
Federal Highway Administration (FHWA)	20.205	OH UNIV UT17790 ODOT 25160	65,112
Federal Highway Administration (FHWA)	20.205	U Toledo 121554 ODOT # 23317B Ice Prev or Removal on the Vet	113,445
TOTAL HIGHWAY PLANNING AND CONSTRUCTION CLUSTER			505,415
TOTAL DEPARTMENT OF TRANSPORTATION			529,104
Institute of Museum and Library Services			
Institute of Museum and Library Services	45.310	Ohio State Library / Institute of Museum and Library Service VI-7-12	49,852
TOTAL INSTITUTE OF MUSEUM AND LIBRARY SERVICES			49,852
National Aeronautics and Space Administration			
National Aeronautics and Space Administration	43.001	OAI 005290 OSGC/NASA	63,343
National Aeronautics and Space Administration	43.001	OAI OSGC/NASA Seed Grant-Cohen Flight Camp @ UC	8,621
National Aeronautics and Space Administration	43.001	OAI/OSGC NASA Sub UC BEARSat Nano	4,093
National Aeronautics and Space Administration	43.001	OSGC/Nasa Spacecraft Design Rkt & Nanosat Project	3,247
TOTAL NATIONAL AERONAUTICS AND SPACE ADMINISTRATION			79,304

University of Cincinnati
A Component Unit of the State of Ohio
Schedule of Expenditures of Federal Awards
for the period ending June 30, 2013

Federal Agency	Federal CFDA	Program Title or Pass Through Entity ID	Federal Expenditures
National Endowment for the Humanities			
National Endowment for the Humanities	45.129	OHC R12-100 Sub NEH	2,500
National Endowment for the Humanities	45.164	OSURF 60025107	64,732
TOTAL NATIONAL ENDOWMENT FOR THE HUMANITIES			67,232
U.S. Department of State			
Bureau of Near Eastern Affairs	19.021	Academy Ed Devmt 4273-UCN-02 FHI360	432,799
TOTAL U.S. DEPARTMENT OF STATE			432,799
TOTAL OTHER - PASS THROUGH FUNDS			2,930,243
TOTAL OTHER CLUSTER			8,935,835
HEAD START CLUSTER			
HEAD START CLUSTER - DIRECT FUNDS			
Department of Health and Human Services			
Head Start Cluster			
Administration for Children and Families	93.600	Head Start	97,509
TOTAL HEAD START CLUSTER			97,509
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			97,509
TOTAL HEAD START CLUSTER - DIRECT FUNDS			97,509
HEAD START CLUSTER - PASS THROUGH FUNDS			
Department of Health and Human Services			
Head Start Cluster			
Administration for Children and Families	93.600	CHCCAA HHS Head Start FY11-12	202,417
Administration for Children and Families	93.600	CHCCAA HHS Head Start FY12-13	589,548
TOTAL HEAD START CLUSTER			791,965
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			791,965
TOTAL HEAD START CLUSTER - PASS THROUGH FUNDS			791,965
TOTAL HEAD START CLUSTER			889,474
TOTAL FEDERAL AWARDS EXPENDITURES			514,370,674

UNIVERSITY OF CINCINNATI A COMPONENT UNIT OF THE STATE OF OHIO

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation—The accompanying schedule of expenditures of federal awards includes the federal grant transactions of the University of Cincinnati (“University”) and is recorded on the accrual 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 in, or used in the preparation of, the basic financial statements.

Subrecipients—Certain funds are passed through to subgrantee organizations by the University. Expenditures incurred by the subgrantees and reimbursed by the University are presented in the schedule of expenditures of federal awards. The University is also the subrecipient of federal funds which have been subjected to testing and are reported as expenditures and listed as federal pass-through funds.

Negative Expenditures—Certain grant expenditures are negative as a result of various adjustments made during the year.

2. CATALOG OF FEDERAL DOMESTIC ASSISTANCE NUMBERS

Catalog of Federal Domestic Assistance (“CFDA”) numbers are presented for those programs for which such numbers are available.

3. FEDERAL DIRECT STUDENT LOANS PROGRAM (CFDA 84.268)

The University also participates in the Federal Direct Student Loan Program. Loan awards under this program for the year ended June 30, 2013 approximated \$294,099,376.

4. FEDERAL LOAN PROGRAMS

The University administers the Federal Perkins, Health Professions Student and Nursing Student Federal Loan Programs. Total loan expenditures and disbursements of the Department of Education and Department of Health and Human Services student financial assistance programs for the year ended June 30, 2013 are as follows:

Federal Perkins Loan Program (CFDA 84.038)	\$ 2,845,793
Health Professions Student Loan Program (CFDA 93.342)	131,250
Nursing Student Loan Program (CFDA 93.364)	161,815
Nursing Faculty Loan Program (CFDA 93.264)	117,115
	<u>3,255,973</u>
	<u>\$ 3,255,973</u>

The above expenditures include disbursements and expenditures such as loans to students and administrative expenditures.

**UNIVERSITY OF CINCINNATI
A COMPONENT UNIT OF THE STATE OF OHIO**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013**

Outstanding loans at June 30, 2013 include the following:

Federal Perkins Loan Program (CFDA 84.038)	\$ 22,625,551
Health Professions Student Loan Program (CFDA 93.342)	713,171
Nursing Student Loan Program (CFDA 93.364)	588,450
Nursing Faculty Loan Program (CFDA 93.264)	117,115
	<u>117,115</u>
	<u>\$ 24,044,287</u>

5. INDIRECT COSTS

The University recovers indirect costs by means of predetermined indirect cost rates. The predetermined rates are a result of negotiated agreements with the U.S. Department of Health and Human Services. On May 18, 2012 the University received approval for indirect cost recovery rate effective from July 1, 2012 through June 30, 2016. The indirect cost rates structure is as follows:

Rate Type	Effective July 1, 2012 through June 30, 2013
Organized Research:	
On-campus	57.0%
Off-campus	26.0%
Instruction:	
On-campus	26.0%
Off-campus	26.0%
Other Sponsored Activities:	
On-campus	30.0%
Off-campus	26.0%

6. FUNDS PASSED TO SUBRECIPIENTS

The University passed funds to subgrantees for the following programs during the year ending June 30, 2013:

CFDA Number	Program	Total
20.205	Highway Planning and Construction	\$ 35,698
	Gaining Early Awareness and Readiness	
84.334	for Undergraduate Programs	524,036
93.600	Head Start	44,000
Various	Research and Development	20,791,755
	Total:	<u>\$ 21,395,489</u>

**Independent Auditor's 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***

Board of Trustees
University of Cincinnati
Cincinnati, Ohio

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the basic financial statements of the University of Cincinnati (University) and its discretely presented component unit, collectively a component unit of the State of Ohio, which comprise the statement of net position as of June 30, 2013, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated October 11, 2013 which contained a reference to the report of other auditors. Other auditors audited the financial statements of the University of Cincinnati Foundation, as described in our report on the University's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

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

Compliance

As part of obtaining reasonable assurance about whether the University's basic 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*.

Other Matters

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

BKD, LLP

Cincinnati, Ohio
October 11, 2013

Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

Board of Trustees
University of Cincinnati
Cincinnati, Ohio

Report on Compliance for Each Major Federal Program

We have audited the compliance of the University of Cincinnati (University), a component unit of the State of Ohio, with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended June 30, 2013. The University's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Compliance with the requirements of laws, regulations, contracts and grants applicable to the major federal program is the responsibility of the University's management.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance 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 compliance that might be material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

BKD, LLP

Cincinnati, Ohio
October 11, 2013

**UNIVERSITY OF CINCINNATI
A COMPONENT UNIT OF THE STATE OF OHIO**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013**

Summary of Auditor's Results

1. The opinion expressed in the independent auditor's report was:
 Unmodified Qualified Adverse Disclaimed
2. The independent auditor's report on internal control over financial reporting disclosed:
Significant deficiency(ies)? Yes None reported
Material weakness(es)? Yes No
3. Noncompliance considered material to the financial statements was disclosed by the audit? Yes No
4. The independent auditor's report on internal control over compliance with requirements that could have a direct and material effect on major federal awards programs disclosed:
Significant deficiency(ies)? Yes None reported
Material weakness(es)? Yes No
5. The opinion(s) expressed in the independent auditor's report on compliance with requirements that could have a direct and material effect on major federal awards was (were):
 Unmodified Qualified Adverse Disclaimed
6. The audit disclosed findings required to be reported by OMB Circular A-133? Yes No
7. The University's major program was:

Cluster/Program	CFDA Number
Federal Student Financial Aid	Various

**UNIVERSITY OF CINCINNATI
A COMPONENT UNIT OF THE STATE OF OHIO**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013**

8. The threshold used to distinguish between Type A and Type B programs as those terms are defined in OMB Circular A-133 was \$3,000,000.
9. The University qualified as a low-risk auditee as that term is defined in OMB Circular A-133? Yes No

**UNIVERSITY OF CINCINNATI
A COMPONENT UNIT OF THE STATE OF OHIO**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013**

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding	Questioned Costs
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No matters are reportable.

Findings Required to be Reported by OMB Circular A-133

Reference Number	Finding	Questioned Costs
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No matters are reportable.

**UNIVERSITY OF CINCINNATI
A COMPONENT UNIT OF THE STATE OF OHIO**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013**

Reference Number	Summary of Finding	Status
	No matters are reportable.	

University of Cincinnati

Independent Accountants' Report on Agreed-Upon Procedures
Performed on the Intercollegiate Athletic Program as
Required by NCAA Bylaw 3.2.4.16

June 30, 2013



University of Cincinnati
June 30, 2013

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Independent Accountants' Report on Application of Agreed-Upon Procedures

Board of Trustees
University of Cincinnati
Cincinnati, Ohio

We have performed the procedures enumerated below, which were agreed to by the management of the University of Cincinnati (University), solely to assist you with respect to evaluating whether the accompanying statement of revenues and expenses of the University is in compliance with the National Collegiate Athletic Association (NCAA) Bylaw 3.2.4.16 for the year ended June 30, 2013. The management of the University is responsible for its aforementioned financial statement elements, accounts and items. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below for the purpose for which this report has been requested or for any other purpose.

The procedures performed and findings obtained are described below:

Statement of Revenues and Expenses

1. We obtained the statement of revenues and expenses (Statement), as prepared by the Department of Athletics of the University (Athletics), for the year ended June 30, 2013. We compared the revenue and expense amounts reported on the Statement to the supporting schedules prepared by management of the University, noting they agreed without exception.
2. We compared each major revenue and expense category on the Statement to prior year amounts and current year budgeted amounts. We obtained and documented an understanding of any significant variances (greater than \$1 million and a 20 percent change) from prior year amounts and current year budgeted amounts and noted the following:

Actual Revenue and Expenses as Compared to Prior Year

- *Guarantees* – The increase of \$2,444,296 is a result of the University receiving a guarantee payment for playing a football game at FedEx Field in Washington DC.
- *Direct Institutional Support* – The increase of \$5,312,885 is due to an increase in subsidy from the University to help offset scholarship costs related to semester conversion and reinstating scholarships for men's swim and track.
- *NCAA/Conference Distributions* – The increase of \$3,360,776 is a result of the University receiving a Reserve Fund Payment realignment fee from the Big East Conference.
- *Royalties, Licensing, Advertising, and Sponsorships* – The increase of \$1,624,744 from the prior year represents additional royalties from IMG and Adidas product revenue.

- *Other Income* – The increase of \$2,138,997 is due to the University receiving a liquidated damages payment from the former football coach.
- *Fundraising, Marketing and Rental* – The increase of \$1,388,916 is primarily a result of certain terms within the Adidas product contract.
- *Other Operating Expenses* – The increase of \$4,985,427 is primarily related to facility renewals and replacements as well as contractual payments to Texas Tech University for the new football coach.

Actual Revenue and Expenses to Current Year Budget

- *Indirect Facilities and Administrative Support Revenue* – The excess of \$1,509,446 is a result of the University not including the amount in the current year budget since it is offset by the corresponding expense.
- *NCAA/Conference Distributions* – The excess of \$2,909,984 is due to an increase in payments primarily from the Big East Conference realignment fees which were not budgeted.
- *Other Income* – The excess of \$2,728,309 is due to University receiving liquidated damages payment from the former football coach that was not anticipated.
- *Other Operating Expenses* – The increase of \$4,415,595 is primarily related to facility renewals and replacements as well as contractual payments to Texas Tech University for the new football coach.
- *Indirect Facilities and Administrative Support Expense* – The excess of \$1,509,446 is a result of the University not including the amount in the current year budget since it offsets the corresponding revenue.

Revenues

3. *Ticket Sales* – For football and men’s basketball ticket revenue, we compared the detail of tickets sold, complimentary tickets provided and unsold tickets for the year ended June 30, 2013, from the Paciolan ticketing system to the general ledger without exception. We selected a total of five basketball and football games’ ticket revenues (Pittsburgh, Miami (OH), Syracuse, Campbell and Georgetown games), reported in the Paciolan ticketing system and agreed such amounts to batch revenue support, cash deposit reports and to the Statement, noting no exceptions.

4. *Student Fees* – We inquired as to whether student fees are allocated to Athletics, and the University’s management represented there are no restricted student fee allocations from the University to the Department of Athletics. All allocations are unrestricted and reported as direct institutional support.
5. *Contributions* – We obtained a list of contributions of all money, goods or services received directly by Athletics from individuals and other donors. There were no individual contributions greater than 10 percent of total contributions received.
6. *Compensation and Benefits Provided by a Third-Party* – We inquired of the University’s management as to whether Athletics received any revenues or contributions to specifically support compensation or benefits from outside organizations for the year ended June 30, 2013, and they represented there were no compensation or benefits provided by third parties.
7. *Direct State or Other Governmental Support* – We inquired of the University’s management who represented there was no direct state or other governmental support during the year ended June 30, 2013.
8. *Direct Institutional Support* – We compared direct institutional support recorded by Athletics with institutional transfer authorizations held by the Controller’s Office of the University and noted no exceptions.
9. *Indirect Facilities and Administrative Support* – We inquired of the University’s management who noted utilities were provided by the University and not charged to Athletics for the year ended June 30, 2013.
10. *NCAA/Conference Distributions Including All Tournament Revenues* – We obtained the Big East Conference Distribution Schedule relating to the University’s participation in revenues from tournaments during the year ended June 30, 2013, provided by Athletics, and agreed the amounts to the University’s general ledger. No exceptions were noted.

Expenses

11. *Athletic Student Aid* – We judgmentally selected five athletic students (Student ID M04-36-9585, M03-71-9301, M04-02-6996, M03-81-9783 and M04-57-9363) from the University’s listing of student aid recipients. For each selection, we obtained individual student account detail and compared total aid allocated from the related award letter to amounts applied to the student’s account and noted no exceptions.
12. *Coaching Salaries, Benefits and Bonuses Paid by the University and Related Entities* – We obtained a listing of coaches employed by the University and randomly selected five coaches (Michael Cronin, Tommy Tuberville, Janelle Elliott, Steven Clinkscale and Lauren Gunning) which included football, men’s basketball and women’s basketball programs. We compared and agreed the financial terms and conditions of their contracts, and compared the salaries and bonuses for each selection to the related coaching salaries, benefits and bonuses recorded in the Statement and noted no exceptions.

13. *Coaching Other Compensation and Benefits Paid by a Third Party* – We inquired of the University’s management, as to whether there were any coaching compensation or benefits paid by a third party and they represented there were no other compensation or benefits provided by third parties.
14. *Support Staff/Administrative Salaries, Benefits and Bonuses Paid by the University and Related Entities* – We selected a sample of five support staff/administrative personnel employed by the University (Christopher Stone, Daniel Menkins, Dianna Rafferty, Andrew Frigge and Thomas Gelehrter), and compared the related salaries, benefits and bonuses paid by the University to the Statement and noted no exceptions.
15. *Support Staff/Administrative Salaries, Benefits and Bonuses Paid by a Third Party* – We inquired of the University’s management as to whether there were any support staff/administrative salaries, benefits or bonuses paid by a third party and they represented there were no support staff/administrative compensation or benefits provided by third parties.
16. *Severance Payments* – We selected a sample of five employees (William Geiser, Todd Jones, Daniel Ensley, Michelle Salmon and Gregory Morrison) who received severance pay during the year ended June 30, 2013, and agreed recorded severance to the related termination letters. No exceptions were noted.
17. *Recruiting* – We obtained the recruiting policies for Athletics and compared them to the NCAA policies. No exceptions were noted.
18. *Team Travel* – We obtained the team travel policies for Athletics and compared them to the NCAA policies. We obtained the supporting schedule for team travel expenses and agreed the amounts in the supporting schedules to the Statement, noting no exceptions. We selected a sample of five team travel expenses (document numbers 5105968186, 5105973227, 102191769, 102092429, and 102173623) from the supporting schedules and compared to supporting documentation of invoices and purchase orders, noting no exceptions.
19. *Sports Camp Revenues and Expenses* – We inquired of the University’s management as to whether there were any revenues provided by, or expenses incurred for, sport camps for the year ended June 30, 2013. The University’s management represented there were no revenues provided by, or expenses incurred for, sports camps during the year ended June 30, 2013.
20. *Direct Facilities, Maintenance and Rental* – We obtained supporting schedules for direct facilities, maintenance and rental expenses from Athletics and agreed amounts in the schedules to the Statement, noting no exceptions. We selected a sample of five direct facilities, maintenance and rental expenses (document numbers 102325866, 5105991050, 5105979625, 6105965426, and 5105960314) from the supporting schedules and compared to the supporting documentation obtained, and noted no exceptions.
21. *Indirect Facilities and Administrative Support* – We inquired of the University’s management, who noted the utilities were provided by the University and not charged to Athletics for the year ended June 30, 2013.

22. *Other Operating Expenses and Transfers to Institution* – We obtained supporting schedules for other operating expenses from Athletics and agreed amounts in the schedules to the Statement, without exception. We selected a sample of five expenses (reference numbers 102163445, 102265643, 1900376128, 5105959483, and 102190658) from the supporting schedules and compared to supporting documentation, noting no exceptions.

Capitalized Assets

23. We inquired of the University's management as to whether there were any capitalized assets or depreciation directly allocated to Athletics for the year ended June 30, 2013. There were \$6,229,010 in capitalized assets directly allocated to Athletics during the year per the supporting schedule obtained.

Agreed-Upon Procedures Related to Affiliated and Outside Organizations

24. We made inquiries of the University's management as to any affiliated and outside organizations that receive revenues on behalf of the University. We obtained from the University's management a schedule of the financial activity conducted on behalf of the University by affiliated and outside organizations. See Exhibit B.
25. We obtained the audited financial statements of the affiliated and outside organizations, and the related internal control observations letters, as of and for the year ended June 30, 2013, noting no matters that would significantly affect the Statement.

Agreed-Upon Procedures Related to Internal Control Over Compliance

26. We made inquiries of the University's Controller's Office and Athletics personnel relating to the procedures and internal accounting controls unique to Athletics, specifically, departmental organization, control consciousness of staff, use of internal auditors in the department, competency of personnel, adequate safeguarding and control of records and assets, controls over interactions with the information technology department and controls over gathering information on the nature and extent of outside organizations' activities for or on behalf of the intercollegiate athletic programs. There were no unique procedures followed by Athletics, as Athletics follows the University's policies and procedures.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on the specified elements, accounts and items described above. 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 the specified parties listed above and is not intended to be and should not be used by anyone other than these specified parties.

BKD, LLP

University of Cincinnati
Statement of Revenues and Expenses
For the Year Ended June 30, 2013

Exhibit A

	Football	Men's Basketball	Women's Basketball	Other Men	Other Women	NonProgram- Specific	Total
Revenues							
Ticket sales	\$ 4,511,798	\$ 2,842,616	\$ 30,328	\$ 25,174	\$ 6,927	\$ -	\$ 7,416,843
Guarantees	3,790,000	238,796	-	3,500	11,000	-	4,043,296
Contributions	2,228,566	252,252	56,452	172,695	77,245	2,436,552	5,223,762
Direct institutional support	(117)	2,190	-	798	-	20,242,543	20,245,414
Indirect facilities and admin. support	-	-	-	-	-	1,509,446	1,509,446
NCAA/conference distributions	4,578,505	3,222,697	-	-	3,665	4,843,954	12,648,821
Program sales/concessions/novelty sales and parking	155,259	111,538	-	-	-	912,637	1,179,434
Royalties, licensing, advertising and sponsorships	-	-	-	-	-	4,616,394	4,616,394
Endowment and investment income	58,475	3,960	2,616	69,977	8,806	356,403	500,237
Other income	994,776	163,600	92,652	32,293	61,755	3,186,708	4,531,784
Total Revenues	\$ 16,317,262	\$ 6,837,649	\$ 182,048	\$ 304,437	\$ 169,398	\$ 38,104,637	\$ 61,915,431
Expenses							
Athletics student aid	\$ 3,225,489	\$ 646,866	\$ 640,539	\$ 752,793	\$ 2,617,226	\$ 276,014	\$ 8,158,927
Guarantees	1,590,000	500,240	53,500	26,252	-	-	2,169,992
Coaching salaries, benefits and bonuses paid by the University and related entities	5,125,459	2,705,831	801,167	741,348	1,318,133	-	10,691,938
Support staff/administrative salaries, benefits and bonuses paid by the University and related entities	700,582	307,749	145,172	34,587	-	5,471,341	6,659,431
Severance payments	249,529	-	-	29,963	162,763	61,752	504,007
Recruiting	297,063	175,021	79,966	59,380	128,849	-	740,279
Team travel	1,275,804	767,723	251,191	552,532	800,433	1,828	3,649,511
Equipment, uniforms and supplies	118,437	10,454	8,901	78,254	71,026	-	287,072
Game expenses	635,913	579,740	168,392	159,000	141,389	47,499	1,731,933
Fundraising, marketing and promotion	148,104	284,508	26,248	33,483	15,675	2,278,347	2,786,365
Direct facilities, maintenance and rental	117,926	-	15,834	24,473	4,854	10,948,192	11,111,279
Spirit groups	-	-	-	-	-	349,950	349,950
Indirect facilities and administrative support	-	-	-	-	-	1,509,446	1,509,446
Medical expenses and medical insurance	14,273	2,088	-	1,617	3,999	442,611	464,588
Memberships and dues	1,943	3,825	739	6,568	8,986	22,642	44,703
Other operating expenses	2,024,995	184,309	94,436	122,215	138,312	6,116,314	8,680,581
Total Expenses	\$ 15,525,517	\$ 6,168,354	\$ 2,286,085	\$ 2,622,465	\$ 5,411,645	\$ 27,525,936	\$ 59,540,002

See Notes to Statement of Revenues and Expenses

University of Cincinnati
Notes to Statement of Revenues and Expenses
June 30, 2013

1. Summary of Presentation Policies

The amounts in the accompanying statement of revenues and expenses were obtained from the University of Cincinnati's (University) general ledger, which is maintained on an accrual basis. All revenues and expenses directly related to various sports were disclosed as such, except items which were not applicable. The primary purpose of the agreed-upon procedures report is to ensure the president of the University is made aware of all financial activity (both internal and external) for athletics purposes and to assist the University in exercising control over the financial activity made by or on behalf of the intercollegiate athletics program.

2. Property, Plant and Equipment

All University assets are recorded at cost at date of acquisition, or market value at date of donation. The University's capitalization threshold is \$100,000 for major capital projects and intangible assets except for internally generated software which has a threshold of \$500,000. For all other items the capitalization threshold is \$5,000. Interest on related borrowing, net of interest earnings on invested proceeds, is capitalized during the period of construction. The University and its blended component unit's property and equipment are depreciated using the straight-line method over the estimated useful lives (from three to fifty years) of the respective assets. When plant assets are sold or disposed of, the carrying value of such assets and the associated depreciation are removed from the University's records.

3. Repayment Schedule for Outstanding Debt

The repayment schedule as of June 30, 2013, for outstanding debt related to the Department of Athletics of the University is as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 8,935,280	\$ 2,823,471	\$ 11,758,751
2015	6,232,211	2,746,660	8,978,871
2016	3,708,556	2,454,744	6,163,300
2017	3,871,399	2,273,027	6,144,426
2018	4,012,238	2,083,157	6,095,395
2019-2023	21,285,395	7,338,684	28,624,079
2024-2029	16,945,498	1,865,643	18,811,141
Total	<u>\$ 64,990,577</u>	<u>\$ 21,585,386</u>	<u>\$ 86,575,963</u>

Principal and interest payments made during the year are included in the statement of revenues and expenses as direct facilities, maintenance and rental expenses.

University of Cincinnati
Schedule of Expendable Funds Held by the
University of Cincinnati Foundation
For the Department of Athletics
Year Ended June 30, 2013

Exhibit B

	Beginning Fund Balance	Increase in Funds	Transfers to or Expenses on Behalf of Program	Transfers Between Foundation Funds	Ending Fund Balance
Alton E. Purcell	\$ 5,027	\$ 20,358	\$ (20,234)	\$ -	\$ 5,151
George Smith Society Athl Sch	88,987	1,188,171	(1,294,816)	81,460	63,802
Athletic Dir. Disc.	148,837	2,594,261	(2,540,898)	(72,064)	130,136
Director Of Athletics Disc Fund	2,339	25	(2,364)	-	-
Baseball Development Fund	919	87,487	(88,371)	-	35
Men's Basketball Development Fund	15,566	258,398	(259,120)	-	14,844
Women's Basketball Development Fund	1,493	20,530	(19,237)	(1,297)	1,489
Football Development Fund	(9,179)	514,223	(489,845)	30	15,229
Men's Golf Development Fund	3,747	28,922	(30,697)	-	1,972
Women's Golf Development Fund	1,292	24,915	(24,236)	-	1,971
Men's Soccer Development Fund	6	11,290	(11,257)	-	39
Women's Soccer Development Fund	55	9,376	(9,200)	-	231
Men's Swimming & Diving Development Fund	-	10,295	(10,234)	-	61
Tennis Development Fund	126	5,752	(6,016)	-	(138)
Men's Track & Field Development Fund	84	28,676	(28,504)	(250)	6
Women's Track & Field Development Fund	127	7,029	(6,906)	(250)	-
Volleyball Development Fund	(1)	8,903	(8,287)	-	615
Marching Band Development Fund	-	25	(25)	-	-
Dance Team Development Fund	198	3,823	(3,811)	-	210
Cheerleading Development Fund	1,086	6,274	(7,169)	-	191
Athletic Director Development Fund	-	3,000	(3,000)	-	-
Women's Lacrosse Development Fund	-	19,766	(19,690)	-	76
Women's Swimming And Diving Development	-	4,592	(4,690)	-	(98)
Athletic Development Fund	479	1,105	(1,573)	-	11
Raising The Bar - Football Continuity Fund	-	50,000	(50,000)	-	-
'C' Club Fund	208	27,184	(27,390)	-	2
Sports Medicine Gift Fund	-	8,250	(8,250)	-	-
Forever Bearcats Fund	-	30,990	(49,488)	18,498	-
Women's Basketball Foreign Trip	21,000	15,369	(37,862)	1,493	-
Bearcat Care - Football	-	12,700	(12,698)	-	2
Graduate Assistant Athletic Trainer	-	22,000	(11,220)	-	10,780
Bowl Helmet Fund	-	59,050	(57,824)	-	1,226
Total Gift Accounts	\$ 282,396	\$ 5,082,739	\$ (5,144,912)	\$ 27,620	\$ 247,843



Dave Yost • Auditor of State

UNIVERSITY OF CINCINNATI

HAMILTON 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
NOVEMBER 26, 2013