Bowling Green State University
(a component unit of the State of Ohio)

Financial Report

with Supplemental Information

June 30, 2015

Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Bowling Green State University, Wood County, prepared by Plante & Moran, PLLC, for the audit period July 1, 2014 through June 30, 2015. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Dave Yost
Auditor of State

December 2, 2015

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Independent Auditor's Report

To Management, the Audit Committee, and
the Board of Trustees
Bowling Green State University

Report on the Financial Statements

We have audited the accompanying financial statements of Bowling Green State University, a component unit of the State of Ohio (the "University"), and its discretely presented component units as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise Bowling Green State University's basic 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 audits. We did not audit the financial statements of Bowling Green State University Foundation, Inc. and Subsidiary which represents 61 percent, 82 percent, and 70 percent, respectively, of the assets, net position, and revenues of the discretely presented component units. Those financial statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Bowling Green State University, is based solely on the report of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

To Management, the Audit Committee, and
the Board of Trustees
Bowling Green State University

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Bowling Green State University and its discretely presented component units as of June 30, 2015 and 2014, and the changes in its financial position and, where applicable, cash flows, for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Notes 1 and 8 to the basic financial statements, effective July 1, 2014, the University adopted new accounting guidance under Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Reporting for Pensions - An Amendment of GASB Statement No. 27*, and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Adopting these statements resulted in significant changes to the defined benefit related footnote disclosures as well as the required supplemental Information schedules. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of pension funding progress, and schedule of employer contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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 supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Bowling Green State University and its discretely presented component units' basic financial statements. The other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

To Management, the Audit Committee, and
the Board of Trustees
Bowling Green State University

The accompanying other supplemental information, the schedule of expenditures of federal awards, is presented for the purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the 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 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 financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2015 on our consideration of Bowling Green State University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bowling Green State University's internal control over financial reporting and compliance.

Plante & Moran, PLLC

October 8, 2015

Bowling Green State University

Management’s Discussion and Analysis

Overview of the Financial Statements and Financial Analysis

This section of Bowling Green State University’s (the “University”) annual financial report presents management’s discussion and analysis of the financial performance of the University during the fiscal years ended June 30, 2015, 2014 and 2013. This discussion provides an overview of the University’s financial activities and should be read in conjunction with the accompanying financial statements and footnotes.

Using the Annual Financial Statements

This annual report consists of financial statements prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements and Management’s Discussion and Analysis for Public Colleges and Universities*. In fiscal year 2013, the University adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.* This statement supersedes paragraphs 10 and 12 of GASB Statement No. 35. GASB Statement No. 63 establishes standards for reporting deferred outflows of resources, deferred inflows of resources, and net position. The financial statements prescribed by GASB Statement No. 63 (the Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows) are prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged.

Under the provisions of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus,* the Bowling Green State University Foundation, Inc. (the “Foundation”) and Centennial Falcon Properties, Inc. and Subsidiaries (the “Corporation”) have been determined to be component units of the University. Accordingly, the Foundation and the Corporation are discretely presented in the University’s financial statements. The Foundation and the Corporation are excluded from Management’s Discussion and Analysis. Complete financial statements for the Foundation can be obtained from the Vice President for University Advancement at Mileti Alumni Center, Bowling Green, Ohio 43403. Complete financial statements for the Corporation can be obtained from the Vice President, 230 McFall Center, Bowling Green, Ohio 43403.

Noteworthy Financial Activity

In June 2015, the University adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. Statement No. 71 is a clarification to GASB 68 requiring a government to recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The Statements also enhance accountability and transparency through revised note disclosures and required supplemental information (RSI). In accordance with the statement for net pension liability and its related deferred inflows of resources, the University has reported a $195 million change in accounting principle adjustment to Unrestricted Net Position as of July 1, 2014. June 30, 2014 amounts have not been restated to reflect the impact of GASB 68 because the information is not available to calculate the impact on pension expense for fiscal year ended June 30, 2014.

The University’s financial position remained strong at June 30, 2015, with total assets of $699.5 million, total liabilities of $378.9 million, and net deferred inflows of $11.0 million, for a total net position of $309.6 million. Net position decreased from $507.2 million at June 30, 2014, reflecting a decrease in of $197.6 million. Of this decrease, $194.7 million is the result of the net pension liability adjustment (accounting principle adjustment) to unrestricted net position at July 1, 2014 due to the adoption of GASB 68.

In October 2011, the University’s Board of Trustees approved the planning, programming and schematic design work supporting an upcoming $200 million reinvestment in core academic buildings on the Bowling Green campus. The scope of the capital project renewal includes renovations in four of the campus’ oldest, historical buildings. Extensive space planning and programming is underway, some initial interior classroom renovations have already been completed, and initial interior space demolitions have also begun. Larger, complete building renovation projects will be phased over the next five to seven years.

Initial funding for this major capital project renewal was approved by the Board of Trustees in February 2013. On May 7, 2014, the University issued $40,000,000 General Receipts Bonds, Series 2014, tax exempt, variable interest rate bonds.

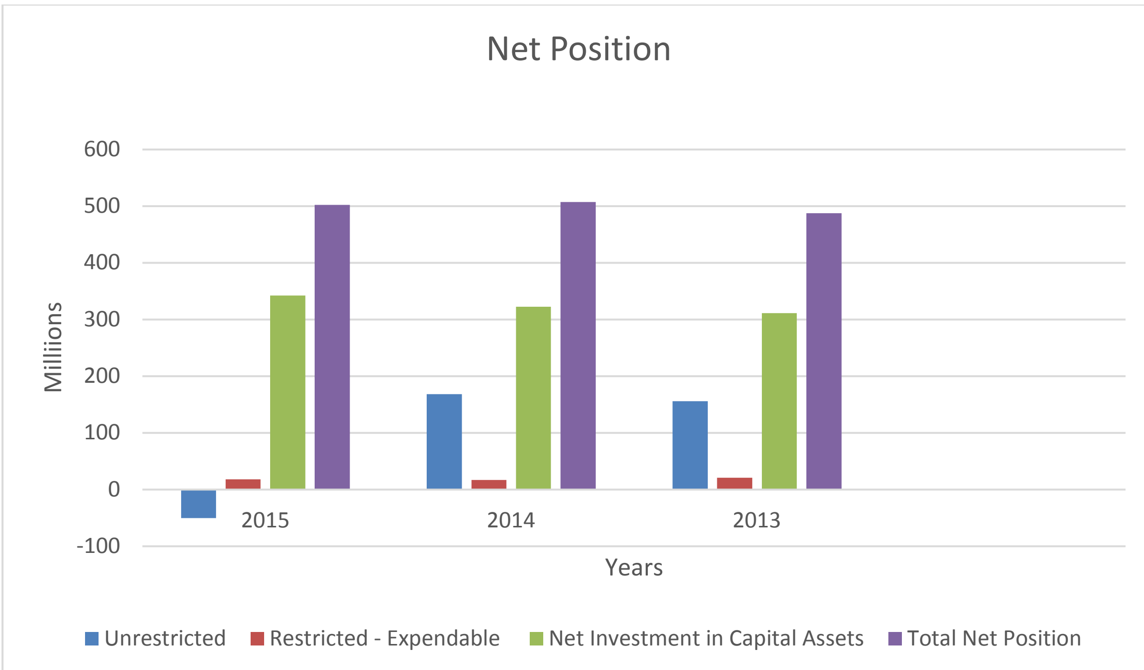
Statement of Net Position

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

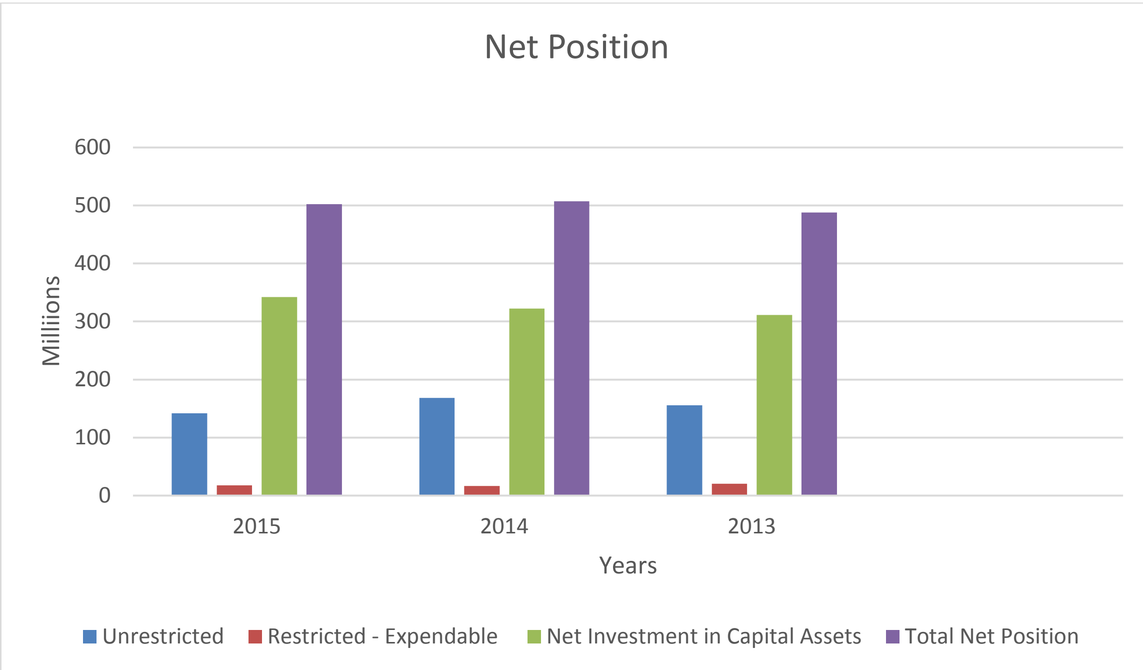
Bowling Green State University
Condensed Statement of Net Position
as of June 30, 2015, 2014, and 2013
(in thousands)

	2015	2014	2013
Assets			
Current assets	$ 210,604	$ 231,092	$ 216,646
Non-current assets:			
Capital assets	453,597	429,194	412,787
Other	35,275	53,243	30,800
Total non-current assets	488,872	482,437	443,587
Total assets	699,476	713,529	660,233
Liabilities			
Current liabilities	61,479	56,752	51,213
Non-current liabilities	317,411	149,528	121,438
Total liabilities	378,890	206,280	172,651
Deferred Inflows, Net	11,029	-	-
Net position			
Net investment in capital assets	341,937	322,199	311,293
Restricted, expendable	18,006	16,799	20,716
Unrestricted (deficit)	(50,386)	168,251	155,573
Total net position	$ 309,557	$ 507,249	$ 487,582

The following chart provides a graphical breakdown of net position by category for the fiscal years ended June 30, 2015, 2014, and 2013 – ***with*** the impact of GASB 68 adoption:



The following chart provides a graphical breakdown of net position by category for the fiscal years ended June 30, 2015, 2014, and 2013 – ***without*** the impact of GASB 68 adoption:



<u>2015 Versus 2014</u>

University assets totaled $699.5 million at June 30, 2015, compared to $713.5 million at June 30, 2014, reflecting a decrease of $14.0 million.

- Current assets: In fiscal year 2015, the University's current assets of $210.6 million were sufficient to cover current liabilities of $61.5 million (current ratio of 3.4).

- Accounts receivable, net of allowance for doubtful accounts, were $9.6 million at June 30, 2015, reflecting an overall decrease of $2.8 million from the prior year. The decrease is primarily attributable to business process and policy changes relating to student billings for fees, room and board occurring over the past several years, in addition to the enrollment reductions experienced in 2015.

- University investments were $187.7 million, or 26.8% of total assets at June 30, 2015, and decreased by $18.9 million over 2014 due to significant market depreciation.

- Restricted Investments are funds held by trustees for long-term debt issues. At June 30, 2015, restricted investments were $22.9 million and decreased by $17.4 million over 2014. The decrease is attributable to bond draws of $12.2 million during 2015 for construction related to the Series 2014 bond issue, and bond draws of $5.2 million during 2015 for construction related to the Series 2010 bond issue.

- Capital assets (net of depreciation) were $453.6 million (64.8% total assets) at June 30, 2015 compared to $429.2 million (60.2% of total assets) at June 30, 2014, reflecting an increase of $24.4 million. The annual increases reflect the University's continued strategic focus on capital improvements, related infrastructures, and capital renewals.

University liabilities totaled $378.9 million at June 30, 2015 compared to $206.3 million at June 30, 2014.

- Total current liabilities at June 30, 2015 of $61.5 million reflect an increase over June 30, 2014 of $4.7 million primarily due to approximately $8.2 million in construction related accounts payable recorded at June 30, 3015 compared to $4.7 million in construction related accounts payable at June 30, 2014. Current portion of long-term debt and other obligations of $19.6 million at June 30, 2015 reflects an increase of approximately $830 thousand over prior year due to scheduled debt maturities.

- Long-term debt and other obligations increased in 2015 overall by $167.9 million.

    - Long-term debt and other obligations of $136.0 million at June 30, 2015 decreased from prior year by $13.5 million primarily due to annual principal payments in 2015 of $12.8 million on outstanding debt.

    - At June 30, 2015, the University reported a liability for the first time of $181.4 million for its proportionate share of the net pension liability of OPERS and STRS due to the adoption of GASB 68 as discussed in the Noteworthy Financial Activity section.

- The University reported net deferred inflows of $11.0 million at June 30, 2015 related to the adoption of GASB 68 and GASB 71 in fiscal 2015. Certain amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions are subject to amortization and will be expensed through recognition of annual amortization amounts in subsequent years' pension expense. Employer contributions subsequent to the measurement date are recognized as a reduction in the net pension liability balance in the following year.

The University's total net position at June 30, 2015 is $309.6 million, compared to the prior year of $507.2 million, for a decrease of $197.6 million.

- In accordance with GASB 68, the University reported a Net Pension Liability of $194.7 million as a change in accounting principle adjustment to the Unrestricted Net Position as of July 1, 2014.

- The change in net position for 2015, excluding the accounting principle adjustment to beginning unrestricted net position of $194.7 million, was a reduction of $2.9 million from the prior year.

    - Included in the 2015 operations was a $2.2 million reduction in pension expense reflecting the current year change in net pension liability related to GASB 68.

    - The overall reduction in net position from 2014 to 2015, excluding all amounts related to the GASB 68 implementation, was $5.2 million. This reduction is attributable to a number of factors including a reduction in operating revenue directly related to enrollment level reductions in 2015.

- Of the total net assets, $359.9 million is invested in capital assets or is restricted.

2014 Versus 2013

University assets totaled $713.5 million at June 30, 2014, compared to $660.2 million at June 30, 2013, reflecting an increase of $53.3 million.

- Current assets: In fiscal year 2014, the University's current assets of $231.1 million were sufficient to cover current liabilities of $56.8 million (current ratio of 4.1).

- University investments were $206.6 million, or 29.0% of total assets at June 30, 2014, and increased by $18.5 million over 2013 due to significant market appreciation.

- Restricted Investments are funds held by trustees for long-term debt issues. At June 30, 2014, restricted investments were $40.3 million and increased by $21.8 million over 2013. The increase is attributable to the receipt of Series 2014 bond proceeds of $40.0 million during 2014, offset by related bond draws for construction of $7.0 million. Bond draws from the 2010 bond issues were $11.3 million in 2014.

- Capital assets (net of depreciation) were $429.2 million (60.2% of total assets) at June 30, 2014 compared to $412.8 million (62.5% of total assets) at June 30, 2013, reflecting an increase of $16.4 million. The annual increases reflect the University's continued strategic focus on capital improvements, related infrastructures, and capital renewals.

University liabilities totaled $206.3 million at June 30, 2014 and were $33.6 million greater than total liabilities of $172.7 million at June 30, 2013.

- Total current liabilities at June 30, 2014 of $56.8 million reflect an increase over June 30, 2013 of $5.6 million primarily due to approximately $4.7 million in construction related accounts payable recorded at June 30, 2014 compared to $807 thousand in construction related accounts payable at June 30, 2013.

- Long-term debt and other obligations increased in 2014 overall by $28.1 million. The increase is primarily attributable to the $40 million Series 2014 debt issuance, offset by annual principal payments on outstanding debt of $11 million.

The University's total net position at June 30, 2014 was $507.2 million, compared to the prior year of $487.6 million, for an increase of $19.6 million. The overall increase is primarily attributable to investments in capital assets. Of the total net assets, $339.0 million is invested in capital assets or is restricted. Of the remaining $168.3 million in unrestricted net assets, $122.8 million has been designated or allocated for specific academic, research and support purposes, reserves, and quasi-endowments.

Statement of Revenues, Expenses and Changes in Net Position

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

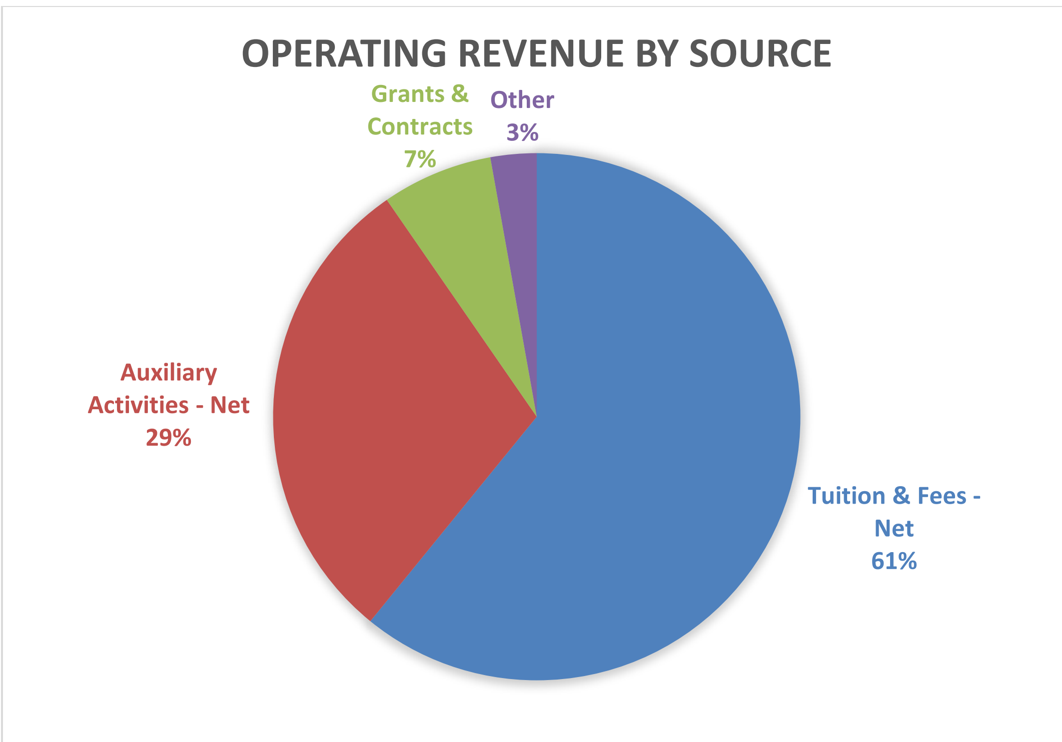
Bowling Green State University
Condensed Statement of Revenues, Expenses and Changes in Net Position
as of June 30, 2015, 2014 and 2013 (in thousands)

	2015	2014	2013
Operating revenues:			
Student tuition and fees	$ 146,714	$ 149,550	$ 148,142
Auxiliary enterprises	71,087	70,541	74,147
Grants and contracts	16,397	17,672	15,862
Sales and service	3,161	3,776	3,490
Other operating revenues	3,630	4,147	3,824
Total operating revenues	240,989	245,686	245,465
Operating expenses:			
Educational and general	207,252	210,188	208,516
Scholarships and fellowships	18,001	18,387	19,141
Auxiliary enterprises	69,520	68,216	74,715
Operations of maintenance of plant	20,480	20,763	20,106
Depreciation and amortization	26,267	25,923	25,308
Other expenses	6,316	6,865	4,436
Total operating expenses	347,836	350,342	352,222
Operating loss	(106,847)	(104,656)	(106,757)
Non-operating revenues:			
State appropriations	67,233	69,025	71,545
Other non-operating revenues	23,204	46,635	37,642
Total non-operating revenues	90,437	115,660	109,187
(Loss) Income before other changes	(16,410)	11,004	2,430
Capital appropriations, grants and gifts	13,377	8,663	9,267
Change in net position	(3,033)	19,667	11,697
Net position			
Net position at the beginning of the year	507,249	487,582	475,885
Adjustment for change in accounting principle - GASB 68	(194,659)	-	-
Net position at the beginning of the year, as restated	312,590	-	-
Net position at the end of year	$ 309,557	$ 507,249	$ 487,582

Operating Revenues

Operating revenues include all transactions that result from the sales and/or receipts of goods and services such as tuition and fees, student housing, and other auxiliary units. In addition, certain federal, state and private grants are considered operating if they are a contract for services and not for capital purposes.

Following is a graphic illustration of operating revenue by source at June 30, 2015:



2015 versus 2014

The most significant sources of operating revenues for the University are tuition and fees of $146.7 million, a decrease of $2.8 million, or 1.9% over 2014. Reductions in student tuition and fees are due to overall enrollment reductions experienced in all semesters in 2015 compared to the prior year. Overall tuition and fees remained flat for fiscal year 2015.

Auxiliary Enterprises, another significant source of University revenues, increased from $70.5 million in 2014 to $71.1 million in 2015. Consistent with enrollment reductions, revenue decreases were experienced in certain auxiliary units such as Residence Life and Dining. Offsetting increases were experienced in other auxiliary units such as the Bookstore, Bowen Thompson Student Union, Recreational Center and Athletics.

Grants and Contracts of $16.4 million at June 30, 2015 reflect a decrease of $1.3 million over June 30, 2014 and are primarily due to timing fluctuations of grant expenditures year over year, and the timing of grant end dates and the beginning dates of renewals/new grants.

2014 versus 2013

The most significant sources of operating revenues for the University are tuition and fees of $149.5 million, an increase of $1.4 million, or 1.0% over 2013. Revenue from tuition and fees increased during the year due to a Board approved 2% increase in general fees and undergraduate tuition beginning with the fall 2013 semester. This increase is offset by enrollment reductions primarily at the undergraduate level for summer 2013, fall 2013 and spring 2014 as compared to the prior year semesters.

Auxiliary Enterprises, another significant source of University revenues, decreased from $74.1 million in 2013 to $70.5 million in 2014. Beginning with the fall 2013 semester, room and board rates also increased by a Board approved 2% rate increase, which was offset by enrollment reductions in fiscal 2014. In addition, Auxiliary Enterprises revenue reflects a reduction in Health Center revenues of $1.3 million in 2014 compared to 2013 due to the Health Center operations and management transitioning to a third party in 2014.

Operating Expenses

Operating expenses are all costs necessary to perform and conduct the programs and primary purposes of the University.

2015 versus 2014

Total operating expenditures of $347.8 million at June 30, 2015 decreased overall by $2.5 million, or .71% over 2014.

- Educational and general expenditures consist of instruction, research, public services, academic support, student services and institutional support and total $207.3 million at June 30, 2015 compared to $210.2 million at June 30, 2014, reflecting an overall decrease of $2.9 million.
    - A pension expense reduction of $2.2 million due to the GASB 68 adoption in 2015 was recorded and allocated proportionally to these areas.
- Auxiliary enterprises operating expenses of $69.5 million at June 30, 2015 reflects an increase of $1.3 million compared to June 30, 2014. Consistent with reductions in revenues, major auxiliary units reflecting overall operating expense reductions include Residence Life and Dining Services, primarily related to enrollment reductions. Offsetting increases in expenditures consistent with reported revenue increases are the Bookstore, Recreational Center and Athletics.

2014 versus 2013

Total operating expenditures of $350.3 million at June 30, 2014 decreased overall by $1.9 million, or .53% over 2013.

- Educational and general expenditures consist of instruction, research, public services, academic support, student services and institutional support and total $210.2 million at June 30, 2014 compared to $208.5 million at June 30, 2013. Decreases in salary and benefits and other operating expenses in the majority of the educational and general categories are partially offset by an increase in Academic Support due to library on-line subscription leases requiring expense adjustment in 2014.
- Auxiliary enterprises operating expenses of $68.2 million at June 30, 2014 reflects a reduction of $6.5 million compared to June 30, 2013. Contributing to the decrease is the reduction in Health Center operating expenses of $2.4 million due to the operations and management of the Health Center transitioning to a third party in 2014. Residence Halls expenditures decreased by $2.8 million in 2014 compared to 2013 due to reductions in maintenance and equipment, salary and benefits, and graduate assistantship waivers. Modest reductions across the majority of other auxiliary units resulted from decreased enrollment levels.

Non-operating Revenues

Non-operating revenues are all revenue sources that are primarily non-exchange in nature. They consist primarily of state appropriations, Pell grant reimbursements, and investment income (including realized and unrealized gains and losses).

Non-operating revenue was impacted by the following factors:

- State appropriations, the most significant source of non-operating revenue, totaled $67.2 million in the current year, reflecting a decrease of $1.8 million, or 2.6% over 2014. State appropriations decreased in 2014 by $2.5 million, or 3.5% over 2013. These reductions are the direct result of continued state subsidy reductions.

- Non-exchange grants and contracts decreased overall by $400 thousand in 2015. Pell Grant Funds experienced a reduction of $1.3 million compared to 2014. Partially offsetting this reduction were increases in OCOG (Ohio College Opportunity Grants) and TEACH Grants in 2015. Non-exchange grants decreased $1.5 million in 2014, also due primarily to funding reductions in Pell grant funds.

- Overall investment market depreciation in 2015 resulted in a significant decrease in related investment income during the year of $23.6 million. An increase of $11.7 million was experienced in 2014 over 2013.

Capital Assets and Debt Administration

At June 30, 2015, the University had $453.6 million of capital assets, net of accumulated depreciation of $385.5 million, compared to $429.2 million of net capital assets for the prior fiscal year. The current year investment in capital assets represents a net increase (including additions and deductions) of $24.4 million or 5.7% over last year. This increase is reflective of the continued strategic focus on campus capital renewal. The charges for depreciation and amortization included in the Statement of Revenues, Expenses, and Changes in Net Position were $26.3 million for 2015 and $25.9 million for 2014. Detailed information about the University's capital assets is presented in Note 5 to the Financial Statements.

On May 7, 2014, the University issued $40,000,000 General Receipts Bonds, Series 2014, tax exempt bonds. The Series 2014 bonds mature on June 1, 2048 and bear interest at variable rates, payable monthly. The interest rate will reset on the first of each month and is determined by a formula using 68.50% of LIBOR plus a number of basis points, depending upon the University's bond rating. As of Fall 2014, the most recent bond rating issued by Moody's Investors Services and Standard & Poor's were A1 and A+, respectively. At no time will the interest rate exceed 12% per year. The bond proceeds will be used for the initial funding phase of the upcoming $200 million reinvestment in core academic buildings on the Bowling Green campus. The scope of the capital project renewal will include renovations in four of the campus' oldest, historical buildings. Extensive space planning and programming are underway, some initial interior classroom renovations have already been completed, and initial interior space demolitions have also begun. Larger, complete building renovation projects will be phased over the next five to seven years.

More detailed information about the University's long-term debt is presented in Note 7 to the Financial Statements.

Statement of Cash Flows

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

Bowling Green State Univrsity
Condensed Statement of Cash Flows
for the years ended June 30, 2015, 2014 and 2013
(in thousands)

	2015	2014	2013
Cash (used in) provided by:			
Operating activities	$ (77,153)	$ (71,197)	$ (81,211)
Non-capital financing activities	94,475	96,524	101,049
Capital and related financing activities	(53,409)	(10,099)	(43,273)
Investing activities	36,161	(18,224)	16,496
Net increase (decrease) in cash and cash equivalents	74	(2,996)	(6,939)
Cash and cash equivalents, beginning of year	7,208	10,204	17,143
Cash and cash equivalents, end of year	$ 7,282	$ 7,208	$ 10,204

For the year ended June 30, 2015:

- Major sources of cash provided by operating activities included student tuition and fees of $148.2 million, auxiliary enterprises of $80.8 million, and research grants and contracts of $17.1 million. Major uses of cash in operations included payments to employees and benefits of $205.1 million, payments to vendors for supplies and services of $97.0 million, and payments for scholarships and fellowships of $18.0 million.

- Non-capital financing activities included cash provided from state appropriations of $67.2 million and grants received for other than capital purposes (primarily from the Federal Pell Grant Program) of $28.0 million.

- Primary sources of cash from capital financing activities were from state capital appropriations of $12.5 million. Cash used to purchase capital assets was $50.2 million, principal paid on long-term debt was $12.6 million, and interest paid on long-term debt was $4.0 million.

- Investing activities included proceeds from sales and maturities of investments of $149.2 million and investment income of $10.9 million. Purchases of investments were $124.1 million.

For the year ended June 30, 2014:

- Major sources of cash provided by operating activities included student tuition and fees of $150.3 million, auxiliary enterprises of $78.4 million, and research grants and contracts of $17.4 million. Major uses of cash in operations included payments to employees and benefits of $206.7 million, payments to vendors for supplies and services of $93.1 million, and payments for scholarships and fellowships of $18.4 million.

- Non-capital financing activities included cash provided from state appropriations of $69.0 million and grants received for other than capital purposes (primarily from the Federal Pell Grant Program) of $28.4 million.

- Primary sources of cash from capital financing activities were proceeds from capital debt of $40.0 million and state capital appropriations of $6.3 million. Cash used to purchase capital assets was $41.7 million, principal paid on long-term debt was $12.6 million, and interest paid on long-term debt was $4.4 million.

- Investing activities included proceeds from sales and maturities of investments of $89.5 million and investment income of $7.8 million. Purchases of investments were $115.5 million.

Economic Factors That Will Affect the Future

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

The economic position of the University is closely tied to the economic condition of the state, as all state universities in Ohio receive state financial support for both operations and capital improvements through appropriations by the legislature. These appropriations contribute substantially to the successful maintenance and operation of the University. The economic outlook for the state of Ohio has continued to improve over the course of the past year. For the third consecutive year, Ohio's unemployment rate performed better than the national unemployment rate.

In October 2011, the University's Board of Trustees approved the planning, programming and schematic design work supporting $200 million of reinvestment in core academic buildings on the Bowling Green campus. Funding is expected to be provided from a combination of University-issued debt financing, private donor funds, and state capital appropriations. During fiscal year 2014, renovations began in two key academic buildings in addition to the completion of a number of smaller, targeted upgrades to classroom interiors and technology.

During fiscal year 2015 and the summer of fiscal year 2016, a substantial number of smaller capital projects were completed including upgrades to almost 40 classrooms. Many of the upgraded classroom interiors were designed to support an "active learning" pedagogy – a critical component of the University's strategy to improve student learning outcomes. Additionally, a larger renovation project in the Health and Human Services was completed including renovating space previously occupied by the Student Health Center. These completed projects will provide space for the current occupants of the Family and Consumer Science building and West Hall and enable the planned demolition of both buildings in the summer of 2016.

Permanently demolishing buildings that have been deemed poor candidates for renovation will allow the University to decrease our physical footprint and yield overall lower costs of maintenance, support personnel and utilities. We expect this practice to continue intermittently through at least 2022 ultimately reducing the campus square footage by approximately 500,000 square feet.

Space programming and schematic design continues on two of the University's historic, academic classroom buildings with interior demolition planned for January 2016 and construction scheduled to begin later in calendar year 2016.

Following the completed renovation in the University's Student Recreation and Wellness Center, other capital project work continued in two auxiliary units on campus. A modest renovation of the physical structure of Doyt Perry Stadium and adjacent practice fields has begun with a 2016 completion date. Construction of the Greek replacement housing village began in May of 2015 with a planned completion for the start of 2016 fall semester.

The University will be seeking Board approval in September for the purpose of issuing the planned second phase of general receipts debt in support of the capital projects planned in the academic core of campus in addition to other non-academic needs such as those described previously. Pending authorization, the University would expect to go to the debt markets in late calendar year 2015 or early calendar year 2016.

Improved retention is a pre-requisite to improving timely degree completion. The recent revision to the state of Ohio's funding formula for public higher education recognizes and rewards successful course and degree completion.

The University launched several significant initiatives during fiscal year 2013 and fiscal year 2014 intended to improve freshman to sophomore retention. Fall 2013 freshman to sophomore retention was approximately 70 percent; retention improved to approximately 76 percent in fall of 2014; and rose again in fall of 2015 to 77.5 percent. In addition, the incoming freshman cohort admitted in the fall of 2015 is the most academically prepared incoming class in the University's history. The University's goal for freshman to sophomore retention is 80 percent and the University expects to achieve that within the next two academic years.

Enrollment trends for fall 2015 are positive. As of the end of August, undergraduate headcount is up 1.6 percent over prior year (Full time equivalent increased 1.8 percent) while graduate headcount is up 4.4 percent (Full time equivalent increased 7.3 percent). Transfer student counts are also trending positive. Undergraduate applications for fall 2016 are also trending 11 percent ahead of this same time last year.

Bowling Green State University

Statements of Net Position

	June 30	
	2015	**2014**
Assets		
Current assets:		
Cash and cash equivalents	**$ 7,281,701**	**$ 7,207,884**
Investments	**187,670,527**	**206,597,800**
Accounts receivable, net	**9,603,265**	**12,352,607**
Inventories	**2,032,728**	**1,977,519**
Notes receivable	**1,715,503**	**1,560,652**
Prepaid and other assets	**2,300,532**	**1,396,088**
Total current assets	**210,604,256**	**231,092,550**
Noncurrent assets:		
Investments - non-restricted	**4,849,761**	**5,263,838**
Assets - restricted	**22,936,435**	**40,327,135**
Cash surrender value of life insurance and annuities	**458,481**	**434,986**
Notes receivable	**7,030,244**	**7,216,051**
Capital assets, net	**453,596,877**	**429,194,002**
Total noncurrent assets	**488,871,798**	**482,436,012**
Total assets	**699,476,054**	**713,528,562**
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses	**29,104,880**	**25,427,830**
Unearned revenue	**11,034,499**	**10,711,823**
Deposits	**1,729,022**	**1,831,066**
Current portion of long-term debt and other obligations	**19,609,435**	**18,781,246**
Total current liabilities	**61,477,836**	**56,751,965**
Noncurrent liabilities:		
Long-term debt and other obligations	**135,963,989**	**149,527,848**
Net pension liability	**181,447,483**	**–**
Total noncurrent liabilities	**317,411,472**	**149,527,848**
Total liabilities	**378,889,308**	**206,279,813**
Deferred Inflows of Resources, Net	**11,029,391**	**–**
Net Position		
Net investment in capital assets	**341,936,556**	**322,199,019**
Restricted for expendable:		
Loans	**2,281,269**	**2,186,189**
Capital projects	**15,725,236**	**14,612,823**
Unrestricted (deficit)	**(50,385,706)**	**168,250,718**
Total net position	**$ 309,557,355**	**$ 507,248,749**

See accompanying notes.

Bowling Green State University

Statements of Revenues, Expenses, and Changes in Net Position

	Year Ended June 30	
	2015	2014
Revenues		
Operating revenues:		
Student tuition and fees (net of scholarship allowances of $59,267,958 for 2015 and $60,844,395 for 2014)	$ 146,713,561	$ 149,549,733
Federal grants and contracts	6,687,832	8,421,426
State grants and contracts	2,444,894	1,892,705
Local grants and contracts	6,678	362,183
Nongovernmental grants and contracts	7,256,733	6,996,547
Sales and services of educational departments	3,161,573	3,775,681
Auxiliary enterprises (net of scholarship allowances of $2,631,140 for 2015 and $2,648,561 for 2014)	71,087,355	70,541,441
Other operating revenues	3,630,280	4,146,514
Total operating revenues	240,988,906	245,686,230
Expenses		
Operating expenses:		
Educational and general:		
Instruction	121,303,393	122,127,377
Research	6,469,985	6,804,016
Public services	4,503,359	4,929,540
Academic support	26,416,405	29,471,946
Student services	16,128,095	15,781,718
Institutional support	32,430,936	31,706,403
Operations and maintenance of plant	20,480,151	20,129,094
Student aid	18,000,966	18,387,469
Auxiliary enterprises	69,520,311	68,215,727
Depreciation and amortization	26,266,786	25,923,118
Other expenses	6,316,059	6,866,211
Total operating expenses	347,836,446	350,342,619
Operating loss	(106,847,540)	(104,656,389)
Nonoperating revenues (expenses):		
State appropriations	67,233,034	69,024,605
Non-exchange grants and contracts	27,999,295	28,365,970
Investment income, net	(476,120)	23,073,974
Interest on capital asset-related debt	(3,461,726)	(3,947,672)
In-kind support – Centennial Falcon Properties, Inc.	(856,800)	(856,800)
Net nonoperating revenues	90,437,683	115,660,077
(Loss) Income before other changes	(16,409,857)	11,003,688
Other changes:		
Capital appropriations	12,546,804	6,285,696
Capital grants and gifts	830,310	2,377,015
Total other changes	13,377,114	8,662,711
Change in net position	(3,032,743)	19,666,399
Net Position		
Net position at the beginning of year	507,248,749	487,582,350
Adjustment for change in accounting principle - GASB 68 (Note 1 and 8)	(194,658,651)	–
Net position at the beginning of year, as restated	312,590,098	–
Net position at the end of year	$ 309,557,355	$ 507,248,749

See accompanying notes.

Bowling Green State University

Statements of Cash Flows

	Year Ended June 30	
	2015	**2014**
Operating activities		
Tuition and fees	**$ 148,182,165**	**$ 150,333,381**
Research grants and contracts	**17,061,735**	**17,377,010**
Payments to vendors for supplies and services	**(96,959,680)**	**(93,106,885)**
Payments to employees and benefits	**(205,072,637)**	**(206,706,543)**
Payments for scholarships and fellowships	**(18,000,966)**	**(18,387,469)**
Student loans granted, net of repayments	**(31,593)**	**2,072**
Agency payments to Centennial Falcon Properties, Inc.	**(8,707,808)**	**(8,600,120)**
Auxiliary enterprises	**80,795,413**	**78,370,240**
Sales and services of educational departments	**3,161,573**	**3,775,681**
Other receipts	**2,418,818**	**5,745,509**
Net cash used in operating activities	**(77,152,980)**	**(71,197,124)**
Noncapital financing activities		
State appropriations	**67,233,034**	**69,024,605**
Direct lending receipts	**128,958,007**	**134,053,384**
Direct lending disbursements	**(128,858,987)**	**(134,063,340)**
Grants received for other than capital purposes	**27,999,295**	**28,365,970**
In-kind support – Centennial Falcon Properties	**(856,800)**	**(856,800)**
Net cash provided by noncapital financing activities	**94,474,549**	**96,523,819**
Capital financing activities		
Proceeds from capital debt	**–**	**40,000,000**
Capital appropriations	**12,546,804**	**6,285,696**
Capital grants received	**830,310**	**2,377,015**
Purchases of capital assets	**(50,220,985)**	**(41,713,298)**
Principal paid on long-term debt	**(12,609,655)**	**(12,648,774)**
Interest paid on long-term debt	**(3,955,480)**	**(4,399,858)**
Net cash used in capital financing activities	**(53,409,006)**	**(10,099,219)**
Investing activities		
Proceeds from sales and maturities of investments	**149,421,876**	**89,451,297**
Purchase of investments	**(124,129,210)**	**(115,478,214)**
Investment income	**10,868,588**	**7,803,368**
Net cash provided by (used in) investing activities	**36,161,254**	**(18,223,549)**
Net increase (decrease) in cash and cash equivalents	**73,817**	**(2,996,073)**
Cash and cash equivalents at beginning of year	**7,207,884**	**10,203,957**
Cash and cash equivalents at end of year	**$ 7,281,701**	**$ 7,207,884**

See accompanying notes.

Bowling Green State University

Statements of Cash Flows (continued)

	Year Ended June 30 2015	2014
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	**$ (106,847,540)**	**$ (104,656,389)**
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	**26,266,786**	**25,923,118**
Decrease in allowance for doubtful accounts	**(100,000)**	**–**
Amortization of bond premium	**(136,316)**	**382,261**
Changes in assets and liabilities:		
Accounts receivable, net	**2,849,227**	**574,665**
Inventories	**(55,208)**	**1,372**
Other assets	**(904,444)**	**663,950**
Accounts payable and accrued liabilities	**3,554,540**	**5,649,859**
Unearned revenue	**322,676**	**(969,381)**
Deposits held for others	**(201,064)**	**577,781**
Compensated absences	**249,185**	**567,375**
Loans to students	**30,956**	**88,265**
Net pension liability	**(2,181,778)**	**–**
Net cash used in operating activities	**$ (77,152,980)**	**$ (71,197,124)**

See accompanying notes.

The Bowling Green State University Foundation, Inc. and Subsidiary

Consolidated Statements of Financial Position

	June 30 2015	June 30 2014
Assets		
Current assets:		
Cash and cash equivalents	$ 2,216,151	$ 641,356
Contributions receivable, net of allowance for uncollectible contributions	1,604,750	2,240,509
Total current assets	3,820,901	2,881,865
Investments:		
Fixed income funds	38,598,002	41,373,354
Mutual funds	69,321,737	69,290,569
Alternative investments	27,134,193	24,606,450
Corporate stocks	1,786,077	1,400,749
Money market funds	4,847,218	3,261,270
Total investments	141,687,227	139,932,392
Prepaid and other assets	145,405	139,105
Long-term contributions receivable, net of allowance for uncollectible contributions	4,757,757	3,455,978
Beneficial interest in trust held by others	150,883	186,652
Cash value of life insurance	1,530,786	1,496,781
Total assets	$ 152,092,959	$ 148,092,773
Liabilities and net assets		
Current liabilities:		
Accounts payable	$ 445,398	$ 340,315
Total current liabilities	445,398	340,315
Annuities payable	3,518,933	2,916,298
Total liabilities	3,964,331	3,256,613
Net assets:		
Unrestricted	6,226,604	7,466,900
Temporarily restricted	56,517,604	55,675,701
Permanently restricted	85,384,420	81,693,559
Total net assets	148,128,628	144,836,160
Total liabilities and net assets	$ 152,092,959	$ 148,092,773

See accompanying notes.

The Bowling Green State University Foundation, Inc. and Subsidiary

Consolidated Statement of Activities

Year Ended June 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support, revenue, and gains				
Contributions and gifts (net)	$ 545,944	$ 13,836,715	$ 2,437,156	$ 16,819,815
Provision for uncollectible contributions	5,186	(1,374,473)	(6,234)	(1,375,521)
University support	3,459,975	–	–	3,459,975
Interest and dividends	476,088	1,983,232	–	2,459,320
Net realized and unrealized gains (losses)	(451,855)	(1,829,358)	–	(2,281,213)
Other revenue	6,819	1,250,163	–	1,256,982
Transfers	–	(1,156,875)	1,156,875	–
Net assets released from restriction	11,489,863	(11,489,863)	–	–
Total support, revenue, and gains	15,532,020	1,219,541	3,587,797	20,339,358
Expenses				
Program services	10,956,167	–	–	10,956,167
Fundraising	3,497,007	–	–	3,497,007
Operating	2,319,142	–	–	2,319,142
Total expenses	16,772,316	–	–	16,772,316
Change in net assets	(1,240,296)	1,219,541	3,587,797	3,567,042
Change in split-interest agreements	–	(377,638)	103,064	(274,574)
Change in net assets	(1,240,296)	841,903	3,690,861	3,292,468
Net assets at beginning of year	7,466,900	55,675,701	81,693,559	144,836,160
Net assets at end of year	$ 6,226,604	$ 56,517,604	$ 85,384,420	$ 148,128,628

See accompanying notes.

The Bowling Green State University Foundation, Inc. and Subsidiary

Consolidated Statement of Activities

Year Ended June 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support, revenue, and gains				
Contributions and gifts (net)	$ 746,703	$ 9,153,359	$ 3,196,709	$ 13,096,771
Provision for uncollectible contributions	(30,418)	(1,597,318)	(1,124,119)	(2,751,855)
University support	3,277,603	–	–	3,277,603
Interest and dividends	397,111	1,919,815	–	2,316,926
Net realized and unrealized gains	2,398,059	11,624,437	–	14,022,496
Other revenue	4,708	1,337,298	–	1,342,006
Transfers	–	(860,498)	860,498	–
Net assets released from restriction	12,936,853	(12,936,853)	–	–
Total support, revenue, and gains	19,730,619	8,640,240	2,933,088	31,303,947
Expenses				
Program services	10,288,440	–	–	10,288,440
Fundraising	3,375,051	–	–	3,375,051
Operating	2,143,973	–	–	2,143,973
Total expenses	15,807,464	–	–	15,807,464
Change in net assets	3,923,155	8,640,240	2,933,088	15,496,483
Net assets at beginning of year	3,543,745	47,035,461	78,760,471	129,339,677
Net assets at end of year	$ 7,466,900	$ 55,675,701	$ 81,693,559	$ 144,836,160

See accompanying notes.

Centennial Falcon Properties, Inc. and Subsidiaries

Consolidated Statements of Financial Position

	June 30	
	2015	**2014**
Assets		
Current assets:		
Cash and cash equivalents	**$ 670,509**	$ 1,614,822
Funds held by Bowling Green State University	**297,889**	–
Funds held by trustee – current portion	**1,221,426**	1,098,793
Other receivable, net of allowance for doubtful accounts of $13,190 in 2015 and $16,411 in 2014	**42,893**	50,390
Prepaid expense	**18,826**	19,412
Total current assets	**2,251,543**	2,783,417
Other assets:		
Funds held by trustee – net of current portion	**16,483,236**	14,022,211
Capital assets, net	**77,225,376**	81,296,649
Bond issuance and discount costs, net of accumulated amortization of $620,436 in 2015 and $498,767 in 2014	**2,363,948**	2,485,617
Total other assets	**96,072,560**	97,804,477
Total assets	**$ 98,324,103**	$ 100,587,894
Liabilities and net assets		
Short-term liabilities:		
Accounts payable	**$ 87,371**	$ 51,794
Payroll liabilities	**26,147**	20,711
Unearned income	**45,147**	60,787
Accrued interest payable	**386,426**	388,793
Accrued expenses	**81,585**	78,290
Bonds and construction payable – current portion	**1,431,800**	1,566,800
Total short-term liabilities	**2,058,476**	2,167,175
Long-term liabilities:		
Bonds payable – net of current portion	**78,670,000**	79,505,000
Construction funding payable – net of current portion	**13,538,218**	14,135,018
Total long-term liabilities	**92,208,218**	93,640,018
Total liabilities	**94,266,694**	95,807,193
Net assets:		
Unrestricted	**4,057,409**	4,780,701
Total liabilities and net assets	**$ 98,324,103**	$ 100,587,894

See accompanying notes.

Centennial Falcon Properties, Inc. and Subsidiaries

Consolidated Statement of Activities and Changes in Net Assets

Year Ended June 30, 2015

	Unrestricted	Temporarily Restricted	Total
Revenues:			
Operating revenue	$ 8,736,529	$ –	$ 8,736,529
In-kind support from Bowling Green State University	32,000	–	32,000
Total revenues	8,768,529	–	8,768,529
Expenses:			
Payroll, benefits, and taxes	584,180	–	584,180
Management fees	255,007	–	255,007
Utilities	144,648	–	144,648
Building maintenance	153,019	–	153,019
Operating and administrative	150,148	–	150,148
Insurance	60,599	–	60,599
Interior unit expenses	38,895	–	38,895
Common area expenses	42,361	–	42,361
Bad debt expense	20,417	–	20,417
Ground expenses	24,758	–	24,758
Marketing and advertising	20,342	–	20,342
Depreciation and amortization	4,192,943	–	4,192,943
Total operating expenses	5,687,317	–	5,687,317
Operating income	3,081,212	–	3,081,212
Nonoperating revenue (expense):			
Investment income	1,842	–	1,842
In-kind support from Bowling Green State University	856,800	–	856,800
Interest on capital asset-related debt	(4,663,146)	–	(4,663,146)
Net nonoperating loss	(3,804,504)	–	(3,804,504)
Change in net assets	(723,292)	–	(723,292)
Net assets:			
Net assets at the beginning of year	4,780,701	–	4,780,701
Net assets at the end of year	$ 4,057,409	$ –	$ 4,057,409

See accompanying notes.

Centennial Falcon Properties, Inc. and Subsidiaries

Consolidated Statement of Activities and Changes in Net Assets

Year Ended June 30, 2014

	Unrestricted	Temporarily Restricted	Total
Revenues:			
Operating revenue	$ 8,621,861	$ –	$ 8,621,861
Net assets released from restrictions	2,000,000	(2,000,000)	–
Total revenues	10,621,861	(2,000,000)	8,621,861
Expenses:			
Payroll, benefits, and taxes	568,391	–	568,391
Management fees	250,061	–	250,061
Utilities	148,375	–	148,375
Building maintenance	88,929	–	88,929
Operating and administrative	69,661	–	69,661
Insurance	58,455	–	58,455
Interior unit expenses	36,369	–	36,369
Common area expenses	31,303	–	31,303
Bad debt expense	28,534	–	28,534
Ground expenses	19,031	–	19,031
Marketing and advertising	4,451	–	4,451
Depreciation and amortization	4,210,515	–	4,210,515
Total operating expenses	5,514,075	–	5,514,075
Operating income (loss)	5,107,786	(2,000,000)	3,107,786
Nonoperating revenue (expense):			
Investment income	1,659	–	1,659
In-kind support from Bowling Green State University	856,800	–	856,800
Loss on disposal of assets	(10,354)	–	(10,354)
Interest on capital asset-related debt	(4,687,329)	–	(4,687,329)
Net nonoperating loss	(3,839,224)	–	(3,839,224)
Change in net assets	1,268,562	(2,000,000)	(731,438)
Net assets:			
Net assets at the beginning of year	3,512,139	2,000,000	5,512,139
Net assets at the end of year	$ 4,780,701	$ –	$ 4,780,701

See accompanying notes.

1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies

Nature of Operations

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

Reporting Entity

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

The accompanying financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity*: *Omnibus*, in that the financial statements include those activities and functions over which the University is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board and either (1) the University's ability to impose its will over the component unit or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the University.

Financial Statement Presentation

The accompanying financial statements consist of the University, Bowling Green State University Foundation, Inc. and subsidiary (collectively, the "Foundation"), and Centennial Falcon Properties, Inc. and subsidiaries (collectively, the "Corporation"). GASB Statement No. 61, *Determining Whether Certain Organizations Are Component Units*, requires the University to reflect the Foundation and the Corporation as discretely presented component units in the financial statements based on the significance of their respective relationships with the University. The Foundation and the Corporation are private nonprofit organizations that report under Financial Accounting Standards Board (FASB) standards that have been codified in Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's or Corporation's financial information in the University's financial reporting entity for these differences.

1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies (continued)

The Foundation is a legally separate, tax-exempt component unit of the University. The Foundation acts primarily as a fundraising organization to supplement the resources that are available to the University in support of its programs. The 36-member board of the Foundation is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing and amount of receipts from the Foundation, the majority of resources or income the Foundation holds and invests is restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

During the years ended June 30, 2015 and 2014, the Foundation distributed $7,446,537 and $6,169,175, respectively, to the University for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Controller at Mileti Alumni Center, Bowling Green, Ohio 43403.

The Corporation is a legal, separate component unit of the University formed in 2010 as a nonprofit corporation under the laws of the State of Ohio and determined by the Internal Revenue Service to be exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Corporation is further classified as a public charity type II supporting organization under Section 509(a)(3) of the Internal Revenue Code. The Corporation was organized for the benefit of the University for various purposes, including acquiring, developing, and maintaining property to be used for University purposes. Complete financial statements for the Corporation can be obtained from the Vice President, McFall Center, Bowling Green, Ohio 43403.

CFP I LLC (CFP I) is a nonprofit single member limited liability company formed in 2010 under the laws of the State of Ohio. The Corporation organized CFP I specifically to develop, own, and manage certain housing for students of the University. The Corporation is the sole member of CFP I. On June 9, 2010, the city of Bowling Green, Ohio issued $81,610,000 Student Housing Revenue Bonds (Series 2010 Bonds) and loaned the proceeds of the Series 2010 Bonds to CFP I for the purpose of providing funds to finance the cost of acquiring, constructing, furnishing, and equipping a 1,318-bed, two-building student housing facility (the Series 2010 Project). Interest rates range from 3.0% to 6.0% over the scheduled redemption period of December 1, 2011 to June 1, 2045.

On May 3, 2010, CFP I entered into a Development Agreement with Capstone Development Corporation (the "Developer") for the design, construction, and equipping of the Series 2010 Project to serve as residential housing for students at the University. The Developer completed the Series 2010 Project for occupancy in August 2011. In addition, CFP I and the University entered into a Management Agreement with Capstone On-Campus Management, LLC to manage, operate, and maintain the Series 2010 Project. This Management Agreement was effective July 1, 2011.

1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies (continued)

The Series 2010 Project was completed, and a permanent occupancy permit was granted August 1, 2011. The two-building housing facilities, Falcon Heights and Centennial Hall, were opened August 19, 2011.

The Corporation is also the sole member of CFP II LLC (CFP II). CFP II is a nonprofit single-member limited liability company formed in 2010 under the laws of the State of Ohio. On January 31, 2011, CFP II entered into a Project Agreement with Compass Group USA Inc., Chartwells Division (Chartwells). Chartwells was engaged to design, finance, construct, and equip a full-service dining facility on the main campus of the University, known as The Oaks dining facility (The Oaks). The Oaks replaced the existing McDonald Hall dining facility.

Pursuant to an Amended and Restated Food Service Agreement, dated June 25, 2010 (the Management Agreement), by and between Chartwells and the University, Chartwells has provided funds for The Oaks in the amount of $10,350,000, which is recorded as capital assets of the Corporation to be paid back to Chartwells through the construction funding payable in Note 7. The loan does not have an interest component and matures on June 30, 2039. The Corporation has provided funds of approximately $23,000 and CFP II has provided funds of approximately $1,125,000.

The Corporation is also the sole member of CFP III LLC (CFP III). CFP III is a nonprofit single-member limited liability company formed in 2010 under the laws of the State of Ohio. On May 12, 2011, CFP III entered into a Development Agreement with Capstone Development for the design, construction, and equipping of a full-service dining facility on the main campus of the University, known as Carillon Place dining facility (Carillon). Carillon replaced the existing Commons dining facility.

On March 31, 2011, CFP III entered into a funding agreement with the manager of The Oaks, Chartwells. Pursuant to an Amended and Restated Food Service Agreement dated June 25, 2010 (the Management Agreement), by and between Chartwells and the University, Chartwells has provided funds for the Project in the amount of $6,062,000, which is recorded as capital assets of the Corporation to be paid back to Chartwells through the construction funding payable in Note 7. The loan does not have an interest component and matures on June 30, 2039. The Corporation provided funds of approximately $707,000, and CFP III has provided funds of approximately $1,973,000.

Chartwells funded a total of $1,588,000 of minor construction upgrades and modernization of food service venues intended to be actively managed by Chartwells under contract and located in the University's student union, Kreischer, Founders and McDonald, on behalf of the Corporation. The necessary funding associated with these upgrades and associated debt repayment is contained in the Amended Food Service Management Agreement by and between Chartwells and the University. The Corporation has recorded $1,588,000 as capital assets and construction funding payable described in Note 7. The loan does not have an interest component and matures on June 30, 2015.

1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies (continued)

Because the proceeds of the Series 2010 Bonds can be used only for the Series 2010 Project, the Chartwells funding for the Oaks and Carillon and minor construction upgrades can be used only for those specific projects, and the projects are for the exclusive benefit of the University. The Corporation is considered a component unit of the University and is discretely presented in the University's financial statements.

Basis of Accounting

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

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Ohio Public Employees Retirement System/State Teachers Retirement System of Ohio Pension Plan (OPERS/STRS) and additions to/deductions from OPERS/STRS fiduciary net position have been determined on the same basis as they are reported by OPERS/STRS. OPERS/STRS uses the economic resources measurement focus and the full accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments (including refunds of employee contributions) are recognized as expense when due and payable in accordance with the benefit terms. Investments are reported at fair value.

1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies (continued)

New Pronouncements

In June 2015, the University adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. Statement No. 71 is a clarification to GASB 68 requiring a government to recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The Statements also enhance accountability and transparency through revised note disclosures and required supplemental information (RSI). In accordance with the statement for net pension liability and its related deferred inflows of resources, the University has reported a $195 million change in accounting principle adjustment to Unrestricted Net Position as of July 1, 2014. June 30, 2014 amounts have not been restated to reflect the impact of GASB 68 because the information is not available to calculate the impact on pension expense for fiscal year ended June 30, 2014.

Upcoming Pronouncements

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and therefore will be adopted in the next fiscal year.

In June 2015, the GASB issued GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Under GASB 75 and similar to GASB 68 (pensions), the University, as a cost-sharing employer, will be required to recognize its proportionate share of the collective unfunded net Other Post-Employment Benefits (OPEB) liability, OPEB expense, and deferred OPEB outflows (inflows) of the State's Retirement System plan within its financial statements. This will be a significant change for every participating employer in all cost-sharing plans around the country. Institutions will see a significant liability reflected on their balance sheets along with an impact to OPEB expenses and a corresponding reduction to unrestricted net position. There are also expanded disclosures and required supplemental information to be added to the University's financial statements. The institution will also be required to track certain components of the net OEPB liability (deferred inflows/outflows) and amortize over the appropriate periods in accordance with the standard. The University has not yet determined what its share of the unfunded net OPEB liability is but it is expected to be significant and material to the University's financial statements. The provisions of this statement are effective for financial statements for the year ending June 30, 2018.

1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

The University considers funds immediately available to be cash and cash equivalents. Cash and cash equivalents totaled $7,281,701 and $7,207,884 at June 30, 2015 and 2014, respectively.

Accounts Receivable

Accounts receivable are reported at net realizable value and consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff. Accounts receivable also include amounts due from the federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts.

Inventories

Inventories are stated at the lower of average cost or market (net realizable value) on a first-in, first-out basis (FIFO).

Investments

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

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

1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies (continued)

Restricted Assets

Restricted assets represent unspent bond proceeds and consist of money markets and certificates of deposits.

Capital Assets

Capital assets are recorded at cost at the date of acquisition or fair value at the date of donation in the case of gifts. For equipment, the University's capitalization policy includes all items with a cost of $3,500 or more and an estimated useful life of greater than one year. Infrastructure and improvements other than to buildings are capitalized if the cost exceeds $100,000. Routine repairs and maintenance are charged to operating expense in the year the expense is incurred. Interest cost related to construction is not expensed, but capitalized. Capitalized interest will be depreciated when the corresponding asset is placed in service.

The University does not capitalize works of art or historical treasures that are held for exhibition, education, research and public service. These collections are neither disposed of for financial gain nor encumbered in any way. Accordingly, such collections are not recognized or capitalized for financial statement purposes.

Unearned Revenue

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

Noncurrent Liabilities

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

Deferred Inflows of Resources - In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The government deferred inflows of resources related to the net pension liability (see Note 8 for more details).

1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies (continued)

Compensated Absences

University employees earn vacation and sick leave benefits based, in part, on length of service. Vacation pay is fully vested when earned. Upon separation from service, employees are paid accumulated vacation and sick pay based upon the nature of separation (death, retirement, or termination). Certain limitations have been placed on the hours of vacation and sick leave that employees may accumulate and carry over for payment at termination, retirement, or death.

Unused hours exceeding their limitations are forfeited. The liability and expense incurred are recorded at year end as long-term liabilities in the statements of net position and as a component of operating expense in the statements of revenues, expenses, and changes in net position.

Scholarship Discounts and Allowances

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

Income Tax

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

Eliminations

In preparing the financial statements, the University eliminates inter-fund assets and liabilities that would otherwise be reflected twice in the statements of net position. Similarly, revenues and expenses related to internal activities are also eliminated from the statements of revenues, expenses, and changes in net position.

1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies (continued)

Reclassification

Certain operating expenses within the 2014 Educational and General categories of Instruction, Academic Support, Student Services, Institutional Support and Operations of Maintenance and Plant were reclassified to conform to the 2015 presentation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual results could differ from those estimates.

Auxiliary Enterprises

Auxiliary activities mainly represent revenues generated from certain residence halls and dining services, intercollegiate athletics, bookstore, and various other activities that provide services to the student body, faculty, staff, and general public.

Net Position

In accordance with GASB Statement No. 35 guidelines, the University's resources are classified into the following four net position categories:

Net Investment in Capital Assets: Capital assets, net of accumulated depreciation and outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

Restricted - Expendable: Component of net position that includes resources the University is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties for loans, capital projects, and debt service.

Restricted - Nonexpendable: Component of net position whose use is subject to externally imposed stipulations that may be maintained permanently by the University.

1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies (continued)

Unrestricted: Component of net position that is not subject to externally imposed restrictions and includes resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general obligations of the University and may be used at the discretion of the Board of Trustees to meet current expenses for any purpose. These resources also include auxiliary enterprises that are substantially self-supporting activities that provide services for students, faculty, and staff.

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

Revenues

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

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

Nonoperating revenues: Nonoperating revenues include activities that have the characteristics of non-exchange transactions that are defined as nonoperating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities,* such as state appropriations for instruction, state capital grants, Federal Pell grant revenue and investment income.

2. Cash and Investments

Deposits

Amounts available for deposit at June 30, 2015 and 2014 are as follows:

	2015	2014
Cash (carrying amounts)	$ 7,090,751	$ 6,993,356
Reconciling items (net) to arrive at bank balances of deposit	(1,653,863)	(1,313,954)
Total available for deposit and investment (bank balances of deposits)	$ 5,436,888	$ 5,679,402

The carrying amount shown above does not include $190,950 and $214,528 held in cash funds at June 30, 2015 and 2014, respectively.

Any public depository, at the time it receives a University deposit or investment in a certificate of deposit, is required to pledge to the University as collateral eligible securities of aggregate market value that, when added to the portion of the deposit insured by the Federal Deposit Insurance Corporation, equals or exceeds the amount of University funds deposited. Of the bank balance, $356,071 and $452,083 at June 30, 2015 and 2014, respectively, was covered by federal depository insurance, and $5,080,817 and $5,227,319 at June 30, 2015 and 2014, respectively, was collateralized by pools of securities pledged by the depository banks and held in the name of the respective banks.

Investments

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

- Obligations of the U.S. Treasury and other federal agencies and instrumentalities
- Municipal and state bonds
- State Treasury Asset Reserve (STAR Ohio)
- Certificates of deposit (domestic and foreign)
- Repurchase agreements
- Mutual funds
- Commercial paper

2. Cash and Investments (continued)

- Banker's acceptances
- Corporate bonds and notes
- Common and preferred stock
- Real estate
- Collateralized mortgage obligations
- Collective equity funds
- Asset-backed securities
- Private equity funds
- Hedge fund

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

All common stocks, corporate bonds, money market instruments, mutual funds, and other investments are invested through a trust agreement with US Bank Institutional Trust and Custody, which is the custodian and money manager. Short-term investments with Huntington Bank are secured with internally designated securities as pledged to the University.

The University invests in STAR Ohio, an investment pool managed by the State Treasurer's Office, which allows governments within the state to pool their funds for investment purposes. STAR Ohio is not registered with the Securities and Exchange Commission (the "SEC") as an investment company but does operate in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2015.

A public depository may at its option pledge a single pool of eligible securities to secure the repayment of all public monies held by the depository. The current market value of the pool of securities so pledged together with the amount covered by federal insurance must be at least equal to 105% of all public monies on deposit with the depository.

2. Cash and Investments (continued)

The values of investments held by the University at June 30 are as follows:

	2015	2014
Equity mutual funds	**$ 72,818,525**	$ 85,862,993
Fixed income mutual funds	**53,567,553**	62,495,366
Money market funds	**27,916,092**	50,313,683
Municipal bonds	**4,871,438**	5,284,884
Common and preferred stocks	**428,871**	458,401
STAR Ohio	**109,798**	109,742
Alternative investments:		
Collective trust funds	**25,347,653**	27,077,042
Hedge funds	**30,349,671**	20,422,115
Limited partnerships	**47,122**	164,547
Total	**$ 215,456,723**	$ 252,188,773

The components of net investment income at June 30 are as follows:

	2015	2014
Interest and dividends, net	$ 4,167,467	$ 4,346,196
Net (depreciation) appreciation in market value of investments	(4,643,587)	18,727,778
Total	$ (476,120)	$ 23,073,974

Net appreciation (depreciation) in the fair value of investments includes both realized and unrealized gains and losses on investments. During the years ended June 30, 2015 and 2014, the University realized a net gain from the sale of investments of $6,701,121 and $3,457,172, respectively. The calculation of realized gains and losses is independent of the net appreciation (depreciation) in the fair value of investments held at year end. The net (depreciation) appreciation in the fair value of investments during the years ended June 30, 2015 and 2014 was ($4,643,587) and $18,727,778, respectively. This amount includes all changes in fair value, both realized and unrealized, that occurred during the year. The unrealized (depreciation) appreciation during the years ended June 30, 2015 and 2014 was ($11,344,708) and $15,270,606, respectively.

Interest Rate Risk

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

2. Cash and Investments (continued)

As of June 30, 2015, the University had the following interest-bearing investments and maturities:

Investment Type	Fair Value	Less Than 1 Year	Less Than 1–5 Years	Less Than 6–10 Years	Greater Than 10 Years
Municipal bonds	$ 4,871,438	$ 21,677	$ 93,411	$ -	$ 4,756,350
STAR Ohio	109,798	109,798	–	–	–
Total	$ 4,981,236	$ 131,475	$ 93,411	$ -	$ 4,756,350

As of June 30, 2014, the University had the following interest-bearing investments and maturities:

Investment Type	Fair Value	Less Than 1 Year	Less Than 1–5 Years	Less Than 6–10 Years	Greater Than 10 Years
Municipal bonds	$ 5,284,884	$ 21,046	$ 90,690	$ 24,398	$ 5,148,750
STAR Ohio	109,742	109,742	–	–	–
Total	$ 5,394,626	$ 130,788	$ 90,690	$ 24,398	$ 5,148,750

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit quality information, as commonly expressed in terms of the credit ratings issued by the nationally recognized statistical rating organizations such as Moody's Investors Service, Standard & Poor's, or Fitch Ratings, provides a current depiction of potential variable cash flows and credit risk.

The credit ratings of the University's interest-bearing investments at June 30, 2015 are as follows:

Credit Rating (Standard & Poor's)	Other Investments
AAA	$ 109,798
AA	4,756,350
Not rated	115,088
Total	$ 4,981,236

2. Cash and Investments (continued)

The credit ratings of the University's interest-bearing investments at June 30, 2014 are as follows:

Credit Rating (Standard & Poor's)	Other Investments
AAA	$ 109,742
AA	5,148,750
Not rated	136,134
Total	$ 5,394,626

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The University facilitates several Study Abroad Programs in Austria and Spain with a total cash balance of $141,185 and $267,830 at June 30, 2015 and 2014, respectively.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the University will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The University's investment in the State Treasurer's investment program that is not evidenced by securities that exist in physical or book entry form was $109,798 and $109,742 at June 30, 2015 and 2014, respectively. The remaining investments are uninsured and unregistered with securities held by the counterparty's trust department or agent in the University's name.

The values of investments held by the Foundation at June 30 are as follows:

	2015	**2014**
Fixed income funds	$ 38,598,002	$ 41,373,354
Mutual funds	69,321,737	69,290,569
Corporate stocks	1,786,077	1,400,749
Money market funds	4,847,218	3,261,270
Alternative investments:		
Hedge funds	21,715,158	14,304,170
Private investment funds	3,108,450	7,418,858
Real estate funds and other	2,310,585	2,883,422
Total	$ 141,687,227	$ 139,932,392

2. Cash and Investments (continued)

The Foundation realized a net gain from the sale of investment securities of $3,957,522 and $1,203,114 for the years ended June 30, 2015 and 2014, respectively. The net (depreciation) appreciation in the fair value of investments totaled ($6,238,735) and $12,819,382 for the years ended June 30, 2015 and 2014, respectively.

The Foundation has outstanding commitments to invest in various alternative investments at June 30, 2015 and 2014, amounting to approximately $3,679,000 and $4,455,000, respectively.

Certain Foundation investment securities are held by independent custodial and management agents. Custodial and management fees paid approximated $80,000 and $105,000 in 2015 and 2014, respectively.

The investment value of funds held by trustee by the Corporation, which consists of Series 2010 Bond proceeds and capital contributions from the University, for the benefit of the Series 2010 Project of CFP I at June 30 are as follows:

	2015	**2014**
Money market funds	**$ 17,704,662**	$ 15,121,004

3. Accounts Receivable

The composition of accounts receivable for the University at June 30 is as follows:

	2015	**2014**
Student receivable for fees, room, and board	**$ 6,375,651**	$ 9,028,499
Research and sponsored programs	**3,102,747**	3,262,407
Other	**1,624,867**	1,661,701
	11,103,265	13,952,607
Less allowance for doubtful accounts	**1,500,000**	1,600,000
Totals	**$ 9,603,265**	$ 12,352,607

4. Notes Receivable

Principal repayment and interest rate terms of federal and University loans vary considerably. Federal loan programs are funded principally with federal contributions to the University under the Perkins and Nursing Loan programs. All amounts recorded are believed collectible.

The University distributed $116,252,327 and $120,592,207 for student loans in 2015 and 2014, respectively, through the U.S. Department of Education federal direct lending program. These distributions and related funding sources are not included as revenues or expenses in the accompanying financial statements.

5. Capital Assets

Capital assets and accumulated depreciation and amortization of the University as of June 30, 2015, are summarized as follows:

	Beginning Balance	Additions	Retirements or Transfers	Ending Balance
Land (non-depreciable)	$ 9,177,884	$ –	$ –	$ 9,177,884
Buildings	531,547,614	10,284,728	(9,165,688)	550,998,030
Infrastructure	98,470,227	628,632	(1,420,162)	100,519,021
Equipment	95,785,685	3,587,471	1,906,165	97,466,991
Library materials	27,196,003	1,859,465	2,683,864	26,371,604
Construction in progress (non-depreciable)	29,389,927	36,991,925	18,883,176	47,498,676
Capital leases	6,316,953	–	–	6,316,953
Capitalized interest	866,216	437,711	515,085	788,842
Total capital assets	798,750,509	53,789,932	13,402,440	839,138,701
Less accumulated depreciation and amortization	369,556,507	26,266,786	10,282,169	385,541,124
Net capital assets	$ 429,194,002	$ 27,523,146	$ 3,120,271	$ 453,596,877

The University has commitments of approximately $60 million on various construction projects in progress as of June 30, 2015.

5. Capital Assets (continued)

Capital assets and accumulated depreciation and amortization of the University as of June 30, 2014, are summarized as follows:

	Beginning Balance	Additions	Retirements or Transfers	Ending Balance
Land (non-depreciable)	$ 8,434,453	$ 743,431	$ –	$ 9,177,884
Buildings	475,931,339	5,513,833	(50,102,442)	531,547,614
Infrastructure	79,370,969	210,659	(18,888,599)	98,470,227
Equipment	92,443,853	12,863,697	9,521,865	95,785,685
Library materials	30,338,472	2,777,666	5,920,135	27,196,003
Construction in progress (non-depreciable)	66,314,839	24,616,282	61,541,194	29,389,927
Capital leases	6,316,953	–	–	6,316,953
Capitalized interest	9,009,458	449,247	8,592,489	866,216
Total capital assets	768,160,336	47,174,815	16,584,642	798,750,509
Less accumulated depreciation and amortization	355,372,869	25,923,118	11,739,480	369,556,507
Net capital assets	$ 412,787,467	$ 21,251,697	$ 4,845,162	$ 429,194,002

Capital assets and accumulated depreciation of the Corporation as of June 30, 2015 are summarized as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Land (non-depreciable)	$ 873,499	$ –	$ –	$ 873,499
Land improvements	1,384,056	–	–	1,384,056
Building	85,693,095	–	–	85,693,095
Furniture	3,746,625	–	–	3,746,625
Chartwells renovation	1,588,000	–	–	1,588,000
Total capital assets	93,285,275	–	–	93,285,275
Less accumulated depreciation	11,988,626	4,071,273	–	16,059,899
Net capital assets	$ 81,296,649	$ (4,071,273)	$ –	$ 77,225,376

Capital assets and accumulated depreciation of the Corporation as of June 30, 2014 are summarized as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Land (non-depreciable)	$ 873,499	$ –	$ –	$ 873,499
Land improvements	1,384,056	–	–	1,384,056
Building	85,446,666	246,429	–	85,693,095
Furniture	3,763,067	–	(16,442)	3,746,625
Chartwells renovation	1,588,000	–	–	1,588,000
Total capital assets	93,055,288	246,429	(16,442)	93,285,275
Less accumulated depreciation	7,905,313	4,087,928	4,615	11,988,626
Net capital assets	$ 85,149,975	$ (3,841,499)	$ (11,827)	$ 81,296,649

6. Accounts Payable and Accrued Expenses

The composition of accounts payable and accrued expenses of the University at June 30 is as follows:

	2015	2014
Accounts payable	**$ 18,775,604**	$ 15,150,467
Accrued payroll and withholdings	**7,911,974**	7,804,132
Accrued health claims	**2,000,000**	2,000,000
Accrued interest on bonds and capital lease	**417,302**	473,231
Total	**$ 29,104,880**	$ 25,427,830

7. Long-Term Debt and Other Obligations

Long-term debt and other obligations of the University for June 30, 2105 are summarized as follows:

Bonds	Rates	Maturity	Beginning Balance	Additions	Reductions	Ending Balance	Due in One Year
2004 General Receipts Bonds	5.10	2004-2015	$ 2,400,000	$ –	$ 2,400,000	$ –	$ –
2005 General Receipts Bonds	4.50-5.30	2005-2016	10,420,000	–	5,085,000	5,335,000	5,335,000
2010 Series A Tax-Exempt	2.00-5.00	2010-2039	5,855,000	–	2,170,000	3,685,000	1,520,000
2010 Series B Build America	4.20-6.73	2015-2039	65,335,000	–	–	65,335,000	1,100,000
2012 Series A General Receipts Bond – 2003 Advance Refunding	1.92	2011-2019	7,650,000	–	1,475,000	6,175,000	1,500,000
2012 Series B General Receipts Bond – 2004 Advance Refunding	1.92	2011-2019	11,610,000	–	240,000	11,370,000	2,765,000
2014 General Receipts Bonds	Variable	2019-2048	40,000,000	–	–	40,000,000	–
Bond premium			493,857	–	136,316	357,541	14,898
Total bonds payable			143,763,857	–	11,506,316	132,257,541	12,234,898
Other liabilities							
Vacation pay			7,051,682	5,066,861	4,817,676	7,300,867	5,644,320
Sick leave			5,377,899	–	238,884	5,139,015	438,209
Capital lease			3,797,224	–	1,239,655	2,557,569	1,292,008
Federal student loan deposits			8,318,432	–	–	8,318,432	–
Total other liabilities			24,545,237	5,066,861	6,296,215	23,315,883	7,374,537
Total long-term liabilities			$ 168,309,094	$ 5,066,861	$ 17,802,531	$155,573,424	$ 19,609,435

7. Long-Term Debt and Other Obligations (continued)

Long-term debt and other obligations of the University for June 30, 2014 are summarized as follows:

Bonds	Rates	Maturity	Beginning Balance	Additions	Reductions	Ending Balance	Due in One Year
2004 General Receipts Bonds	5.10	2004-2015	$ 4,685,000	$ –	$ 2,285,000	$ 2,400,000	$ 2,400,000
2005 General Receipts Bonds	4.50-5.30	2005-2016	15,260,000	–	4,840,000	10,420,000	5,085,000
2010 Series A Tax-Exempt	2.00-5.00	2010-2039	8,000,000	–	2,145,000	5,855,000	2,170,000
2010 Series B Build America	4.20-6.73	2015-2039	65,335,000	–	–	65,335,000	–
2012 Series A General Receipts Bond – 2003 Advance Refunding	1.92	2011-2019	9,090,000	–	1,440,000	7,650,000	1,475,000
2012 Series B General Receipts Bond – 2004 Advance Refunding	1.92	2011-2019	11,845,000	–	235,000	11,610,000	240,000
2014 General Receipts Bonds	Variable	2019-2048	–	40,000,000	–	40,000,000	–
Deferred loss on refunding			(81,233)		(81,233)	–	–
Bond premium and issuance costs			111,596	382,261	–	493,857	136,316
Total bonds payable			114,245,363	40,382,261	10,863,767	143,763,857	11,506,316
Other liabilities							
Vacation pay			6,954,609	4,891,175	4,794,102	7,051,682	5,635,244
Sick leave			4,907,596	470,303	–	5,377,899	400,031
Capital lease			5,500,998	–	1,703,774	3,797,224	1,239,655
Federal student loan deposits			8,318,432	–	–	8,318,432	–
Total other liabilities			25,681,635	5,361,478	6,497,876	24,545,237	7,274,930
Total long-term liabilities			$ 139,926,998	$ 45,743,739	$ 17,361,643	$168,309,094	$ 18,781,246

7. Long-Term Debt and Other Obligations (continued)

The scheduled maturities and interest of the University's bonds for the five fiscal years subsequent to June 30, 2015 and subsequent periods thereafter are as follows:

	Principal	Interest	Total
2016	$ 12,220,000	$ 3,566,824	$ 15,786,824
2017	7,540,000	3,128,021	10,668,021
2018	7,490,000	2,939,260	10,429,260
2019	7,585,000	2,738,383	10,323,383
2020	16,755,000	2,533,018	19,288,018
2021-2025	13,705,000	9,000,640	22,705,640
2026-2030	14,840,000	6,924,437	21,764,437
2031-2035	18,350,000	4,459,383	22,809,383
2036-2040	17,560,000	1,498,812	19,058,812
2041-2045	9,320,000	233,914	9,553,914
2046-2048	6,535,000	49,010	6,584,010
	$ 131,900,000	$ 37,071,702	$ 168,971,702

On May 7, 2014, the University issued $40,000,000 of variable rate, tax exempt General Receipts Bonds, Series 2014. The proceeds will be used to finance the costs of various improvements to the University's campus, including (i) improvements to fully or partially renovate five academic classroom and instruction laboratory buildings and the supporting campus infrastructure, and also including improved replacement parking; (ii) partial renovation of the campus recreation and wellness facility; (iii) demolition, utility relocation and other site preparation work associated with one or more existing academic and residential buildings in preparation for future site-specific capital projects; and (iv) acquisition and installation of all related fixtures, furnishings and equipment.

This Series 2014 Bond has a stated maturity date of June 1, 2048 and bears interest at an adjustable rate, payable on the first business day of each month. The initial interest rate was .3637%; the rate will reset on the first of each month and is determined by a formula utilizing 68.50% of LIBOR plus a number of basis points that are assigned based on the University's then-current bond rating. At no time will the interest rate borne by this Series 2014 Bond exceed a maximum interest rate of 12% per year. The interest calculation for the Series 2014 Bond included in the above table of scheduled maturities is based upon the initial interest rate of .3637% per year.

This Series 2014 Bond is subject to redemption at the option of the University prior to the stated maturity date in whole or in part, at the redemption price of 100% of the principal amount redeemed, plus accrued interest up to the redemption date. This Series 2014 Bond is subject to a mandatory tender by the Registered Owner, in whole but not in part, for purchase by the University in an amount equal to the outstanding principal amount of this Series 2014 Bond plus any accrued and unpaid interest on December 1, 2017.

7. Long-Term Debt and Other Obligations (continued)

The principal and interest payments of all General Receipts Bonds are collateralized by the pledge of the general receipts of the University under a master trust agreement. The master trust agreement has various restrictive covenants with which the University is in compliance.

Interest expense related to long-term debt of the University for the years ended June 30, 2015 and 2014 was $4,078,613 and $4,399,858, respectively. Of this amount, $437,711 and $449,247 was capitalized by the University at June 30, 2015 and 2014, respectively.

The University had unspent bond proceeds, which are classified as restricted assets, at June 30, 2015 and 2014, of $22,396,435 and $40,327,135, respectively.

In December 2012, the University entered into a master tax-exempt lease/purchase agreement with Key Government Finance, Inc. in the amount of $6,595,039. As of June 30, 2015, the University has $2,557,569 in a capital lease obligation which has varying maturity dates through December 2016. The master tax-exempt lease has a 0% stated interest rate and a 2.07% effective rate. Lease arrangements are used to provide financing for digital telecommunication equipment.

Capital lease at June 30, 2015 is summarized as follows:

Capital Lease	Beginning Balance	Additions	Reductions	Ending Balance	Due in One Year
Master Tax-Exempt Lease/ Purchase Agreement	$ 3,797,224	$ –	$ 1,239,655	$ 2,557,569	$ 1,292,008

Future minimum lease payments under the capital lease are as follows:

Year	Total
2016	$ 1,319,008
2017	1,319,008
Total future minimum lease payments	2,638,016
Less amount representing interest	80,447
Total obligation under capital lease	$ 2,557,569

7. Long-Term Debt and Other Obligations (continued)

Long-term liabilities of the Corporation for June 30, 2015 are summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due in One Year
Bonds payable	**$ 80,215,000**	**$ –**	**$ 710,000**	**$ 79,505,000**	**$ 835,000**
Construction funding payable	**14,991,818**	**–**	**856,800**	**14,135,018**	**596,800**
Total long-term liabilities	**$ 95,206,818**	**$ –**	**$ 1,566,800**	**$ 93,640,018**	**$ 1,431,800**

Long-term liabilities of the Corporation for June 30, 2014 are summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due in One Year
Bonds payable	**$ 80,810,000**	**$ –**	**$ 595,000**	**$ 80,215,000**	**$ 710,000**
Construction funding payable	**15,602,189**	**246,429**	**856,800**	**14,991,818**	**856,800**
Total long-term liabilities	**$ 96,412,189**	**$ 246,429**	**$ 1,451,800**	**$ 95,206,818**	**$ 1,566,800**

The interest and scheduled maturities of the Series 2010 Bonds for the five fiscal years subsequent to June 30, 2015 and subsequent periods thereafter are as follows:

	Interest Rate	Principal	Interest	Total
2016	4.00%	$ 835,000	$ 4,637,112	$ 5,472,112
2017	4.25	965,000	4,603,713	5,568,713
2018	4.50	1,105,000	4,562,700	5,667,700
2019	4.50	1,260,000	4,512,975	5,772,975
2020	5.00	1,315,000	4,456,275	5,771,275
2021–2025	5.75	7,740,000	21,111,975	28,851,975
2026–2030	5.75	10,235,000	18,615,900	28,850,900
2031–2035	5.75–6.00	13,580,000	15,273,563	28,853,563
2036–2040	6.00	18,165,000	10,688,700	28,853,700
2041-2045	6.00	24,305,000	4,545,000	28,850,000
Total		$ 79,505,000	$ 93,007,913	$ 172,512,913

The trustee for the Series 2010 Bonds held unspent bond proceeds and capital contributions from the University of $7,050,670 plus $10,653,992 of net operating revenue and investment income for a total of $17,704,662 as of June 30, 2015, which are classified as funds held by trustee. At June 30, 2014, the trustee held unspent bond proceeds and capital contributions from the University of $7,050,670 plus $8,070,334 of net operating revenue and investment income for a total of $15,121,004, which are classified as funds held by trustee.

7. Long-Term Debt and Other Obligations (continued)

The construction funding payable amounts of the Corporation for the five fiscal years subsequent to June 30, 2015 and thereafter are as follows:

Year	The Oaks (CFP II)	Carillon (CFP III)	Chartwells Renovation	Total Due
2016	$ 376,364	$ 220,436	$ –	$ 596,800
2017	376,364	220,436	–	596,800
2018	376,364	220,436	–	596,800
2019	376,364	220,436	–	596,800
2020	376,364	220,436	–	596,800
Thereafter	6,962,724	4,188,294	–	11,151,018
	$ 8,844,544	$ 5,290,474	$ –	$ 14,135,018

8. Retirement Benefits

Employee benefits are available for substantially all employees under contributory retirement plans. The University faculty is covered by the State Teachers Retirement System of Ohio (STRS Ohio). All other employees are covered by the Ohio Public Employees Retirement System of Ohio (OPERS). Both plans provide retirement, disability, annual cost-of-living adjustments, death benefits, and healthcare benefits to vested retirees.

STRS Ohio and OPERS offer three separate retirement plans:

Defined benefit plan – traditional pension plan. This is a cost-sharing, multiple employer plan. This plan provides disability, annual cost-of-living adjustments, death benefits, and healthcare benefits. Healthcare benefits are based on years of service.

Defined contribution plan – member-directed plan. Employee contributions are invested in self-directed investments. Benefits are dependent upon contributions and investment earnings. This plan does not include disability, annual cost-of-living adjustments, death benefits, or healthcare benefits.

Combined plan – has elements of the traditional pension plan and member-directed plan. Employee contributions are invested in self-directed investments. The employer contributions are used to fund a reduced defined benefit plan. This plan provides disability, annual cost-of-living adjustments, death benefits, and healthcare benefits. Healthcare benefits are based on years of service.

Both STRS Ohio and OPERS issue separate, publicly available financial reports that include financial statements and required supplemental information. Reports can be obtained by contacting the two agencies.

8. Retirement Benefits (continued)

The STRS Ohio Comprehensive Annual Financial Report can be downloaded from the STRS website at www.strsoh.org. The Ohio Revised Code provides statutory authority for employer and employee contributions. The University contributes 14% of covered payroll and the employee pretax contribution rate is 12% of covered payroll. A portion of employer contributions was allocated to post-employment healthcare benefits as disclosed in Note 9.

The OPERS Comprehensive Annual Financial Report can be downloaded from the OPERS website at www.opers.org. The Ohio Revised Code provides statutory authority for employer and employee contributions. The University contributes 14% of covered payroll and the employee pretax contribution rate is 10% of covered payroll. A portion of employer contributions was allocated to post-employment healthcare benefits as disclosed in Note 9.

Employees may opt out of STRS Ohio or OPERS and participate in the Alternative Retirement Program (ARP), a defined contribution plan. The University contributes 14% of covered payroll and the employee pretax contribution rate is 10% of covered payroll for employees who opt out of OPERS and 12% for employees who opt out of STRS. Benefits are dependent upon contributions and investment earnings. This plan does not include disability, annual cost-of-living adjustments, death benefits, or healthcare benefits.

STRS – Plan benefits are established under Chapter 3307 of the Revised Code, as amended by Substitute Senate Bill 342 in 2012, gives the Retirement Board the authority to make future adjustments to the member contribution rate, retirement age and service requirements, and the COLA as the need or opportunity arises, depending on the retirement system's funding progress.

Any member may retire who has (1) five years of service credit and attained age 60; (2) 25 years of service credit and attained age 55; or (3) 30 years of service credit regardless of age. Beginning August 1, 2015, eligibility requirements for an unreduced benefit will change. The maximum annual retirement allowance, payable for life considers years of credited service, final average salary (3-5 years) and multiplying by a factor ranging from 2.2 percent to 2.6 percent with 0.1 percent incremental increases for years greater than 30-31, depending on retirement age.

A defined benefit plan or combined plan member with five or more years of credited service who is determined to be disabled (illness or injury preventing the individual's ability to perform regular job duties for at least 12 months) may receive a disability benefit. Additionally, eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013 must have at least 10 years of qualifying service credit to apply for disability benefits.

A death benefit of $1,000 is payable to the beneficiary of each deceased retired member who participated in the plan. Death benefit coverage up to $2,000 can be purchased by participants in all three of the plans. Various other benefits are available to members' beneficiaries.

8. Retirement Benefits (continued)

OPERS – Plan benefits are established under Chapter 145 of the Ohio Revised Code, as amended by Substitute Senate Bill 343 in 2012. The requirements to retire depends on years of service (15 to 30 years) and from attaining the age of 48 to 62, depending on when the employee became a member. Members retiring before age 65 with less than 30 years service credit receive a percentage reduction in benefit. Member retirement benefits are calculated on a formula that considers years of service (15-30 years), age (48-62 years) and final average salary, using a factor ranging from 1.0 percent to 2.5 percent.

A plan member who becomes disabled before age 60 or at any age, depending on when the member entered the plan, and has completed 60 contributing months is eligible for a disability benefit.

A death benefit of $500 - $2,500 is determined by the number of years of service credit of the retiree. Benefits may transfer to a beneficiary upon death with 1.5 years of service credits with the plan obtained within the last 2.5 years, except for Law Enforcement and Public Safety personnel who are eligible immediately upon employment.

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustment, if applicable, is 3 percent.

Employer contributions to the following retirement benefit programs for June 30 are summarized as follows:

	2015	**2014**
STRS Ohio	**$ 6,304,000**	**$ 6,527,000**
OPERS	**7,679,000**	**7,914,000**
ARP	**4,361,000**	**5,823,000**
Total	**$ 18,344,000**	**$ 20,264,000**

At June 30, 2015, the University reported a liability for its proportionate share of the net pension liability of STRS/OPERS. The net pension liability was measured as of June 30, 2014 for the STRS plan and December 31, 2014 for the OPERS plan. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The University's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined.

8. Retirement Benefits (continued)

Plan	Date	Net Pension Liaiblity 2015	Net Pension Liaiblity 2014	Propotionate Share 2015	Propotionate Share 2014	Percent Change
STRS	July 1	$ 130,415,104	$ 154,931,253	0.5362%	0.5362%	0.00%
OPERS	December 31	51,032,379	50,001,010	0.4245%	0.4245%	0.00%

For the years ended June 30, 2015 and June 30, 2014 the University recognized pension expense of $16,162,212 and $20,264,000, respectively. At June 30, 2015, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,255,530	$ 952,005
Net difference between projected and actual earnings on pension plan investments	2,742,595	24,127,289
Changes in proportion and differences between University contributions and proportionate share of contributions	-	13,252
University contributions subsequent to the measurement date	10,065,030	-
Total	$ 14,063,155	$ 25,092,546

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	Amount
2016	$ (5,459,327)
2017	(5,459,327)
2018	(5,109,082)
2019	(5,038,714)
2020	(6,423)
Thereafter	(21,888)

In addition, the contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the next year (2016).

8. Retirement Benefits (continued)

Actuarial Assumptions – The total pension liability in the actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	STRS - as of 6/30/14	OPERS - as of 12/31/14
Valuation date	July 1, 2014	December 31, 2014
Actuarial cost method	Entry age normal	Individual entry age
Cost of living	2.0 percent	3.0 percent
Salary increases, including inflation	2.75 percent - 12.25 percent	4.25 percent - 10.05 percent
Inflation	2.75 percent	3.75 percent
Investment rate of return	7.75 percent, net of pension plan investment expense	8.00 percent, net of pension plan investment expense
Experience study date	Period of 5 years ended July 1, 2012	Period of 5 years ended December 31, 2010
Mortality basis	RP-2000 Combined Mortality Table (Projection 2022–Scale AA)	RP-2000 mortality table projected 20 years using Projection Scale AA

Discount Rate – The discount rate used to measure the total pension liability was 7.75 percent and 8.0 percent for STRS and OPERS, respectively. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates for all plans. Based on those assumptions, each pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

	STRS			OPERS	
Investment Category	Target Allocation	Long-term Expected Real Rate of Return	Investment Category	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	31.00%	5.50%	Fixed Income	23.00%	2.31%
International Equity	26.00%	5.35%	Domestic Equities	19.90%	5.84%
Alternatives	14.00%	5.50%	Real Estate	10.00%	4.25%
Fixed Income	18.00%	1.25%	Private Equity	10.00%	9.25%
Real Estate	10.00%	4.25%	International Equity	19.10%	7.40%
Liquidity Reserves	1.00%	0.50%	Other Investments	18.00%	4.59%
Total	100%		Total	100%	

8. Retirement Benefits (continued)

Sensitivity of the net pension liability to changes in the discount rate – The following presents the net pension liability of the University at June 30, 2015, calculated using the discount rate listed below, as well as what the University net pension liability would be if it were calculated using a discount rate that is 1.00 percentage point lower or 1.00 percentage point higher than the current rate:

Plan	1.00 percent decrease		Current Discount Rate		1.00 percent increase	
STRS	6.75%	$ 186,713,880	7.75%	$ 130,415,104	8.75%	$ 82,819,280
OPERS	7.00%	94,213,530	8.00%	51,032,379	9.00%	14,679,210
		$ 280,927,410		$ 181,447,483		$ 97,498,490

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued STRS/OPERS financial report.

Ohio Public Employees Deferred Compensation Program

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

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

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

The amounts on deposit with the Program's Board at June 30, 2015 and 2014 approximated $13,352,111 and $12,415,000, respectively, which represents the fair value at such dates.

9. Post-Employment Healthcare Benefits

In addition to pension benefits, the Ohio Revised Code provides authority for public employers to fund post-employment healthcare benefits through their contributions to STRS Ohio and OPERS.

9. Post-Employment Healthcare Benefits (continued)

STRS Ohio provides access to a cost-sharing, multiple employer healthcare plan to retirees who participated in the defined benefit or combined plan. Coverage under the current plan includes hospitalization, doctor fees, prescription drug program, and Medicare Part B premium reimbursement. All benefit recipients pay a portion of the healthcare coverage in the form of monthly premiums.

Under Ohio law, post-employment healthcare benefits under STRS are permitted, but not mandated; therefore, a portion of employer contributions is set aside for funding for the post-employment health. Of the 14% employer contribution rate, 1% of covered payroll was allocated to post-employment health care for the years ended June 30, 2014, 2013 and 2012. Effective July 1, 2014, 0% of covered payroll was allocated to post-employment health care. The 14% employer contribution rate is the maximum rate established under Ohio law.

OPERS maintains a cost-sharing, multiple employer healthcare plan to retirees who participated in the defined benefit or combined plan with 10 or more years of qualifying Ohio service credit. Coverage includes a medical plan, prescription drug program, and Medicare Part B premium reimbursement.

Under Ohio law, post-employment healthcare benefits under OPERS are permitted, but not mandated; therefore, a portion of employer contributions is set aside for funding post-employment health care. During calendar year 2013, this allocation was 1.0% of covered payroll. Effective January 1, 2014, the portion of employer contributions allocated to health care increased to 2% for both plans, as recommended by the OPERS actuary. Payment amounts vary depending on the number of covered dependents and coverage selected.

Employer contributions to the following retirement benefit program for June 30 are summarized as follows:

	2015	**2014**	2013
STRS Ohio	**$ 0**	**$ 65,000**	$ 68,100
OPERS	**1,088,170**	**838,066**	1,713,000
Total	**$ 1,088,170**	**$ 903,066**	$ 1,781,100

10. Risk Management

The University self-insures its healthcare program up to a specific limit of $275,000 per individual event. The University has specific stop-loss coverage.

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

	2015	2014	2013
Unpaid claims, July 1	**$ 2,000,000**	$ 2,000,000	$ 2,000,000
Incurred claims	**18,948,810**	17,788,830	16,338,357
Paid claims	**(18,948,810)**	(17,788,830)	(16,338,357)
Unpaid claims, June 30	**$ 2,000,000**	$ 2,000,000	$ 2,000,000

This actuarially determined liability for estimates of losses retained by the University for outstanding claims and claims incurred but not reported is the University's best estimate based on past experience and current claims outstanding. Actual claims experience may differ from the estimate.

Risk financing methods for property and casualty exposures include a combination of insurance, self-insurance, and risk pooling via a joint program formed with other four-year publicly funded universities in the state. This program is referred to as the Inter-University Council Insurance Consortium (IUC-IC) and it obligates member institutions to realize the first $100,000 per covered loss for nearly all exposures before the claim reaches the pool and eventually the insured layers of the program. All of 14 member institutions participate in the program with the exception of The Ohio State University. The operation of the pool is managed by a Board of Governors consisting of one member representative and one alternate from each institution.

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

11. Contingencies

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

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

On July 30, 2007, the Foundation entered into a Memorandum of Understanding ("MOU") with the University that fully described and memorialized the relationship between the two parties. The MOU expired in July 31, 2015 and as of the date of these financial statements has not been renegotiated. Both parties continue to function as though the MOU remains in effect. The outcome of future negotiations and the financial impact on the Foundation should an agreement not be reached cannot be estimated at this time.

12. Foundation Net Assets

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

	2015	2014
Scholarships	$ 26,108,760	$ 27,321,778
General and operational support	18,336,341	17,961,217
Capital and equipment	5,958,040	4,056,037
Professorships	2,379,659	2,615,419
Centers and institutes	1,481,878	1,592,625
Chair	1,331,881	1,462,536
Research	628,231	359,160
Faculty and staff	221,520	229,905
Fellowships	71,294	77,024
Total	$ 56,517,604	$ 55,675,701

12. Foundation Net Assets (continued)

The Foundation's summary of the net assets released from restrictions during the years ended June 30, 2015 and 2014 is as follows:

	2015	2014
General and operational support	$ 7,085,867	$ 8,024,684
Scholarships	2,948,826	3,125,881
Capital and equipment	849,835	1,058,133
Centers and institutes	298,466	244,820
Professorships	162,231	326,407
Chair	96,756	93,000
Research	18,611	28,278
Fellowship	16,000	3,000
Faculty and staff	13,271	32,650
Total	$ 11,489,863	$ 12,936,853

The Foundation's permanently restricted net assets at June 30, 2015 and 2014 are investments in perpetuity, the income from which is expendable to support the following purposes:

	2015	2014
Scholarships	$ 53,330,251	$ 50,728,727
General and operational support	17,281,059	17,251,081
Professorships	8,454,957	7,788,404
Capital and equipment	1,880,104	1,874,258
Centers and institutes	1,508,754	1,180,394
Chair	1,480,629	1,480,629
Faculty and Staff	1,010,666	1,000,166
Research	408,791	360,691
Fellowships	29,209	29,209
Total	$ 85,384,420	$ 81,693,559

13. Related-Party Transactions

The University leased the land comprising the two sites on which the Series 2010 Project facilities are constructed to the Corporation under a Ground Lease between the State of Ohio, acting by, through, and for the University, as lessor, and the Corporation, as lessee. The lease commenced on May 3, 2010 and will expire May 2, 2055. The Corporation shall have the right and option to extend this lease for up to two consecutive terms of 15 years each.

The Corporation subleased the two sites to CFP I in consideration of the agreement of CFP I to develop the Series 2010 Project on that land and the payment of nominal lump-sum rent. The lease commenced on June 1, 2010 and will expire May 2, 2055.

13. Related-Party Transactions (continued)

The Series 2010 Project includes two housing facilities, Falcon Heights and Centennial Hall, which were placed in service in August 2011. The University has the resources and processes in place to invoice and collect funds from students for housing and housing-related fees for all other residence halls. The University acts as an agent between the students and CFP I and will invoice, collect the student accounts on behalf of CFP I, and then distribute the monies to CFP I. CFP I records operating revenue from these activities, which totaled approximately $8,737,000 and $8,622,000 for the years ended June 30, 2015 and 2014, respectively. The University owed CFP I student housing and housing-related fees totaling approximately $56,000 and $67,000 for the years ended June 30, 2015 and 2014, respectively.

The University leased land comprising the site on which The Oaks is constructed to the Corporation under a Ground Lease between the State of Ohio, acting by, through, and for the University, as lessor, and the Corporation, as lessee. The Corporation subleased this site to CFP II in consideration of the agreement of CFP II to develop The Oaks on that land and the payment of nominal lump-sum rent. The lease commenced on June 30, 2010 and will expire June 30, 2045.

The University leased land comprising the site on which Carillon is constructed to the Corporation under a Ground Lease between the State of Ohio, acting by, through, and for the University, as lessor, and the Corporation, as lessee. The Corporation subleased this site to CFP III in consideration of the agreement of CFP III to develop Carillon on that land and the payment of nominal lump-sum rent. The lease commenced on November 1, 2010 and will expire June 30, 2045.

The University incurred costs during different stages of start-up and implementation of the Corporation and its subsidiaries. The University also incurred costs on behalf of the Corporation and its subsidiaries for various outside services related to the Series 2010 Project, The Oaks, and Carillon. These outside services include consulting, legal, engineering, architectural, and construction. In addition, certain salaries and fringe benefits of financial, accounting, development, and information technology personnel are incurred by the University but relate to the Corporation. These expenses are paid by the University on behalf of the Corporation and are shown in the accompanying financial statements as in-kind support and operating and administrative expense for fiscal year ended June 30, 2015 only. The Corporation approximates the value of these items at $32,000 for the year ended June 30, 2015, and $31,000 for the year ended June 30, 2014.

13. Related-Party Transactions (continued)

Chartwells provided approximately $18,000,000 of funding for these projects for the year ended June 30, 2012. The Chartwells construction funding payable will be paid in annual installments, ranging from $409,000 to $857,000 over 27.5 years, through June 30, 2039. Due to the University's Management Agreement with Chartwells for the dining program and in exchange for the use of the dining facilities, the University repays the construction funding payable on behalf of the Corporation, as these are of approximate equal value. As such, the Corporation recognizes this non-cash transaction as a decrease to the construction funding payable and as in-kind support nonoperating revenue. For the years ended June 30, 2015 and 2014, the repayment and in-kind support revenue totaled $856,800. The University recognized in-kind nonoperating expense of $856,800 for the years ended June 30, 2015 and 2014.

The University can pay off the construction funding payable of $18,000,000 early without penalty. The University also has a Food Services Agreement with Chartwells in which the University pays a management fee to Chartwells to manage the dining halls through fiscal year 2020. The Food Services Agreement can be renewed for three additional successive five-year periods. If the Food Services Agreement with Chartwells is terminated or not renewed, the University would be required to pay Chartwells interest on the construction funding payable until full payoff at a rate equal to the 12-month U.S. Treasury rate. Payment in full of the construction funding payable would be required in one year from termination of agreement or within 30 days after the University hires another third party to run its dining services.

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Required Supplemental Information

Bowling Green State University

Required Supplemental Information

Schedule of Pension Funding Progress:

	2015	
	OPERS	STRS
Plan year end	December 31, 2014	June 30, 2014
University's proportion of the Plan's collective net pension liability: As a percentage	0.4245%	0.5362%
Amount	$ 51,032,379	$ 130,415,104
University's covered-employee payroll	$ 53,363,875	$ 46,606,816
University's proportionate share of the collective pension liability (amount), as a percentage of the University's covered-employee payroll	104.57%	35.74%
Fiduciary net position as a percentage of the total pension liability	86.53%	74.70%

Schedule of Contributions

	2015	
	OPERS	STRS
Statutorily required contribution	$ 7,679,000	$ 6,527,000
Contributions in relation to the actuarially determined contractually required contribution	$ 7,679,000	$ 6,527,000
Contribution deficiency (excess)	$ -	$ -
Covered employee payroll	$ 61,602,245	$ 46,225,751
Contributions as a percentage of covered employee payroll	12.47%	14.12%

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

Independent Auditor's Report

To Management, the Audit Committee, and
the Board of Trustees
Bowling Green State University

We have audited, in accordance with the 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 Bowling Green State University (the "University") and its discretely presented component units as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated October 8, 2015. Our report includes a reference to other auditors who audited the financial statements of Bowling Green State University Foundation, Inc. and Subsidiary, as described in our report on Bowling Green State University's basic 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

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

To Management, the Audit Committee, and
the Board of Trustees
Bowling Green State University

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

Compliance and Other Matters

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

Purpose of this Report

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

Plante & Moran, PLLC

October 8, 2015

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

Independent Auditor's Report

To the Audit Committee and the Board of Trustees
Bowling Green State University

Report on Compliance for Each Major Federal Program

We have audited Bowling Green State University's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on its major federal program for the year ended June 30, 2015. Bowling Green State 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

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

Auditor's Responsibility

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

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

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

To the Audit Committee and the Board of Trustees
Bowling Green State University

Opinion on Each Major Federal Program

In our opinion, Bowling Green State University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2015.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with OMB Circular A-l33 and which are described in the accompanying schedule of findings and questioned costs as Findings 2015-001 and 2015-002. Our opinion on each major federal program is not modified with respect to these matters.

Bowling Green State University's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plan. Bowling Green State University's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

Report on Internal Control Over Compliance

Management of Bowling Green State 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 Bowling Green State University's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 a 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.

To the Audit Committee and the Board of Trustees
Bowling Green State University

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 or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as Findings 2015-001 and 2015-002, that we consider to be significant deficiencies.

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

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

Plante & Moran, PLLC

October 8, 2015

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

Federal Grantor, Pass-Through Grantor, CFDA Title, Project Name	CFDA Number	Agency or Pass-through Number	Expenditures
Student Financial Assistance Cluster			
U.S. Department of Education:			
Direct awards:			
Federal Supplemental Educational Opportunity Grants	84.007		$ 589,338
Federal Work-Study Program	84.033		700,822
Federal Perkins Loans	84.038		1,366,454
Federal Pell Grant Program	84.063		23,137,196
Federal Direct Subsidized Student Loans	84.268		34,835,994
Federal Direct Unsubsidized Student Loans	84.268		50,423,930
Federal Direct PLUS Loans	84.268		30,992,403
Teacher Education Assistance for College and Higher Education Grants	84.379		565,964
Federal Nursing Student Loans	93.364		92,191
Total Student Financial Assistance Cluster			142,704,292
Research & Development Cluster			
Title Grants and Agriculture			
U.S. Department of Agriculture:			
Agricultural and Food Research:			
Pass-through from:			
Virginia Polytechnic Institute and State University:			
Integrated Management of Oomycete Diseases of Soybean and	10.310	422183-19755/422262	88,559
Total U.S. Department of Argriculture			88,559
U.S. Department of Commerce:			
Economic Development – Technical Assistance:			
Direct award:			
Rural Universities Consortium University Center	11.303	06-66-05704	100,136
Pass-through from:			
Purdue University:			
Great Lakes Regional Training Initiative: An EDA University Centers Collaborative Phase 2	11.303	06-86-05885	1,989
Sea Grant Support:			
Pass-through from:			
Ohio State University Research Foundation:			
Migration Dynamics of White Bass (Morone Chrysops)	11.417	NA10OAR4170074	5,999
Source Tracking and Toxigenicity of Planktothrix in Sand	11.417	RF01355892/ 60043512	40,925
			46,924
Total U.S. Department of Commerce			149,049
U.S. Department of Defense and Research			
Basic and Applied Scientific Research:			
Direct award:			
Bio-Inspired Flow Sensing and Control for Autonomous	12.300	N00014-12-1-0375	40,782
Basic Scientific Research:			
Direct Award:			
Adverse Cross-Cultural Interactions: Testing a Model of Resiliency	12.431	W911NF-14-2-0048	60,674
Air Force Defense Research Sciences Program:			
Direct award:			
Wavelength Shifting Polymers Based on Sensitized Triplet	12.800	FA9550-13-1-0106	397,030
Pass-through from:			
Infoscitex Corporation:			
Human Deception Detection from Whole Body Motion Analysis	12.800	FA8650-12-D-6364	101,739
Research and Technology Development:			
Pass-through from:			
University of Toronto:			
The Natural Evolution of Quantum-Coherent Light-Harvesting	12.910	N66001-10-1-4059	(2,272)
Total U.S. Department of Defense and Research			597,953

Federal Grantor, Pass-Through Grantor, CFDA Title, Project Name	CFDA Number	Agency or Pass-through Number	Expenditures
U.S. Department of the Interior:			
Assistance to State Water Reservoir:			
Pass-through from:			
Ohio State University Research Foundation:			
Source Tracking of Microcystis Blooms in Lake Erie	15.805	RF01317926	$ 216
Total U.S. Department of the Interior			216
U.S. Department of Justice:			
National Institute of Justice:			
Direct awards:			
Life Course, Relationship, and Situational Contexts of Teen Dating	16.560	2009-IJ-CX-0503	23,776
Life Course, Relationship, and Situational Contexts of Teen Dating	16.560	2010-MU-MU-0031	1,630
Police Integrity Lost: A Study of Law Enforcement Officers Arrested	16.560	2011-IJ-CX-0024	18,819
Patterns, Precursors and Consequences of TDV	16.560	2012-IJ-CX-0015	84,757
Total U.S. Department of Justice			128,982
U.S. Department of Transportation:			
University Transportation Ctrs Prog			
Pass-through from:			
San Jose State University:			
Assessing the Socio-Economic Impacts of Mass Transit Sys	20.701	DTRT12-G-UTC21	9,586
Total U.S. Department of Transportation			9,586
U.S. Office of Personnel Management:			
Intergovernmental Personnel Act (IPA) Assignment:			
Direct award:			
Intergovernmental Personnel Act (IPA) Assignment	27.011	1248631	41,188
Total U.S. Office of Personnel Management			41,188
National Aeronautics and Space Administration			
Aerospace Education Services Project			
Pass-through from:			
AmericaView:			
Ground Data Acquisition and Processing for Hyperspectral	43.001	AV14-NASAGRC-BGSU01	4,710
Total National Aeronautics and Space Administration			4,710
National Science Foundation			
Engineering Grants:			
Direct awards:			
Collaborative: Room-Temperature Electrophosphorescence	47.041	ECCS-1202439	110,949
Low-Temperature Assembly of All-Inorganic Solar Cells	47.041	CBET-1236355	69,508
Proposal for the NSF Support for Workshop: Global Soluti	47.041	CBET-1515671	15,146
			195,603
Pass-through from:			
University of Michigan:			
Improving Decision Making and Equity in Engineering Admin	47.041	3002985880	6,014
Mathematical and Physical Sciences:			
Direct awards:			
Rigidity in Negative Curvature and Quasiconformal Analysis	47.049	DMS-1265735	(252)
EXTREEMS-QED: Computational Mathematics and Statistics	47.049	DMS-1331036	108,918
CAREER: Iminium Salts as Potential Water Oxidation Catal	47.049	CHE-1055397	90,019
Development of Nancomposite Inorganic Materials for Phot	47.049	CHE-1112227	26,770
Deciphering Light Induced Double Bond Isomerization	47.049	CHE-1152070	64,905
49th Spring Topology and Dynamics Conference	47.049	DMS-1539762	13,913
Molecular-Wire Energy Transfer and Exciton Diffusion in	47.049	DMR-1006761	25,809
			330,082
Geosciences:			
Direct awards:			
Collaborative Research: Characterizing Arctic Climate	47.050	EAR-1204049	57,844
Computer and Information Science and Engineering:			
Direct awards:			
CI-EN: Boa: A Collaboratory for Studying Software and it	47.070	CNS-1512947	2,206
Biological Sciences:			
Direct awards:			
SG: Microbes Promote Ice Formation in Inland Waters	47.074	DEB-1354707	40,327

Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2015

Federal Grantor, Pass-Through Grantor, CFDA Title, Project Name	CFDA Number	Agency or Pass-through Number	Expenditures
Education and Human Resources:			
Direct award:			
iEvolve: Inquiry and Engagement to Invigorate and Optimize	47.076	DUE-1238136	$ 1,276,417
Collaborative Research: Constructive Chemistry	47.076	DUE-1245514	30,791
SET-GO: Science, Engineering & Technology Gateway Ohio	47.076	DUE 0757001	73,259
GRAMS: Granting Access to Mathematics and Science	47.076	DUE-0850026	82,421
GRAMS II: Granting Access to Mathematics and Science	47.076	DUE-0966189	78,896
			1,541,784
Trans-NSF Recovery Act Research Support:			
Direct awards:			
CAREER: Monitor Ultrafast Excited-State Selective (ARRA)	47.082	CHE-0847707	12,916
Total National Science Foundation			2,186,776
Environmental Protection Agency:			
Great Lakes Program:			
Pass-through from:			
The Nature Conservancy:			
Wet Prairie Restoration in the Maumee AOC	66.469	OHFO-GLRI-BGSU-10/10-02	11,460
Total Environmental Protection Agency			11,460
Department of Energy:			
Office of Science and Financial Assessment:			
Direct award:			
Chemical Imaging Studies	81.049	DEFG02-06ER15827	317,060
Pass-through from:			
National Renewable Energy Laboratory:			
Characterization and Optimization of Molecular Frequency	81.087	XEV-2-22201-01	(1,747)
Total Department of Energy			315,313
U.S. Department of Education:			
Migrant Education:			
Pass-through from:			
Ohio Department of Education:			
Statewide Migrant Education Needs Assessment, Service Delivery	84.011	EDU01-0000013540	33,185
Total U.S. Department of Education			33,185
U.S. Department of Health and Human Services:			
Occupational Safety and Health Program:			
Pass-through from:			
University of Cincinnati:			
An Examination of Emotional Labor in the Nursing Supervisor-Sub	93.262	L14-4500081769	6,105
Biomedical Research and Research Training:			
Direct awards:			
Single-Molecule Patch-Clamp FRET Imaging Microscopy	93.859	1R01GM098089-01A1	218,161
A Population-Level Analysis of Novel Antimicrobial Products	93.859	1R15GM104834-01	89,190
Manipulating Single-Molecule Enzyme Conformations and Activities	93.859	1R01GM084402-01A1	12,668
RNA 3D Motif Search, Atlas, and Prediction from Sequence	93.859	1R01GM085328-01A1	75,695
Integrated Resources to Elucidate RNA Sequence-Structure	93.859	2R01GM085328-05	251,283
Control Mechanisms of the Nitric Oxide Synthases	93.859	R01GM051491-17A1	106,048
			753,045
Child Health and Human Development Extramural Research:			
Direct awards:			
Center for Family and Demographic Research Year 8	93.865	2R24HD050959-08	230,738
Life Course, Relationship, and Situational Contexts of Today's Youth	93.865	1R01HD066087-01A1	294,504
Neighborhood Change and Violence in Adolescence	93.865	1R15HD070098-01A1	135,988
Measuring Marriage & Divorce at the County Level	93.865	1R03HD078653-01	42,541
Distal Determinants of Disparities in Unintended Fertili	93.865	1R01HD078412-01A1	104,537
Social and Interpersonal Environments and Parent-Child R	93.865	R15HD083891	16,881
			825,189
Pass-through from:			
The University of Michigan:			
Children & Political Violence	93.865	3000609459	35,124
Aging Research:			
Direct award:			
Health and Well-being Effects on Later-life Divorce and	93.866	1R15AG047588-01	101,667
Total U.S. Department of Health and Human Services			1,721,130
Total Research and Development Cluster			5,288,107

Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2015

Federal Grantor, Pass-Through Grantor, CFDA Title, Project Name	CFDA Number	Agency or Pass-through Number	Expenditures
TRIO Cluster:			
U.S. Department of Education			
Direct awards:			
Student Support Services	84.042	P042A101256	$ 577,678
Educational Talent Search Program	84.044	P044A110535	375,366
Upward Bound	84.047A	P047A121619	329,701
McNair Post-Baccalaureate Achievement	84.217A	P217A120231	203,797
Total TRIO Cluster			1,486,542
Highway Planning and Construction Cluster			
Department of Transportation:			
Highway Planning and Construction:			
Pass-through from:			
Ohio Department of Transportation:			
Evaluation of ODOTs Culvert Boring Process	20.205	26053	96,485
Total Highway Planning and Construction Cluster			96,485
Highway Safety Cluster			
Department of Transportation:			
State and Community Highway			
Pass-through from:			
Ohio Department of Transportation:			
Safe Communities- Northwest Ohio	20.600	SC-2014-87-00-0-00047	10,004
Safe Communities- Northwest Ohio	20.600	SC-2015-87-00-0-00047	25,545
Total Highway Safety Cluster			35,549
CCDF Cluster			
U.S. Department of Health and Human Services:			
Child Care Mandatory and Match:			
Pass-through from:			
Ohio Educational Telecommunications Network:			
Ohio Ready to Learn	93.596	G-1 415-17-0272	32,596
Total CCDF Cluster			32,596
Other Grants and Contracts			
U.S. Department of Defense:			
Basic, Applied and Advanced Research:			
Pass-through from:			
Academy of Applied Science:			
Ohio Junior Science and Humanities Symposium	12.630	W911NF-10-2-0076	20,408
U.S. Department of Labor:			
Employment and Trianing Administration:			
Pass-through from:			
Toledo Public Schools:			
Project Evaluation for Pathways to Prosperity	17.274	73422	10,509
Department of State:			
Public Diplomacy Programs:			
Direct Award:			
Teaching and Research Collaboration Between BGSU, USA &	19.040	S-ET100-14-GR-117	8,486
Educational Exchange Teachers:			
Pass-through from:			
International Research Exchange Board:			
IREX Teaching Excellence & Achievement Prog (TEA)	19.408	FY 14-TEA-BGSU-01	186,936
National Endowment for the Arts:			
Promotion of the Arts-Grants:			
Pass-through from:			
Ohio Arts Council:			
BGSU/Mid-American Review 35th Anniversary Issues	45.024	10-5900-8072	2,575

Federal Grantor, Pass-Through Grantor, CFDA Title, Project Name	CFDA Number	Agency or Pass-through Number	Expenditures
National Endowment for the Humanities:			
Promotion of the Humanities Fellowships and Stipends:			
Pass-through from:			
Ohio Humanities Council:			
Bearing Witness to Humanity: Exploring a Curriculum	45.129	ED14-021	$ 1,230
Interdisciplinary Symposium on Improvisation	45.129	MA15-004	6,501
The Electric Guitar in Popular Culture Conference	45.129	MO15-022	1,387
			9,118
Environmental Protection Agency:			
Environmental Education Grants:			
Pass-through from:			
Harrisburg University of Science & Tech:			
GLISTEN Environmental Stewardship & Service-Learning	66.951	NE 00E01029	1,258
Department of Education:			
Title 1 Grants to Local Education:			
Pass-through from:			
Sandusky County Schools:			
Evaluation of Sandusky 1-1 Laptop Pilot Initiative	84.010	P O 87627	(2,200)
Overseas Group Projects Abroad:			
Direct award:			
Walking Witness: Civic Responsibility in the Shadow	84.021	P021A130073	10,833
Vocational Education Basic Grants:			
Pass-through from:			
Ohio Department of Education:			
Career-Technical Education (CTE) Teacher Education Preparation	84.048	VEPD-TPR-12-062893	89,001
Career-Technical Education (CTE) Teacher Education Preparation	84.048	EDU01-0000011476	2,535
			91,536
Safe and Drug-Free Schools and Communities National Programs:			
Pass-through from:			
Wood County Educational Service Center:			
Evaluation of Project SHAPES (Shaping Healthy Atmosphere	84.184L	Q184L090192	2,675
Twenty-First Century Community Learnings Centers:			
Pass-through from:			
Ottawa-Glandorf Local Schools:			
OASIS - Ottawa Elementary (Ottawa Afterschool Student Interv	84.287	8920	10,631
Special Education - State Pers:			
Pass-through from:			
OH Coalition Educ of Children with Disabilities:			
SPDG Grant - Year 2	84.323	CFDA 84.323A	18,951
SPDG Grant - Year 3	84.323	CFDA 84.323A	145,006
			163,957
Mathematics and Science Partnerships:			
Pass-through from:			
ODE Center for Curriculum and Assessment:			
Common Core for Achievement & Middle Grades Mathematical	84.366	MSP CAMP	2,577
Common Core for Mathematical Proficiency in Elementary Scho	84.366	PO 13364	136,742
Common Core for Achievement & Middle Grades Mathematical	84.366	PO 13710	122,930
			262,249
Improving Teacher Quality State Grants:			
Pass-through from:			
Ohio Board of Regents:			
Common Core for Reasoning and Sense Making: Secondary	84.367	12-07	(3,378)
Common Core for Reasoning and Sense Making in Elementary	84.367	12-08	(2,699)
STAMPS III - Science Teaching Advancement through Modeli	84.367	12-04	(91)
Partners in Inquiry Resources and Research Three	84.367	12-05	(459)
Common Core for Reasoning and Sense Making: Secondary	84.367	13-04	53,128
Common Core for Reasoning and Sense Making in Elementary	84.367	13-05	50,823
STAMPS IV - Science Teaching Advancement through Modeli	84.367	13-06	125,804
Black Swamp - Math Teachers Circle (BS - MTC)	84.367	14-06	5,710
Science Teaching Advancement through Modeling Physical S	84.367	14-08	17,166
			246,004

Bowling Green State University

Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2015

Federal Grantor, Pass-Through Grantor, CFDA Title, Project Name	CFDA Number	Agency or Pass-through Number	Expenditures
College Access Challenge Grant Program:			
Pass-through from:			
Putnam County Educational Service Center:			
Ohio Access Challenge Grant: CES Evaluation	84.378A	84.378A	$ 300
Race to the Top:			
Pass-through from:			
Conneaut Area City Schools:			
Assessment Literacy Training	84.413	8854	2,849
Total U.S. Department of Education			788,834
U.S. Department of Health and Human Services:			
Special Programs for the Aging:			
Pass-through from:			
Ohio Department of Aging:			
RSVP Project MORE Evaluation	93.048	90AA10001/01	14,883
Personal Responsibility Education Program:			
Pass-through from:			
Lucas County Regional Health District:			
Personal Responsibility Education Program	93.092	04810011PR0114	4,003
Personal Responsibility Education Program	93.092	04810011PR0115	38,570
			42,573
Substance Abuse and Mental Health Services Projects of Regional and National Significance:			
Direct award:			
Suicide Prevention Grant - Empowering a Community	93.243	1U79SM060492-01	97,213
Pass-through from:			
Wood County Educational Service Center:			
High-Risk Drinking and Prescription Drug Abuse Prevention Pro	93.243	87-11192-SPFSIG-P-14	29,591
			126,804
Block Grants for Prevention and Treatment of Substance Abuse:			
Pass-through from:			
Ohio Department of Alcohol and Drug Addiction Services:			
BGSU High-Risk Drinking Prevention Program	93.959	998207HEDUCP14-9854	3,995
Total U.S. Department of Health and Human Services			188,255
Total Other Grants and Contracts			1,216,379.00
Total Federal Expenditures			**$ 150,859,950**

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of Bowling Green State University under programs of the federal government for the year ended June 30, 2015. The information in this Schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular *A-133, Audits of States, Local Governments, and Non-Profit Organizations.* Because the Schedule presents only a selected portion of the operations of Bowling Green State University, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Bowling Green State University.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the same basis of accounting as the basic financial statements. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-21, *Cost Principles for Educational Institutions*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

Note 3 - Indirect Costs

The University recovers indirect costs by means of provisional fixed indirect cost rates. The provisional fixed rates are a result of negotiated agreements with the U.S. Department of Health and Human Services. The predetermined fixed rate for on-campus research is 39 percent of modified total direct costs, and the off-campus predetermined rate is 20 percent of modified total direct costs effective July 1, 2011 until June 30, 2015.

Note 4 - Federal Direct Student Loans

The University acts as an intermediary for students receiving Federal Direct Student Loans (CFDA #84.268), which include Direct Loans and Parents' Loans for Undergraduate Students, from the federal government. The federal government is responsible for billings and collections of the loans. The University assists the federal government by processing the applications and applying funds to student accounts from the federal government. Since this program is administered by the federal government, new loans made in the fiscal year ended June 30, 2015, related to Federal Direct Loans, are considered current year federal expenditures, whereas the outstanding loan balance is not.

Note 5 - Subrecipient Awards

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

Federal Program Title	CFDA Number	Amount Provided to Subrecipients
Economic Development: Technical Assistance - Ohio University	11.303	$ 25,050
Basic Scientific Research - University of Western Ontario	12.431	8,274
Air Force Defense Research Sciences Program - Palo Alto Research Center	12.800	105,418
Air Force Defense Research Sciences Program - North Carolina State University	12.800	281,862
Education and Human Resources - Sandusky City Schools	47.076	15,303
Education and Human Resources - Perkins Local School District	47.076	13,600
Education and Human Resources - The Toledo Zoo	47.076	28,968
Education and Human Resources - Ohio State University	47.076	75,930
Education and Human Resources - Erie County Offices	47.076	28,860
Education and Human Resources - University of Michigan	47.076	17,886
Education and Human Resources - Owens Community College	47.076	2,343
Substance Abuse and Mental Health Services Projects of Regional and National Significance - University of Toledo	93.243	15,504
Biomedical Research and Research Training - Rutgers University	93.859	43,815
Biomedical Research and Research Training - Michigan State University	93.859	13,046
Child Health and Human Development Extramural Research - Arizona State University	93.865	46,548
Child Health and Human Development Extramural Research - University of Michigan	93.865	6,440
Total		$ 728,847

Schedule of Findings and Questioned Costs
Year Ended June 30, 2015

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? ____ Yes __X__ No

Federal Awards

Internal control over major programs:

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

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

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

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
84.007, 84.033, 84.038, 84.063, 84.268, 84.379, 93.364	Student Financial Aid Cluster

Dollar threshold used to distinguish between type A and type B programs: $300,000

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

Section II - Financial Statement Audit Findings

None

Section III - Federal Program Audit Findings

Reference Number	Finding
2015-001	**Program Name** - Federal Perkins Loan Program - 84.038

Pass-through Entity - N/A

Finding Type - Significant deficiency and material noncompliance with laws and regulations

Criteria - 34 CFR §674.42 - Shortly before the borrower ceases at least half-time study at the institution, the institution must disclose information in a written statement provided to the borrower and provide exit counseling either in person, by audiovisual presentation, or by interactive electronic means. Both requirements must include specific information which is noted in detail in the referenced CFR.

Condition - Bowling Green State University (BGSU) uses a third-party service organization, Electronic Computer Systems Inc. (ECSI), to send a list of students requiring an exit interview, which then BGSU performs exit interviews. Certain students were excluded from the Perkins loan listings transferred to BGSU. These loans did not receive the required exit interview upon separation.

Questioned Costs - None

Context - Of the 25 tested, one student did not receive an exit interview.

Cause and Effect - ECSI did not notify BGSU that the one student selected in our sample required an exit interview; therefore, the exit interview was not performed by BGSU.

Recommendation - We recommend increasing communication with ECSI to ensure that exit interviews are being sent to all of the students as required.

Views of Responsible Officials and Planned Corrective Actions - Management concurs. The University has made immediate changes in business processes whereby new reporting and system interfaces have been changed to improve reporting to and from ECSI. In addition, internal quality assurance checks will be made on all Federal Perkins recipients to verify enrollment in order to improve our exit interview process.

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding
2015-002	**Program Name** - Student Financial Aid Cluster (Pell - 84.063, Federal Direct Loans - 84.268)

Pass-through Entity - N/A

Finding Type - Significant deficiency and material noncompliance with laws and regulations

Criteria - 34 CFR Section 690.83(b)(2) - In relation to Pell, an institution shall submit, in accordance with deadline dates established by the secretary through publication in the Federal Registrar, certain required reports.

34 CFR Section 685.309 and 34 CFR Part 668 - In relation to the Direct Loan Program, student status confirmation reports shall be completed and returned to the secretary within 30 days of receipt. In addition, unless the institution expects to submit its next student status confirmation report to the secretary within the next 60 days, the institution must notify the secretary within 30 days if it discovers that a Direct Subsidized, Direct Unsubsidized, or Direct PLUS Loan has been made to or on behalf of a student who has ceased to be enrolled on at least a half-time basis, has been accepted for enrollment at that school but failed to enroll on at least half-time basis for the period for which the loan was intended, or has changed his or her permanent address.

Condition - Bowling Green State University (BGSU) utilizes a third-party service organization, National Student Clearinghouse, to submit student status confirmation reports on their behalf. BGSU submitted a status change report to the National Student Clearinghouse; however, the status was not reported to NSLDS.

Questioned Costs - N/A

Context - Of the 25 students tested, nine students did not have their status updated on the National Student Loan Data System (NSLDS).

Cause and Effect - BGSU was relying on National Student Clearinghouse to report student status changes to NSLDS timely. National Student Clearinghouse files that were being sent to NSLDS were not being accepted, thus NSLDS was not being updated in the appropriate time frame.

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding
2015-002 (Cont.)	**Recommendation** - BGSU should implement a process in order to maintain compliance with the reporting requirements. One way to maintain compliance would be to review the submissions to the National Student Clearinghouse to ensure they were accepted and to review the NSLDS website to oversee the National Student Clearinghouse is properly reporting to NSLDS on BGSU's behalf.

Views of Responsible Officials and Planned Corrective Actions

Management concurs.

- A data submission schedule will be created annually to define when student enrollment and degree data will be submitted to the National Student Clearinghouse.
- This calendar will be created to remain compliant with the required dates as set forth by the National Student Clearinghouse. This will occur a minimum of every six weeks; every 30 days for summer terms.
- Data remediation will be completed after each data submission to rectify any data errors reported by the NSC.
- So long as BGSU student enrollment information is provided to the NSLDS from NSC, a quality assurance population will be reviewed to ensure the appropriate data was provided to the NSLDS. Any data discrepancies between the NSLDS and the NSC will be corrected manually.
- Issues between the NSC and the NSLDS will be reported to both organizations.
- Work with BGSU Financial Aid and with the NSLDS to set forth a procedure to ensure students dropped from the NSLDS roster are added and data maintained.

Anticipated completion date: The creation of submission schedules and compliance with those schedules has already been put in place by BGSU. Data remediation actions have also been instituted, with staff working with members of the NSC to ensure all pertinent reports regarding data issues are received and responded to before the next file submission.

One FTE is currently working on correction of Fall 2014 and Spring 2015 data issues that were found as a result of the audit and ongoing collaboration with members of the NSC. All data should be corrected by the end of the year.

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding
2015-002 (Cont.)	In December 2015, the NSC is launching an automated process by which they will add students back to the NSLDS rosters, ensuring that data that is reported by BGSU will be transmitted to the NSLDS for all students. This process will be investigated when it becomes available. Until that time, and in addition to this method, BGSU will need to research and resolve data issues for any student that has dropped from the NSLDS roster. This process has started and should be resolved by the end of the year.

Prior Year Finding Number	Federal Program	Original Finding Description	Status	Planned Corrective Action
2014-002	Student Financial Aid Cluster (CFDA 84.063 and 84.268)	The University was not reporting roster files to National Student Loan Data System (NSLDS) every 60 days during the summer term. This can cause the student status enrollment changes occurring during the summer to not be reported to NSLDS within the required timeline per the Compliance Supplement.	In process - During the audit, we identified there was one of our sample of 25 that withdrew in early summer and was not reported timely. In the prior year audit, we identified the summer reporting error in September 2014 and BGSU corrected the issue at that time. The error identified in the current year audit was prior to September 2014.	Roster files for the fall and spring will continue to be filed monthly on the NSLDS website. Summer terms will also include the monthly filing.

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Bowling Green State University
National Collegiate Athletics Association

Agreed-upon Procedures Report

Related to NCAA Constitution 3.2.4.16

June 30, 2015

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Bowling Green State University
National Collegiate Athletics Association Report

Contents

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Independent Accountants' Report on the Application of Agreed-upon Procedures

Dr. Mary Ellen Mazey, Ph.D.
Bowling Green State University
Bowling Green, OH 43403

We have performed the procedures enumerated below, which were agreed to by the president of Bowling Green State University (the "Institution"), solely to assist you in evaluating whether the accompanying intercollegiate athletics program statement of revenues and expenditures of Bowling Green State University is in compliance with the National Collegiate Athletics Association (NCAA), Constitution 3.2.4.16 for the year ended June 30, 2015. Bowling Green State University's management is responsible for the statement of revenue and expenditures (the "statement") and the statement's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

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

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

<u>Internal Control Structure</u>

A. In preparation for our procedures related to the Institution's internal control structure:

1) We met with Jim Elsasser, associate athletic director for internal affairs and inquired about the general control environment over intercollegiate athletic finances, the level of control consciousness in the Institution, the competence of personnel, and the protection of records and equipment.

2) We obtained the audited financial statements for the year ended June 30, 2015 and there were no additional reports regarding internal controls and any corrective action taken in response to comments concerning the internal control structure.

3) We did not obtain any documentation of the accounting systems and procedures unique to the intercollegiate athletics department, as management represented that all systems and procedures are universally included within the Institution's overall control environment.

4) Cash disbursements and athletic employee payroll are addressed in connection with the audit of the Institution's financial statements.

NCAA Reporting

B. **Procedure:** The Financial Report Submission to the NCAA is now due on January 15, 2016. We obtained the financial data detailing operating revenues, expenses, and capital related to the Institution's intercollegiate athletics program that will be submitted to the NCAA and compared the amounts to the intercollegiate athletics program statement of revenues and expenses included in the agreed-upon procedures for the reporting period.

   Results: We noted no discrepancies.

C. **Procedure:** We agreed the sports sponsored reported in the NCAA membership financial reporting system to the squad lists of the Institution. The NCAA membership financial reporting system populates the sports from the NCAA membership database as they are reported by the Institution.

   Results: We noted no discrepancies in the sports sponsored between the NCAA membership financial reporting system and the squad lists.

Notes and Disclosures

D. **Procedure**: We obtained and described the Institution's policies and procedures for acquiring, approving, depreciating, and disposing of intercollegiate athletics-related assets in Note 2. We agreed the schedule to the Institution's general ledger. We obtained repayment schedules for all outstanding intercollegiate athletics debt maintained by the Institution during the reporting period. We recalculated annual maturities (consisting of principal and interest) provided in the schedules obtained and agreed the total annual maturities to supporting documentation and the Institution's general ledger, as applicable. The intercollegiate athletics debt is disclosed in Note 3.

   Result: We noted no exceptions.

E. **Procedure**: We obtained significant additions to restricted funds related to intercollegiate athletics, as well as significant changes to endowment and plant funds. Significant is defined as exceeding 10 percent of total revenue or expense in the statement.

   Results: See Notes 1 and 4 for disclosures.

Statement of Revenues and Expenditures

F. **Procedure:** We obtained the intercollegiate athletics program statement of revenues and expenditures for the reporting period, prepared by management, and agreed all amounts back to the Institution's general ledger.

Result: Procedures were performed without exception.

G. **Procedure:** We compared revenue and expenditure amounts from the statement to prior year amounts and budget estimates. We obtained and documented any variations exceeding $50,000 and 10 percent of total revenues or expenses.

Result: See Appendix A.

H. **Procedure:** We performed the additional procedures on the following revenue and expense categories unless the specific reporting category is less than 0.5 percent of total revenues or expenses.

Results: See procedures below.

Revenues

I. **Procedure:** We agreed each revenue reported in the statement during the reporting period to supporting schedules provided by the Institution. We compared a sample of operating revenue receipts obtained from the supporting schedules to supporting documentation as described in the procedures below.

Result: The supporting schedules provided by the Institution agreed to the statement without exception.

We performed the following procedures for the indicated expenditure category:

1) Ticket Sales
Procedure: We agreed tickets sold for men's football, men's basketball, and men's hockey events during the reporting period, including complimentary tickets provided during the reporting period and unsold tickets to the related revenue reported by the Institution in the statement and related attendance figures and recalculated totals within a 2 percent variance.

Result: Procedures were performed without exception.

2) Student Fees
Procedure: We compared and agreed student fees reported by the Institution in the statement for the reporting period to student enrollments during the same reporting period. We obtained the Institution's methodology for allocating student fees to intercollegiate athletics programs and recalculated totals.

Result: We noted the budgeted amount for student fees approved by the University was $12,282,708. Management stated the actual variance between budget and collections is typically absorbed each year by the University. In the current year, the University allocated $317,292 of their $625,000 of institutional support for NCAA to student fees, for a total of $12,600,000 in student fees.

3) Direct Institutional Support
Procedure: We agreed the direct institutional support recorded by the Institution during the reporting period to correspondence with the budget office for the approval and authorization of direct institutional support.

Result: In the current year, the University approved $625,000 of institutional support for NCAA and allocated $317,292 to student fees and $307,708 to direct institutional support.

4) Guarantees
Procedure: We selected a sample of five settlement reports for away games and the contractual agreements pertaining to revenues derived from guaranteed contests during the reporting period and agreed each selection to the Institution's general ledger. We recalculated totals. We agreed a sample of five revenue receipts obtained from the revenue supporting schedules to supporting documentation, which included agreement to the related contractual agreement, payment received by the Institution, and the Institution's general ledger.

Result: We selected the following games/agreements:

Event Date	Sporting Event	Guarantee Amount
September 20, 2014	Football - University of Wisconsin - Madison	$ 800,000
December 9, 2014	Men's Basketball - University of Dayton	100,000
October 17, 2014	Hockey - University of Alabama Huntsville	15,450
August 29, 2014	Football - Western Kentucky University	100,000
February 27, 2015	Hockey - University of Alaska Anchorage	15,450

We obtained the respective contractual agreements, agreed amounts to the contracts, and agreed amounts to the Institution's general ledger. Both hockey related events were travel stipend reimbursements. All other procedures were performed without exception.

5) Contributions
Procedure: We obtained supporting documentation for each contribution of moneys, goods, or services received directly by an intercollegiate athletics program for any affiliated or outside organization, agency, or group of individuals that constitute 10 percent or more in aggregate of all contributions received for intercollegiate athletics during the reporting periods.

Result: We obtained the general ledger detail for contribution revenue and identified only one contribution over 10 percent. See Note 1 for contributions over 10 percent.

6) NCAA Distributions
Procedure: We compared and agreed the amounts recorded in the revenue and expense reporting to general ledger detail for NCAA distributions and other corroborative supporting documents and recalculated totals.

Result: Procedures were performed without exception.

7) Royalties, Licensing, Advertisements, and Sponsorships
Procedure: We obtained and inspected a sample of five agreements related to the Institution's participation in revenues from royalties, licensing, advertisements, and sponsorships during the reporting period and gained an understanding of the relevant terms and conditions. We compared and agreed the related revenues to the Institution's general ledger and recalculated totals.

Result: We selected the following licensing/sponsorship transactions:

Date	Program	Receipt Amount
June 23, 2015	Nonprogram specific	$ 158,000
April 24, 2015	Nonprogram specific	38,228
February 25, 2015	Nonprogram specific	71,118
January 14, 2015	Nonprogram specific	100,500
September 19, 2014	Nonprogram specific	21,050

Procedures were performed without exception; however, we noted the ice arena and Stroh Center are separate departments at the Institution that receive an allocation of licensing and sponsorship expenses. Allocated licensing and royalties revenue for the ice arena and Stroh Center is not reported in the NCAA statement of revenue and expenditures.

8) Sports Camp Revenues
Procedure: We requested sports camp contracts between the Institution and persons conducting the Institution sports camps or clinics during the reporting period. We obtained schedules of camp participants. We selected a sample of individual camp participant cash receipts from the schedule of sports camp participants and agreed each selection to the Institution's general ledger and recalculated totals.

Result: We noted that the Institution has no sports camp contracts between the Institution and persons conducting the camps because the Institution oversees and conducts all camps internally. We agreed individual camp participant cash receipts to total cash receipt listing for that day for the camp listed below and traced amount to the general ledger detail. We noted no exceptions.

Date	Program	Camper Amount	Total Camp Receipts
October 31, 2014	Men's soccer camps	$ 305	$ 18,087

9) Other
Procedure: We agreed other revenues (stadium suites and miscellaneous revenue) to the Institution's general ledger, and the statement, and recalculated totals.

Result: Procedures were performed without exception.

Expenditures

J. **Procedure:** We agreed each expense category reported in the statement during the reporting period to supporting schedules provided by the Institution. We agreed a sample of operating expense receipts obtained from the supporting schedules to supporting documentation as described in the procedures below.

Result: The supporting schedules provided by the Institution agreed to the statement without exception.

We performed the following procedures for the indicated expenditure category:

1) Athletic Student Aid
Procedure: We selected a sample of 37 students (at least 10 percent of the total student athletes since the Institution uses NCAA's compliance assistant software to prepare athletic aid detail) from the listing of institutional student aid recipients during the reporting period. We obtained individual student-account detail for each selection and compared total aid allocated from the related aid award letter to the student's account.

a. We performed a check of each student selected to ensure that their information was reported accurately in either the NCAA's compliance assistant software or entered directly into the NCAA membership financial reporting system using the following criteria:

   i. The equivalency value for each student-athlete in all sports, including head-count sports, needs to be converted to a full-time equivalency value. The full-time equivalency value is calculated using the athletic grant amount reported on the squad list as the numerator and the full grant amount, which is the total cost for tuition, fees, books, and room and board for an academic year as the denominator. If using the NCAA compliance assistant software, this equivalency value should already be calculated on that squad list labeled "Rev. Dist. Equivalent Award."
   ii. If an athlete participates in more than one sport, the Rev. Dist. Equivalent Award can only be included in one sport. NCAA compliance assistant software will place an asterisk by the student athlete within the sport that is not countable towards grants-in-aid revenue distribution.
   iii. All equivalency calculations should be rounded to two decimal places. The NCAA compliance assistant software and the online summary form will automatically round to two decimal places.
   iv. The full grant amount should be the full cost of tuition for an academic year, not semester.
   v. If a sport is discontinued and the grant(s) are still being honored by the Institution, the grant(s) may be included in the total.
   vi. Student-athletes receiving athletic aid who have exhausted their athletics eligibility or are inactive due to medical reasons should be included in the grants-in-aid calculation, marked properly on the squad list and on the grants-in-aid submission form.
   vii. Only athletic grants awarded in sports in which the NCAA conducts championship competitions, emerging sports for women, and football should be included in the calculations.

b. We recalculated totals for each sport and overall.

Result: The total amount of student aid from the squad list tied within $1,200 to the amount shown on the statement of revenue and expenditures. We noted no other exceptions. The students' accounts tested are summarized below:

Student Tested	Amount Awarded	Student Tested	Amount Awarded
1	$ 500	20	$ 18,790
2	21,061	21	28,072
3	10,088	22	26,582
4	4,000	23	10,000
5	8,200	24	26,582
6	18,790	25	28,072
7	26,098	26	28,072
8	26,098	27	20,764
9	8,000	28	20,764
10	19,274	29	10,000
11	14,000	30	13,000
12	15,770	31	9,000
13	10,084	32	6,000
14	26,582	33	28,072
15	7,510	34	26,582
16	4,000	35	28,732
17	26,098	36	26,098
18	12,000	37	9,200
19	9,000		

2) Guarantees

Procedure: We obtained and inspected five away-game settlement reports received by the Institution during the reporting period and agreed related expenses to the Institution's general ledger. We obtained and inspected the five contractual agreements pertaining to expenses recorded by the Institution from guaranteed contests during the reporting period for our sample. We compared and agreed related amounts expensed by the Institution during the reporting period to the Institution's general ledger and recalculated totals.

Result: We selected the following away-game settlement reports:

Event Date	Sporting Event	Guarantee Amount
September 6, 2014	Football - Virginia Military Institute	$ 320,000
October 4, 2014	Hockey- Simon Fraser University	3,500
September 13, 2014	Football - Indiana University	200,000
November 11, 2014	Women's Basketball - Bucknell University	10,000
January 3, 2015	Men's Basketball - Chicago State University	65,000

Procedures were performed with one exception. The Institution's policy is to obtain approval from the senior administrator for all payments over $10,000 and this approval was lacking on the payment request form for the $10,000 guarantee payment to Bucknell University.

3) Coaching Salaries, Benefits, and Bonuses Paid by the Institution and Related Entities
Procedure: We obtained and inspected a listing of coaches employed by the Institution and related entities during the reporting period. We selected a sample of five coaches' contracts that included football and men's and women's basketball from the above listing. We compared and agreed the financial terms and conditions of each selection to the related coaching salaries, benefits, and bonuses recorded by the Institution and related entities in the statement during the reporting period. We obtained and inspected payroll summary registers for the reporting year, for each selection. We compared and agreed related payroll summary registers to the related coaching salaries, benefits and bonuses paid by the Institution and related entities expense recorded by the Institution in the statement during the reporting period, and recalculated totals. We compared and agreed the totals recorded to any employment contracts executed for the sample selected.

Result: We selected coaching contracts from the following programs:

Coach	Program
1	Men's basketball
2	Football
3	Women's basketball
4	Women's softball
5	Men's basketball

Procedures were performed with the exception of two cell phone authorization forms. For two of the samples above, we were unable to agree the cell phone stipend to supporting documentation. We noted no other exceptions.

4) Support Staff/Administrative Salaries, Benefits, and Bonuses Paid by the Institution and Related Entities
Procedure: We selected a sample of five support staff/administrative personnel employed by the Institution and related entities during the reporting period. We obtained and inspected payroll summary registers for each selection. We agreed related payroll summary registers to the related support staff/administrative salaries, benefits, and bonuses paid by the Institution and related entities expense recorded by the Institution in the statement during the reporting period. We also recalculated totals.

Result: We selected staff from the following programs:

Staff	Staff Title	Program
1	Grad Assistant	Intercollegiate Athletics
2	Director	Intercollegiate Athletics
3	Athletic Director	Intercollegiate Athletics
4	Physician	Intercollegiate Athletics
5	Athletic Director	Intercollegiate Athletics

Procedures were performed with the exception of one cell phone authorization form. For one of the samples above, we were unable to agree the cell phone stipend to supporting documentation. We noted no other exceptions.

5) Recruiting
Procedure: We obtained the Institution's recruiting expense policies. We compared and agreed to existing institutional- and NCAA-related policies. We obtained general ledger detail and agreed to the total expenses reported.

Result: Procedures were performed without exception.

6) Team Travel
Procedure: We obtained the Institution's team travel policies. We agreed to existing institutional- and NCAA-related policies. We obtained general ledger detail and agreed to the total expenses reported.

Result: Procedures were performed without exception.

7) Equipment, Uniforms, and Supplies
Procedure: We obtained general ledger detail and compared the total expenses reported. We agreed a sample of one transaction to validate existence of the transaction and accuracy of recording. We agreed to supporting invoice and recalculated totals.

Result: We selected the following transaction:

Date	Program	Expense Description	Expense Amount
August 8, 2014	Men's golf	Team uniforms	$ 3,411

Procedures were performed without exception.

8) Game Day Expenses
Procedure: We obtained general ledger detail and agreed to the total expenses reported. We agreed a sample of one transaction to validate existence of the transaction and accuracy of recording. We agreed to supporting invoice and recalculated totals.

Result: We selected the following transaction:

Date	Program	Expense Description	Expense Amount
February 23, 2015	Men's basketball	Compensation for game official	$ 1,800

Procedures were performed without exception.

9) Sports Camp Expenses
Procedure: We obtained general ledger detail and agreed to the total expenses reported. We agreed a sample of one transaction to validate existence of the transaction and accuracy of recording. We agreed to supporting invoice and recalculated totals.

Result: We selected the following transaction:

Date	Program	Expense Description	Expense Amount
June 29, 2014	Nonprogram specific	Blanket for football camp	$ 22,778.24

Procedures were performed without exception.

10) Athletic Facility Debt Service, Leases, and Rental Fees
Procedure: We obtained a listing of debt service schedules, lease payments and rental fees for athletic facilities for the reporting year. We agreed a sample of three facility payments, including the top two highest facility payments to additional supporting documentation (e.g., debt financing agreements, leases, rental agreements). We agreed amounts recorded listed in the general ledger detail and recalculated totals.

Result: We selected the following facility payments:

Date	Program	Expense Amount
October 31, 2014	Intercollegiate athletics	$ 36,000
January 7, 2015	Intercollegiate athletics	3,440
April 15, 2015	Hockey	88,075

Procedures were performed with the following exception: We noted two rental expenses selected were for internal rental expenses paid to other BGSU facility departments for the use of their property and had no invoices for the rental agreements. We reviewed communication with related individuals, noting expense transfer was approved.

11) Direct Overhead and Administrative Support
Procedure: We obtained general ledger detail and agreed to the total expenses reported. We selected a sample of five transactions to validate existence of the transactions and accuracy of recording. We agreed to supporting invoice and recalculated totals.

Result: We selected the following transactions:

Date	Program	Expense Description	Expense Amount
November 24, 2014	Men's hockey	Cable work for locker room	$ 8,403
October 15, 2014	Nonprogram specific	Replacement of lighting pole safety cables	7,800
January 22, 2015	Nonprogram specific	Falcon sports sponsorship payment	12,500
February 27, 2015	Men's football	Service and support for phone, email, and hardware for network and storage	24,775
January 20, 2015	Tennis - Woman	Court time at Perrysburg Tennis Center	3,805

Procedures were performed without exception.

12) Memberships and Dues
Procedure: We obtained general ledger detail and agreed to the total expenses reported. We agreed a sample of one transaction to validate existence of the transaction and accuracy of recording. We agreed to supporting invoice and recalculated totals.

Result: We selected the following transaction:

Date	Program	Expense Description	Date
August 7, 2014	Intercollegiate Athletics	Annual Mid-American Conference membership dues	August 7, 2014

Procedures were performed without exception.

13) Other Operating Expenses
Procedure: We agreed other expenses (films/broadcasting, other travel, and telephone expenses) to the Institution's general ledger and recalculated totals.

Result: We noted no exceptions.

Affiliated and Outside Organizations

K. In preparation for our procedures related to the Institution's affiliated and outside organizations we:

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

   i. Booster organizations established by or on behalf of an intercollegiate athletics program.

   ii. Independent or affiliated foundations or other organizations that have as a principal purpose generating or maintaining of grants-in-aid or scholarships funds, gifts, endowments, other monies, or goods or services to be used entirely or in part by the intercollegiate athletics program.

   iii. Alumni organizations that have as one of its principal purposes the generating of moneys, goods, or services for or on behalf of an intercollegiate athletics programs and that contribute monies, goods, or services directly to an intercollegiate athletics program, booster group, or independent or affiliated foundation as previously noted.

2) We also obtained documentation on the Institution's practices and procedures for monitoring the internal controls in place and financial activities of these organizations. We inquired of management on the procedures for gathering information on the nature and extent of affiliated and outside organization activity for or on behalf of the Institution's intercollegiate athletic program.

3) We obtained and inspected audited financial statements of the organization and any additional reports regarding internal controls and any corrective action taken in response to comments concerning the control environment that were provided to us by management.

   Result: We noted the only affiliated organization was the Bowling Green State University Foundation, Inc. We obtained and inspected the audited financial statements of the Bowling Green State University Foundation, Inc. and the management letter as a result of their June 30, 2015 audit.

L. **Procedure:** For expenses on or on behalf of intercollegiate athletic programs by affiliated and outside organizations not under the Institution's accounting control, we requested those organizations' financial statements for the reporting period.

   Result: There were no expenses on behalf of intercollegiate athletic programs affiliated and outside organizations not under the Institution's accounting control. No additional procedures were performed.

Dr. Mary Ellen Mazey, Ph.D.
Bowling Green State University

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

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

Plante & Moran, PLLC

October 8, 2015

Bowling Green State University
National Collegiate Athletics Association

Intercollegiate Athletics Program Statement of Revenues and Expenditures
Year Ended June 30, 2015

	Men's Football	Men's Basketball	Men's Hockey	Other Sports	Nonprogram Specific	Total
Revenue						
Ticket sales	$ 1,329,080	$ 173,604	$ 231,280	$ 146,617	$ -	$ 1,880,581
Post-season game proceeds	49,205	-	-	-	-	49,205
Concessions	-	-	-	-	57,157	57,157
Student activity fees	-	-	-	-	12,600,000	12,600,000
Institutional support	-	-	-	-	307,708	307,708
Game guarantees	900,000	100,000	30,900	-	-	1,030,900
NCAA distribution	213,870	179,789	-	-	2,114,443	2,508,102
Licensing/Sponsorships	-	-	-	-	420,565	420,565
Parking	49,706	-	5,700	-	4,653	60,059
Stadium suites	13,000	-	-	-	127,698	140,698
Gifts	176,662	677,084	101,164	402,373	794,706	2,151,989
Sports camps	-	-	-	29,445	252,137	281,582
Miscellaneous	4,410	-	39,645	60,898	231,467	336,420
Total revenue	**$ 2,735,933**	**$ 1,130,477**	**$ 408,689**	**$ 639,333**	**$ 16,910,534**	**$ 21,824,966**
Expenses						
Coaches salaries	$ 1,545,152	$ 683,553	$ 361,715	$ 1,419,739	$ -	$ 4,010,159
Other salaries	51,202	13,782	1,633	124,932	1,915,689	2,107,238
Staff benefits	500,391	237,883	114,001	508,563	671,641	2,032,479
Films/Broadcasting	27,720	6,500	6,325	4,000	91,641	136,186
Team travel	263,355	167,544	180,042	733,522	-	1,344,463
Recruiting	180,146	95,875	34,466	186,783	4,978	502,248
Other travel	633,907	80,540	53,374	173,636	257,992	1,199,449
Game day	89,869	90,393	44,863	154,855	125,504	505,484
Financial aid	2,209,714	444,899	498,342	2,757,190	6,329	5,916,474
Equipment	451,947	75,524	188,677	470,621	244,136	1,430,905
Facility rental	-	536	88,975	-	73,685	163,196
Game guarantees	520,000	187,773	3,500	11,500	-	722,773
Stadium suites internal financing	-	-	-	-	108,379	108,379
Sports camps	-	-	-	-	259,431	259,431
Memberships	450	2,589	-	8,855	246,759	258,653
Telephone	15,671	8,900	7,472	30,351	70,198	132,592
Allocated expenses	84,944	59,635	70,306	69,961	708,115	992,961
Total expenses	**$ 6,574,468**	**$ 2,155,926**	**$ 1,653,691**	**$ 6,654,508**	**$ 4,784,477**	**$ 21,823,070**
Revenues (under) over expenditures	**$ (3,838,535)**	**$ (1,025,449)**	**$ (1,245,002)**	**$ (6,015,175)**	**$ 12,126,057**	**$ 1,896**

Note 1 - Contributions

Individual contributions of monies, goods, or services received directly by the Institution's intercollegiate athletics program from any affiliated or outside organization, agency, or individuals (e.g., contributions by corporate sponsors) that constitutes 10 percent or more of all contributions received for intercollegiate athletics during the year ended June 30, 2015 are as follows:

Donor	Designation	Amount
William D. Frack	William D. Frack Division I Men's Basketball Investment	$ 458,962

Note 2 - Intercollegiate Athletics-related Assets

Property and equipment are recorded at cost or, if donated, the fair value at the time of donation. Expenditures for maintenance and repairs are charged to current expenditures as incurred. Depreciation is computed using the straight-line method. No depreciation is recorded on land. Expenditures for major renewals and betterments that extend the useful lives of the assets are capitalized. Estimated service lives range from 4-10 years depending on class.

The current year capitalized additions and deletions to facilities during the year ending June 30, 2015 are as follows:

	Additions	Deletions
Machinery and equipment	$ 94,077	$ 10,364
Furniture	3,656	-
Cost - Athletics facilities	97,733	10,364
Accumulated depreciation	(12,164)	(10,364)
Book value - Athletics facilities	$ 85,569	$ -
Book value - Other university facilities	$ 53,525,922	$ 13,402,440

Note 2- Intercollegiate Athletics-related Assets (Continued)

The total estimated book values of property, plant, and equipment, net of depreciation, of the Institution as of the year ended June 30, 2015, are as follows:

Machinery and equipment	$ 1,140,574
Furniture	127,353
Computer and software	127,933
Vehicles	25,579
Cost - Athletics facilities	1,421,439
Accumulated depreciation	(940,238)
Book value - Athletics facilities	$ 481,201
Book value - Other university facilities	$ 452,937,235

Note 3 - Intercollegiate Athletics-related Debt

The annual debt service and debt outstanding for the Institution as of the year ended June 30, 2015 is as follows:

	Annual Debt Service	Debt Outstanding
Athletics-related facilities	$ -	$ -
University's total	$ 11,370,000	$ 131,900,000

The outstanding intercollegiate athletics debt maintained by the Institution was paid in full during fiscal year ended June 30, 2015.

Note 4 – Restricted and Endowment and Plant Funds

We noted there were several significant changes exceeding 10 percent and $50,000 to endowment and plant funds, as follows:

- A change was reflected as Fund 300115, Men's Basketball Fund, with a value of $75,855 as of June 30, 2014 to a value of $1,651 as of June 30, 2015. The decrease was primarily due to the additional transfer of funds to cover champion circle sponsors.

- A change was reflected as Fund 300119, Football Fund, with a value of $137,311 as of June 30, 2014 to a value of $35,717 as of June 30, 2015. The decrease was due to the transfer of funds to cover increased football expenses during the current fiscal year.

- A change was reflected as Fund 300122, Ice Hockey Fund, with a value of $64,796 as of June 30, 2014 to a value of $10,032 as of June 30, 2015. The decrease was primarily due to the additional transfer of funds to cover champion circle sponsors and increased hockey expenses during the current fiscal year.

- A change was reflected as Fund 300399, Falcon Club Fund, with a value of $29,702 as of June 30, 2014 to a value of $85,562 as of June 30, 2015. The increase was primarily due to additional donations received during the period.

- A change was reflected as Fund 301096, Sebo Athletic Center Fund, with a value of $0 as of June 30, 2014 to a value of $51,000 as of June 30, 2015. The increase is due to donations for outstanding capital projects received during the period.

- A change was reflected as Fund 302445, William D. Frack Division I Men's Basketball Fund, with a value of $572,593 as of June 30, 2014 to a value of $794,570 as of June 30, 2015. The increase is due to the estate gift the fund received during the period.

Bowling Green State University
National Collegiate Athletics Association

Appendix A
Revenue Variance – Actual to Actual

Revenue

	2014-2015 Actual	2013-2014 Actual	$ Change	% Change	Explanation Provided by Intercollegiate Athletics Senior Fiscal Manager
Post Season Game Proceeds - Football	$ 49,205	$ 183,400	$ (134,195)	(73.17%)	Decrease is due to bowl distribution from Mid-American Conference for participation in Camelia Bowl in fiscal year 2014.
Game Guarantees - Football	$ 900,000	$ 1,000,000	$ (100,000)	(10.00%)	Lower guarantees were received in fiscal year 2015.
Gifts - Football	$ 176,662	$ 27,438	$ 149,224	543.87%	Increase due is due to higher contributions and fund raising to offset the budget.
Miscellaneous - Football	$ 4,410	$ 230,856	$ (226,446)	(98.09%)	In fiscal year 2014, a $200,000 buyout was received from Wake Forest for football coach.
Game Guarantees -MBB	$ 100,000	$ 150,000	$ (50,000)	(33.33%)	Less money was received in guarantees for fiscal year 2015. There was only one game in fiscal year 2015.
NCAA Distribution - MBB	$ 179,789	$ 115,431	$ 64,358	55.75%	In fiscal year 2015, a higher distribution from Mid-American Conference for NCAA basketball was received.
Gifts -MBB	$ 677,084	$ 195,959	$ 481,125	245.52%	In fiscal year 2015, year one of distribution from earnings of $26 million estate gift to men's basketball was received.
Ticket Sales-Hockey	$ 231,280	$ 165,176	$ 66,104	40.02%	In Fiscal Year 2015, there was higher ticket revenue based on success of the team.
Institutional Support - Nonprogram specific	$ 307,708	$ 2,000,000	$ (1,692,292)	(84.61%)	Decreased support needed in fiscal year 2015 from the institution.
NCAA Distribution - Nonprogram specific	$ 2,114,443	$ 1,659,236	$ 455,207	27.43%	Higher distributions mostly tie to college football.
Gifts - Nonprogram specific	$ 794,706	$ 344,730	$ 449,976	130.53%	There were more contributions and fundraising to offset budget overages in fiscal year 2015. Also, all spendable earnings from endowment were used in Fiscal Year 2015, while other years was only a small portion.
Sports Schools and Camps - Nonprogram specific	$ 252,137	$ 409,925	$ (157,788)	(38.49%)	Camp revenue/expenses down with fewer external camps .
Miscellaneous - Nonprogram specific	$ 231,467	$ 136,547	$ 94,920	69.51%	There were merchandise sales in fiscal year 2015 but none in fiscal year 2014. In addition, there was increased miscellaneous athletic event activity in fiscal year 2015.

Appendix A (Continued)
Expense Variance – Actual to Actual

	2014-2015 Actual		2013-2014 Actual	$ Change	% Change	Explanation Provided by Intercollegiate Athletics Senior Fiscal Manager
Expenditures						
Allocated Expenses - Football	$	84,944	$ 194,476	$ (109,532)	(56.32%)	Reduction in expenses of misc. supplies, printing, and maintenance
Recruiting - Football	$	180,146	$ 116,892	$ 63,254	54.11%	Higher cost of recruiting student-athletes
Team Travel - Football	$	263,355	$ 354,684	$ (91,328)	(25.75%)	One less charter flight in fiscal year 2015
Other Travel - Football	$	633,907	$ 425,148	$ 208,759	49.10%	Includes bowl game travel that includes charter flight and other
Equipment-Football	$	451,947	$ 390,114	$ 61,833	15.85%	Higher cost of equipment in fiscal year 2015 with transition to new apparel
Game Guarantees-Football	$	520,000	$ 460,000	$ 60,000	13.04%	Paid higher guarantees to visiting teams than previous year
Other Salaries - Football	$	51,202	$ 172,995	$ (121,793)	(70.40%)	Fiscal year 2014 coach bonuses of $106,000 were reported as other salaries while fiscal year 2015 coach bonuses of $143,000 were recorded as coaches salaries.
Coaches' Salaries - MBB	$	683,553	$ 501,780	$ 181,773	36.23%	New staff compensation was higher for head coach and assistant pool
Staff Benefits-MBB	$	237,883	$ 175,523	$ 62,360	35.53%	Higher wage pool in fiscal year 2015 will increase benefits as a whole
Other Travel - MBB	$	80,540	$ 54,135	$ 26,405	48.78%	Team used a charter flight for an away contest and for recruiting
Game Guarantees - MBB	$	187,773	$ 78,000	$ 109,773	140.73%	Paid higher guarantees to visiting teams than previous year
Coaches' Salaries - Hockey	$	361,715	$ 311,476	$ 50,239	16.13%	New staff compensation was higher
Team Travel - Other Sports	$	733,522	$ 851,576	$ (118,054)	(13.86%)	Lower costs associated with team travel across these sports tied
Equipment - Other Sports	$	470,621	$ 339,034	$ 131,587	38.81%	Higher cost of equipment in fiscal year 2015 with transition to new apparel
Allocated Expenses - Other Sports	$	69,961	$ 189,886	$ (119,925)	(63.16%)	Fiscal year 2014 had large renovation expenses for baseball locker
Staff Benefits - Nonprogram specific	$	671,641	$ 586,532	$ 85,109	14.51%	Nonprogram specific salaries increased $285,000 if the year-end payroll accruals are removed for fiscal year 2014 and fiscal year 2015. The increase in benefits is then inline with the increase of salaries
Nonemployee Comp (Game Officials) - Nonprogram specific	$	-	$ 87,514	$ (87,514)	(100.00%)	Nonemployee compensation was moved to line item for game day expenses for reporting purposes
Game Day Expenses - MBB	$	90,393	$ -	$ 90,393	100.00%	Game-day expenses are disclosed as a separate line item in fiscal year 2015 while they were not broken out in the prior year.
Game Day Expenses- Football	$	89,869	$ -	$ 89,869	100.00%	Game-day expenses are disclosed as a separate line item in fiscal year 2015 while they were not broken out in the prior year.
Game Day Expenses - Other Sports	$	125,504	$ -	$ 125,504	100.00%	Game-day expenses are disclosed as a separate line item in fiscal year 2015 while they were not broken out in the prior year.
Game Day Expenses - Nonprogram specific	$	154,855	$ -	$ 154,855	100.00%	Game-day expenses are disclosed as a separate line item in fiscal year 2015 while they were not broken out in the prior year.
Facility Rental - Nonprogram specific	$	73,685	$ 1,132	$ 72,553	6,412.14%	Fiscal year 2015 rental to Rec/Well was $36k for each of the last two fiscal years. In fiscal year 2015, expense was budgeted and expensed to swimming rather than a general intercollegiate athletics overhead.
Stadium Suites Internal Financing - Nonprogram specific	$	108,379	$ 207,732	$ (99,353)	(47.83%)	Earned less revenue in stadium premium seating suites
Sports Camps - Nonprogram specific	$	259,431	$ 323,041	$ (63,610)	(19.69%)	Camp revenue/expenses down with fewer external camps
Allocated Expenses - Nonprogram specific	$	708,115	$ 1,049,241	$ (341,126)	(32.51%)	Terminated contract with collegiate consulting (outsource ticketing solution) and took the operation in house. TicketMaster license fee waived fiscal year 2015

Bowling Green State University
National Collegiate Athletics Association

Appendix A (Continued)
Revenue and Expense Variance – Actual to Budget

	2014-2015 Actual	2014-2015 Budget	$ Change	% Change	Explanation Provided by Intercollegiate Athletics Senior Fiscal Manager
Revenue					
Football	$ 2,735,933	$ 1,810,500	$ 925,433	51.11%	Football guarantees reflected in football actual and budgeted in another department
Hockey	$ 408,689	$ 190,000	$ 218,689	115.10%	Received travel subsidies of $69,000, foundation transfers of $101,000, and a ticket sales increase of $67,000 due to team success
Sports Camps	$ 281,582	$ -	$ 281,582	- %	Not budgeted annually; revenue and expenses should almost net to zero.
Bowl Game	$ 263,075	$ -	$ 263,075	- %	Not budgeted annually as this is a special event that does not happen each year.
Expenditures					
Basketball - Men	$ 2,155,926	$ 1,559,424	$ 596,502	38.25%	Increase cost in personnel, with coaching staff changes in fiscal year, increase cost in travel and equipment, higher scholarship cost with more out of state
Hockey	$ 1,653,691	$ 1,467,592	$ 186,099	12.68%	Higher cost of travel in the conference - two trips to Alaska, higher expense in equipment, purchase of equipment for lockeroom upgrade, capital improvement to sports medicine area in locker room.
Soccer - Men	$ 413,940	$ 361,731	$ 52,209	14.43%	Higher expense in equipment and scholarship awards
Baseball - Men	$ 652,703	$ 569,955	$ 82,748	14.52%	Asssistant coach salary increased, higher expense in equipment and scholarships
Golf - Men	$ 311,645	$ 153,114	$ 158,531	103.54%	Reflects wages for 2nd assistant not budgeted. Increase cost of travel and equipment, higher scholarship expense
Golf - Women	$ 291,181	$ 221,713	$ 69,468	31.33%	Reflects wages for 2nd assistant not budgeted. Increase cost of travel and equipment, also reflects expenses for serving as host for 2015 Mid-American Conference Women's Golf Championship
Swimming - Women	$ 551,791	$ 662,294	$ (110,503)	(16.68%)	Less expenses in travel, scholarship, and realized a savings in personnel with head coach and assistant coach being vacated
Sport Camps	$ 259,431	$ -	$ 259,431	- %	There is no budget established for expenses. Operations solely based on revenue less expenses
Bowl Game	$ 406,873	$ -	$ 406,873	- %	There is no expense line established for a bowl game since it is predicated on being selected. Expenses are only incurred when selected with the opportunity of revenue from ticket sales and bowl stipend

Master Document

FIELD	VALUES
Company Name (Headings)	Bowling Green State University
Company Name (Text)	Bowling Green State University
D/B/A	National Collegiate Athletics Association
Year End	June 30, 2015
Prior Year	June 30, 2014
2 Year Prior	June 30, 2013
Report Date	Report Date
Comparative Date	Comparative Date
a2002	2014
a2001	2013
A2000	2012

Centennial Falcon Properties, Inc.
and Subsidiaries
(a not-for-profit corporation)

Consolidated Financial Report
June 30, 2015

Contents

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Independent Auditor's Report

To Management and the Board of Directors
Centennial Falcon Properties, Inc. and Subsidiaries

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Centennial Falcon Properties, Inc. and Subsidiaries, which comprise the consolidated statements of financial position as of June 30, 2015 and 2014 and the related consolidated statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Centennial Falcon Properties, Inc. and Subsidiaries as of June 30, 2015 and 2014 and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

To Management and the Board of Directors
Centennial Falcon Properties, Inc. and Subsidiaries

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 2, 2015 on our consideration of Centennial Falcon Properties, Inc. and Subsidiaries' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Centennial Falcon Properties, Inc. and Subsidiaries' internal control over financial reporting and compliance.

Plante & Moran, PLLC

October 2, 2015

Centennial Falcon Properties, Inc. and Subsidiaries

Consolidated Statements of Financial Position

	June 30 2015	June 30 2014
Assets		
Current assets:		
Cash and cash equivalents	**$ 670,509**	$ 1,614,822
Funds held by Bowling Green State University	**297,889**	-
Funds held by trustee – current portion	**1,221,426**	1,098,793
Other receivable, net of allowance for doubtful accounts of $13,190 in 2015 and $16,411 in 2014	**42,893**	50,390
Prepaid expense	**18,826**	19,412
Total current assets	**2,251,543**	2,783,417
Other assets:		
Funds held by trustee – net of current portion	**16,483,236**	14,022,211
Capital assets, net	**77,225,376**	81,296,649
Bond issuance and discount costs, net of accumulated amortization of $620,436 in 2015 and $498,767 in 2014	**2,363,948**	2,485,617
Total other assets	**96,072,560**	97,804,477
Total assets	**$ 98,324,103**	$ 100,587,894
Liabilities and net assets		
Short-term liabilities:		
Accounts payable	**$ 87,371**	$ 51,794
Payroll liabilities	**26,147**	20,711
Unearned income	**45,147**	60,787
Accrued interest payable	**386,426**	388,793
Accrued expenses	**81,585**	78,290
Bonds and construction payable – current portion	**1,431,800**	1,566,800
Total short-term liabilities	**2,058,476**	2,167,175
Long-term liabilities:		
Bonds payable – net of current portion	**78,670,000**	79,505,000
Construction funding payable – net of current portion	**13,538,218**	14,135,018
Total long-term liabilities	**92,208,218**	93,640,018
Total liabilities	**94,266,694**	95,807,193
Net assets:		
Unrestricted	**4,057,409**	4,780,701
Total liabilities and net assets	**$ 98,324,103**	**$ 100,587,894**

See accompanying notes.

Centennial Falcon Properties, Inc. and Subsidiaries

Consolidated Statement of Activities and Changes and Net Assets

Year Ended June 30, 2015

	Unrestricted	Temporarily Restricted	Total
Revenues:			
Operating revenue	$ 8,736,529	$ –	$ 8,736,529
In-kind support from Bowling Green State University	32,000	–	32,000
Total revenues	8,768,529	–	8,768,529
Expenses:			
Payroll, benefits, and taxes	584,180	–	584,180
Management fees	255,007	–	255,007
Utilities	144,648	–	144,648
Building maintenance	153,019	–	153,019
Operating and administrative	150,148	–	150,148
Insurance	60,599	–	60,599
Interior unit expenses	38,895	–	38,895
Common area expenses	42,361	–	42,361
Bad debt expense	20,417	–	20,417
Ground expenses	24,758	–	24,758
Marketing and advertising	20,342	–	20,342
Depreciation and amortization	4,192,943	–	4,192,943
Total operating expenses	5,687,317	–	5,687,317
Operating income	3,081,212	–	3,081,212
Nonoperating revenue (expense):			
Investment income	1,842	–	1,842
In-kind support from Bowling Green State University	856,800	–	856,800
Interest on capital asset-related debt	(4,663,146)	–	(4,663,146)
Net nonoperating loss	(3,804,504)	–	(3,804,504)
Change in net assets	(723,292)	–	(723,292)
Net assets:			
Net assets at the beginning of year	4,780,701		4,780,701
Net assets at the end of year	$ 4,057,409	$ –	$ 4,057,409

See accompanying notes.

Centennial Falcon Properties, Inc. and Subsidiaries

Consolidated Statement of Activities and Changes in Net Assets

Year Ended June 30, 2014

	Unrestricted	Temporarily Restricted	Total
Revenues:			
Operating revenue	$ 8,621,861	$ –	$ 8,621,861
Net assets released from restrictions	2,000,000	(2,000,000)	-
Total revenues	10,621,861	(2,000,000)	8,621,861
Expenses:			
Payroll, benefits, and taxes	568,391	–	568,391
Management fees	250,061	–	250,061
Utilities	148,375	–	148,375
Building maintenance	88,929	–	88,929
Operating and administrative	69,661	–	69,661
Insurance	58,455	–	58,455
Interior unit expenses	36,369	–	36,369
Common area expenses	31,303	–	31,303
Bad debt expense	28,534	–	28,534
Ground expenses	19,031	–	19,031
Marketing and advertising	4,451	–	4,451
Depreciation and amortization	4,210,515	–	4,210,515
Total operating expenses	5,514,075	–	5,514,075
Operating income	5,107,786	(2,000,000)	3,107,786
Nonoperating revenue (expense):			
Investment income	1,659	–	1,659
In-kind support from Bowling Green State University	856,800	–	856,800
Loss on disposal of assets	(10,354)	–	(10,354)
Interest on capital asset-related debt	(4,687,329)	–	(4,687,329)
Net nonoperating loss	(3,839,224)	–	(3,839,224)
Change in net assets	1,268,562	(2,000,000)	(731,438)
Net assets:			
Net assets at the beginning of year	3,512,139	2,000,000	5,512,139
Net assets at the end of year	$ 4,780,701	$ –	$ 4,780,701

Centennial Falcon Properties, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

	Year Ended June 30	
	2015	**2014**
Operating activities:		
Cash received related to operating revenue	**$ 8,707,968**	$ 8,600,120
Cash paid to vendors and employees	**(1,397,063)**	(1,281,902)
Net cash provided by operating activities	**7,310,905**	7,318,218
Financing activities:		
Principal paid on bonds payable	**(710,000)**	(595,000)
Interest paid	**(4,665,513)**	(4,689,313)
Net cash used in financing activities	**(5,375,513)**	(5,284,313)
Investing activities:		
Purchases of capital assets	**–**	(163,860)
Proceeds from sale of equipment	**–**	1,473
Net investment activity	**(2,583,658)**	(1,635,525)
Interest received	**1,842**	1,659
Net cash used in investing activities	**(2,581,816)**	(1,796,253)
Net (decrease) increase in cash and cash equivalents	**(646,424)**	237,652
Cash and cash equivalents at beginning of year	**1,614,822**	1,377,170
Cash and cash equivalents at end of year	**$ 968,398**	$ 1,614,822

Centennial Falcon Properties, Inc. and Subsidiaries

Consolidated Statements of Cash Flows (continued)

	Year Ended June 30	
	2015	2014
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	**$ 3,081,212**	$ 3,107,786
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	**4,192,943**	4,210,515
Changes in assets and liabilities:		
Decrease (Increase) in accounts receivable	**10,718**	(18,835)
(Increase) Decrease in allowance for doubtful accounts	**(3,221)**	12,009
Decrease (Increase) in prepaid expenses	**586**	(956)
Increase in accounts payable	**35,577**	33,633
Increase in payroll liabilities	**5,436**	1,662
(Decrease) Increase in unearned income	**(15,640)**	18,227
Increase (Decrease) in accrued expenses	**3,294**	(45,823)
Net cash provided by operating activities	**$ 7,310,905**	$ 7,318,218

See accompanying notes.

1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies

Nature of Operations

Centennial Falcon Properties, Inc. (the Corporation) and Subsidiaries were organized for the benefit of Bowling Green State University (the University) for various purposes, which include acquiring, developing, and maintaining property to be used for charitable, scientific, and educational purposes.

Reporting Entity

The Corporation is a legal, separate component unit of the University formed in 2010 as a nonprofit corporation under the laws of the state of Ohio and determined by the Internal Revenue Service to be exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Corporation is further classified as a Type 2 supporting organization under section 509(a)(3). To ensure the Corporation works in harmony with the University's priorities, the board of directors of the Corporation is composed of four members of the University's cabinet and a member from the Bowling Green State University's Foundation Board.

The Corporation is the sole member of CFP I LLC (CFP I). CFP I is a nonprofit single-member limited liability company formed in 2010 under the laws of the state of Ohio. On June 9, 2010, the city of Bowling Green, Ohio issued $81,610,000 Student Housing Revenue Bonds (Series 2010 Bonds) and loaned the proceeds of the Series 2010 Bonds to CFP I for the purpose of providing funds to finance the cost of acquiring, constructing, furnishing, and equipping an approximately 1,318-bed, two-building student housing facility (the Series 2010 Project). CFP I is not expected to have assets other than the Series 2010 Project. Interest rates range from 3.0% to 6.0% over the scheduled redemption period of December 1, 2011 to June 1, 2045.

On May 3, 2010, CFP I entered into a Development Agreement with Capstone Development Corporation (the Developer) for the design, construction, and equipping of the Series 2010 Project to serve as residential housing for students at the University. The Developer completed the Series 2010 Project for occupancy in August 2011. In addition, CFP I and the University entered into a Management Agreement with Capstone On-Campus Management, LLC to manage, operate, and maintain the Series 2010 Project. This Management Agreement was effective July 1, 2011.

The Series 2010 Project was completed, and a permanent occupancy permit was granted August 1, 2011. The two-building housing facilities, Falcon Heights and Centennial Hall, were opened August 19, 2011.

1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies (continued)

The Corporation is also the sole member of CFP II LLC (CFP II). CFP II is a nonprofit single-member limited liability company formed in 2010 under the laws of the state of Ohio. On January 31, 2011, CFP II entered into a Project Agreement with Compass Group USA Inc., Chartwells Division (Chartwells). Chartwells was engaged to design, finance, construct, and equip a full service dining facility on the main campus of the University, known as The Oaks dining facility (The Oaks). The Oaks replaced the existing McDonald Hall dining facility.

Pursuant to an Amended and Restated Food Service Agreement, dated June 25, 2010 (the Management Agreement), by and between Chartwells and the University, Chartwells has provided funds for The Oaks in the amount of $10,350,000. The Corporation has provided funds of approximately $23,000, and CFP II has provided funds of approximately $1,125,000.

The Corporation is also the sole member of CFP III LLC (CFP III). CFP III is a nonprofit single-member limited liability company formed in 2010 under the laws of the state of Ohio. On May 12, 2011, CFP III entered into a Development Agreement with Capstone Development for the design, construction, and equipping of a full-service dining facility on the main campus of the University, known as Carillon Place dining facility (Carillon). Carillon replaced the existing Commons Dining facility.

On March 31, 2011, CFP III entered into a funding agreement with the manager of The Oaks, Chartwells. Pursuant to an Amended and Restated Food Service Agreement, dated June 25, 2010 (the Management Agreement), by and between Chartwells and the University, Chartwells has provided funds for the Project in the amount of $6,062,000. The Corporation provided funds of approximately $707,000, and CFP III provided funds of approximately $1,973,000.

Chartwells funded a total of $1,588,000 of minor construction upgrades and modernization of food service venues intended to be actively managed by Chartwells under contract and located in the University’s student union, Kreischer, Founders and McDonald, on behalf of the Corporation. The necessary funding associated with these upgrades and associated debt repayment is contained in the Amended Food Service Management Agreement by and between Chartwells and the University. The Corporation recorded $1,588,000 as capital assets and construction funding payable described in Note 4. The loan does not have an interest component and matured on June 30, 2015.

1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies (continued)

Because the proceeds of the Series 2010 Bonds can be used only for the Series 2010 Project, the Chartwells funding for the Oaks and Carillon and minor construction upgrades can be used only for those specific projects. The Corporation is considered a component unit of the University and is discretely presented in the University's financial statements.

Financial Statement Presentation

The Corporation is a private nonprofit organization that reports under Financial Accounting Standards Board (FASB) standards that have been codified in Accounting Standards Codification (ASC) Topic No. 958, *Not-for-Profit Entities*.

Basis of Accounting

The financial statements of the Corporation have been prepared on the accrual basis of accounting.

Principles of Consolidation

The consolidated financial statements of the Corporation include three nonprofit single-member limited liability companies; CFP I, CFP II and CFP III. All significant intercompany transactions are eliminated.

New Pronouncements

In 2015, the Corporation adopted FASB Accounting Standards Update 2013-06, Not-for-Profit Entities: Services Received from Personnel of an Affiliate. The standard provides guidance on how to account for contributed personnel services from an affiliate. The standard clarifies that all contributed services received from an affiliate that directly benefit the recipient not-for-profit should be recognized and is effective for the fiscal year ending June 30, 2015. In accordance with the statement, the Corporation has recorded in-kind support operating revenue and operating and administrative expense of $32,000 as of June 30, 2015. The amount did not have a material impact on the financial statements. Under previous standards, these costs were not shown in the financial statements but were disclosed in Note 5, Related-Party Transactions.

1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies (continued)

Upcoming Pronouncement

In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (Topic 606), which will supersede the current revenue recognition requirements in Topic 605, Revenue Recognition. The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The new guidance will be effective for the Corporation's year ending June 30, 2020. The ASU permits application of the new revenue recognition guidance to be applied using one of two retrospective application methods. The Corporation has not yet determined which application it will use or the potential effects of the new standard on the financial statements, if any.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual results could differ from those estimates.

Income Tax

The Corporation has been granted tax-exempt status under Section 501(a)(3) of the Internal Revenue Code (the "Code") as an organization described in Section 509(a)(c) whereby only unrelated business income, as defined by Section 512(a)(1) of the Code, is subject to federal income tax. The Corporation had no significant unrelated business taxable income during fiscal years 2015 and 2014; accordingly, no provision or benefit for income taxes has been included in the accompanying consolidated financial statements.

1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies (continued)

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Corporation and recognize a tax liability if the Corporation has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities. Management has analyzed the tax positions taken by the Corporation and has concluded that as of June 30, 2015 and 2014, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Corporation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to June 30, 2012.

Revenues

The Corporation has classified student housing and housing-related fees as operating revenue and has recognized revenue ratably over the rental period. Amounts billed and collected before the rental period are included in unearned income.

Unearned Income

Unearned income includes summer term housing fees allocated to the next fiscal year.

Cash and Cash Equivalents

The Corporation considers all highly liquid investments with an original maturity of three months or less to be cash and cash equivalents. At June 30, 2015, cash and cash equivalents and funds held by Bowling Green State University totaled $968,398. At June 30, 2014, cash and cash equivalents totaled $1,614,822.

At June 30, 2015 and 2014, funds held by trustee were $17,704,662 and $15,121,004, respectively. The balance includes $1,277,694 in capital contributions from the University for 2015 and 2014. Bank of New York, acting as trustee, is responsible for holding, managing, and distributing all CFP I funds as outlined in Section V of the Indenture Trustee Agreement.

1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies (continued)

Other Receivable

Other receivable is due from the University and consists of housing and housing-related fees charged to students for rooms located in Falcon Heights and Centennial Hall (the Series 2010 Project). CFP I follows University policy when calculating allowance for doubtful accounts. Receivables more than one year old are written off and returned to the University for collection. The University will retain subsequent cash collections. See Note 5 for details of this relationship.

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or fair value at the date of gift for any donated assets. The capitalization policy for the Corporation includes all items with a cost of $5,000 or more and an estimated useful life of greater than one year. Infrastructure and improvements other than to buildings are capitalized if the cost exceeds $100,000. Land is capitalized but not depreciated. Routine repairs and maintenance are charged to operating expense in the year the expense is incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 25 to 35 years for buildings and improvements, 15 to 20 years for other improvements, 7 to 10 years for equipment, and 5 to 7 years for furniture.

Bond Costs

Amortization of deferred bond discount costs and bond issuance costs is computed using the effective interest rate method over the duration of the bond indenture of 35 years.

Amortization of bond discount costs and issuance costs totaled $121,669 and $122,587 for the years ended June 30, 2015 and 2014, respectively. Amortization expense for the next five fiscal years, 2016–2020, is approximately as follows: $121,000, $119,000, $118,000, $116,000, and $114,000, respectively.

1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies (continued)

Fair Value Measurements

The Corporation measures certain financial assets and liabilities at fair value on a recurring basis. Fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. The Corporation's assessment of a particular input to fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability. See Note 2 for further discussion of fair value measurements. The following three-tier fair value hierarchy prioritizes the inputs used in measuring fair value:

Level 1 - Observable inputs such as quoted prices in active markets

Level 2 - Inputs, other than quoted prices in active markets, that are observable either directly or indirectly. These Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 - Unobservable inputs for which there is little or no market data, which requires the Corporation to develop assumptions. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

Net Asset Classifications

Resources of the Corporation are maintained and classified into net asset categories based on the limitations and restrictions placed on the funds received. The net assets of the Corporation are classified into the following types for financial reporting purposes:

- Permanently restricted net assets represent funds received whereby the corpus is to be maintained permanently, but the Corporation is allowed to use or expend part or all of the income for either specified or unspecified purposes.

- Temporarily restricted net assets contain restrictions that permit the Corporation to use or expend the assets as specified in contractual agreements. The restrictions are satisfied either by the passage of time or by actions of the Corporation. No restrictions were present June 30, 2015.

1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies (continued)

- Unrestricted net assets are not restricted. The governing board has the right to approve the use of these funds within the debt covenant guidelines.

Business and Concentrations of Credit Risk

The Corporation's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and investments. The Corporation places its cash in federally insured banks. Cash is generally in excess of the Federal Deposit Insurance Corporation's insurance limit. However, management has not experienced any significant losses and does not believe they are subject to significant risk.

Functional Expenses

In 2015, expenses related to program services were $10,222,264 and expenses related to management and general expenses were $128,199. In 2014, expenses related to program services were $10,100,596 and expenses related to management and general expenses were $100,808.

Subsequent Events

The Corporation evaluated the effect of subsequent events through October 2, 2015, representing the date that the financial statements were issued. No recognized subsequent events were identified for recognition or disclosure in the financial statements or the accompanying notes to the financial statements.

2. Investments

The investment values of funds held by trustee, which consist of Series 2010 Bond proceeds and capital contributions from the University for the benefit of the Series 2010 Project (see Note 1), at June 30 are as follows:

	2015	**2014**
Money market funds – Level 2	**$17,704,662**	$ 15,121,004

The Corporation records its investments in money market funds at their current fair value based on amortized cost, which approximates fair value.

3. Capital Assets

Capital assets and accumulated depreciation as of June 30, 2015, are summarized as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Land	**$ 873,499**	**$ –**	**$ –**	**$ 873,499**
Land improvements	**1,384,056**	**–**	**–**	**1,384,056**
Building	**85,693,095**	**–**	**–**	**85,693,095**
Furniture	**3,746,625**	**–**	**–**	**3,746,625**
Chartwells renovation	**1,588,000**	**–**	**–**	**1,588,000**
Total capital assets	**93,285,275**	**–**	**–**	**93,285,275**
Less accumulated depreciation	**11,988,626**	**4,071,273**	**–**	**16,059,899**
Net capital assets	**$ 81,296,649**	**$ (4,071,273)**	**–**	**$ 77,225,376**

Capital assets and accumulated depreciation as of June 30, 2014, are summarized as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Land	$ 873,499	$ –	$ –	$ 873,499
Land improvements	1,384,056	–	–	1,384,056
Building	85,446,666	246,429	–	85,693,095
Furniture	3,763,067	–	(16,442)	3,746,625
Chartwells renovation	1,588,000	–	–	1,588,000
Total capital assets	93,055,288	246,429	(16,442)	93,285,275
Less accumulated depreciation	7,905,313	4,087,928	4,615	11,988,626
Net capital assets	$ 85,149,975	$ (3,841,499)	$ (11,827)	$ 81,296,649

Depreciation and amortization expense was $ 4,192,943 and $4,210,515 during fiscal years 2015 and 2014, respectively.

4. Long-Term Liabilities

The trustee for the Series 2010 Bonds held unspent bond proceeds and capital contributions from the University of $7,050,670 plus $10,653,992 of net operating revenue and investment income for a total of $17,704,662 as of June 30, 2015, which are classified as funds held by trustee. At June 30, 2014, the trustee held unspent bond proceeds and capital contributions from the University of $7,050,670 plus $8,070,334 of net operating revenue and investment income for a total of $15,121,004, which are classified as funds held by trustee.

Interest expense related to bonds payable was $4,663,146 and $4,687,329 for the years ended June 30, 2015 and 2014, respectively. Actual interest paid was $4,665,513 and $4,689,313 for years ended June 30, 2015 and 2014, respectively.

4. Long-Term Liabilities (continued)

Long-term liabilities of the Corporation at June 30, 2015, are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due in One Year
Bonds payable	**$ 80,215,000**	**$ –**	**$ 710,000**	**$ 79,505,000**	**$ 835,000**
Construction funding payable	**14,991,818**	**–**	**856,800**	**14,135,018**	**596,800**
Total long-term liabilities	**$ 95,206,818**	**$ –**	**$ 1,566,800**	**$ 93,640,018**	**$ 1,431,800**

Long-term liabilities of the Corporation at June 30, 2014, are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due in One Year
Bonds payable	$ 80,810,000	$ –	$ 595,000	$ 80,215,000	$ 710,000
Construction funding payable	15,602,189	246,429	856,800	14,991,818	856,800
Total long-term liabilities	$ 96,412,189	$ 246,429	$ 1,451,800	$ 95,206,818	$ 1,566,800

The interest and scheduled maturities of the Series 2010 Bonds for the five fiscal years subsequent to June 30, 2015, and subsequent periods thereafter are as follows:

	Interest Rate	Principal	Interest	Total
2016	4.00%	$ 835,000	$ 4,637,112	$ 5,472,112
2017	4.25	965,000	4,603,713	5,568,713
2018	4.50	1,105,000	4,562,700	5,667,700
2019	4.50	1,260,000	4,512,975	5,772,975
2020	5.00	1,315,000	4,456,275	5,771,275
2021–2025	5.75	7,740,000	21,111,975	28,851,975
2026–2030	5.75	10,235,000	18,615,900	28,850,900
2031–2035	5.75–6.00	13,580,000	15,273,563	28,853,563
2036–2040	6.00	18,165,000	10,688,700	28,853,700
2041–2045	6.00	24,305,000	4,545,000	28,850,000
Total		$ 79,505,000	$ 93,007,913	$ 172,512,913

4. Long-Term Liabilities (continued)

The valuation for the estimated fair value of the Corporation's debt obligation is computed by a third-party service and is primarily driven by market conditions. Based on the inputs in determining the estimated fair value of the debt, this liability would be considered Level 2. Fair values of the Corporation's fixed rate debt obligations at June 30, 2015, are as follows:

Maturity	Outstanding	Bond Price	Fair Value
6/1/2016	$ 835,000	102.181	$ 853,211
6/1/2017	965,000	103.958	1,003,195
6/1/2019	2,365,000	106.791	2,525,607
6/1/2020	1,315,000	109.593	1,441,148
6/1/2031	20,390,000	106.045	21,662,576
6/1/2045	53,635,000	105.601	56,639,096
	$ 79,505,000		$ 84,084,833

The construction funding payable amounts for the five fiscal years subsequent to June 30, 2015, and subsequent periods thereafter are as follows:

Year	The Oaks (CFP II)	Carillon (CFP III)	Chartwells Renovation	Total Due
2016	$ 376,364	$ 220,436	$ –	$ 596,800
2017	376,364	220,436	–	596,800
2018	376,364	220,436	–	596,800
2019	376,364	220,436	–	596,800
2020	376,364	220,436	–	596,800
Thereafter	6,962,724	4,188,294	–	11,151,018
	$ 8,844,544	$ 5,290,474	$ –	$ 14,135,018

See Note 5 for related party disclosures regarding The Oaks and Carillon.

5. Related-Party Transactions

The University leased the land comprising the two sites on which the Series 2010 Project facilities are constructed to the Corporation under a Ground Lease between the state of Ohio, acting by, through, and for the University, as lessor, and the Corporation, as lessee. The lease commenced on May 3, 2010, and will expire May 2, 2055. The Corporation shall have the right and option to extend this lease for up to two consecutive terms of 15 years each.

5. Related-Party Transactions (continued)

The Corporation subleased the two sites to CFP I in consideration of the agreement of CFP I to develop the Series 2010 Project on that land and the payment of nominal lump-sum rent. The lease commenced on June 1, 2010, and will expire May 2, 2055.

The Series 2010 Project includes two housing facilities, Falcon Heights and Centennial Hall, which were placed in service August 2011. The University has the resources and processes in place to invoice and collect funds from students for housing and housing-related fees for all other residence halls. The University acts as an agent between the students and CFP I and will invoice, collect the student accounts on behalf of CFP I, and then distribute the monies to CFP I. CFP I records operating revenue from these activities, which totaled approximately $8,737,000 and $8,622,000 for the years ended June 30, 2015 and 2014, respectively. The University owed CFP I student housing and housing-related fees, which totaled approximately $56,000 and $67,000 for the years ended June 30, 2015 and 2014, respectively.

The University leased land comprising the site on which The Oaks is constructed to the Corporation under a Ground Lease between the state of Ohio, acting by, through, and for the University, as lessor, and the Corporation, as lessee. The Corporation subleased this site to CFP II in consideration of the agreement of CFP II to develop The Oaks on that land and the payment of nominal lump-sum rent. The lease commenced on June 30, 2010, and will expire June 30, 2045.

The University leased land comprising the site on which Carillon is constructed to the Corporation under a Ground Lease between the state of Ohio, acting by, through, and for the University, as lessor, and the Corporation, as lessee. The Corporation subleased this site to CFP III in consideration of the agreement of CFP III to develop Carillon on that land and the payment of nominal lump-sum rent. The lease commenced on November 1, 2010, and will expire June 30, 2045.

The University incurred costs of certain salaries and fringe benefits for financial, accounting, development, and information technology personnel related to the Corporation. These expenses are paid by the University on behalf of the Corporation and are shown in the accompanying financial statements in-kind support and operating & administrative expense for fiscal year ending June 30, 2015 only. The Corporation approximates the value of these items at $32,000 for the year ended June 30, 2015, and $31,000 for the year ended June 30, 2014.

5. Related-Party Transactions (continued)

Chartwells provided approximately $18,000,000 of funding for these projects for the year ended June 30, 2012. The Chartwells construction funding payable will be paid in annual installments, ranging from $409,000 to $857,000 over 27.5 years, through June 30, 2039. Due to the University’s Management Agreement with Chartwells for the dining program and in exchange for the use of the dining facilities, the University repays the construction funding payable on behalf of the Corporation, as these are of approximately equal value. As such, the Corporation recognizes this non-cash transaction as a decrease to the construction funding payable and as in-kind support nonoperating revenue. For June 30, 2015 and 2014, the repayment and in-kind support nonoperating revenue totaled $856,800 and $856,800, respectively.

The University can pay off the construction funding payable of $18,000,000 early without penalty. The University also has a Food Services Agreement with Chartwells in which the University pays a management fee to Chartwells to manage the dining halls through fiscal year 2020. The Food Services Agreement can be renewed for three additional successive five-year periods. If the Food Services Agreement with Chartwells is terminated or not renewed, the University would be required to pay Chartwells interest on the construction funding payable until full payoff at a rate equal to the 12-month U.S. Treasury rate. Payment in full of the construction funding payable would be required in one year from termination of agreement or within 30 days after the University hires another third party to run its dining services.

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

Independent Auditor's Report

To Management and the Board of Directors
Centennial Falcon Properties, Inc. and Subsidiaries

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Centennial Falcon Properties, Inc. and Subsidiaries (the "Corporation"), which comprise the consolidated statements of financial position as of June 30, 2015, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 2, 2015.

Internal Control Over Financial Reporting

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

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

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

To Management and the Board of Directors
Centennial Falcon Properties, Inc. and Subsidiaries

Compliance and Other Matters

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

Purpose of this Report

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

Plante & Moran, PLLC

October 2, 2015

CFP I LLC
(a not-for-profit corporation)

Financial Report
June 30, 2015

Contents

plante moran

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Independent Auditor's Report

To Management and the Board of Directors
CFP I LLC

Report on the Financial Statements

We have audited the accompanying financial statements of CFP I LLC, which comprise the statements of financial position as of June 30, 2015 and 2014 and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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, the financial statements referred to above present fairly, in all material respects, the financial position of CFP I LLC as of June 30, 2015 and 2014 and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

To Management and the Board of Directors
CFP I LLC

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 2, 2015 on our consideration of CFP I LLC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 CFP I LLC's internal control over financial reporting and compliance.

Plante & Moran, PLLC

October 2, 2015

CFP I LLC

Statements of Financial Position

	June 30 2015	June 30 2014
Assets		
Current assets:		
Cash and cash equivalents	**$ 670,509**	$ 1,303,558
Funds held by trustee – current portion	**1,221,426**	1,098,793
Other receivable, net of allowance for doubtful accounts of $13,190 in 2015 and $16,411 in 2014	**42,893**	50,390
Prepaid expenses	**18,826**	19,412
Total current assets	**1,953,654**	2,472,153
Other assets:		
Funds held by trustee – net of current portion	**16,483,236**	14,022,211
Capital assets, net	**60,351,745**	63,224,166
Bond issuance and discount costs, net of accumulated amortization of $620,436 in 2015 and $498,766 in 2014	**2,363,948**	2,485,617
Total other assets	**79,198,929**	79,731,994
Total assets	**$ 81,152,583**	**$ 82,204,147**
Liabilities and net assets		
Short-term liabilities:		
Accounts payable	**$ 87,371**	$ 51,794
Payroll liabilities	**26,147**	20,711
Unearned income	**45,147**	60,787
Interest payable	**386,426**	388,793
Accrued expenses	**81,586**	78,290
Long-term liabilities – current portion	**835,000**	710,000
Total short-term liabilities	**1,461,677**	1,310,375
Long-term liabilities:		
Bonds payable – net of current portion	**78,670,000**	79,505,000
Total long-term liabilities	**78,670,000**	79,505,000
Total liabilities	**80,131,677**	80,815,375
Net assets:		
Unrestricted	**1,020,906**	1,388,772
Total liabilities and net assets	**$ 81,152,583**	**$ 82,204,147**

See accompanying notes.

CFP I LLC

Statement of Activities and Changes in Net Assets

Year Ended June 30, 2015

	Unrestricted	Temporarily Restricted	Total
Revenues:			
Operating	$ 8,736,529	$ –	$ 8,736,529
In-kind support from Bowling Green State Univeristy	23,000		23,000
Total revenues	8,759,529	–	8,759,529
Expenses:			
Payroll, benefits, and taxes	584,182	–	584,182
Management fees	255,007	–	255,007
Utilities	144,648	–	144,648
Building maintenance	153,020	–	153,020
Operating and administrative	127,772	–	127,772
Insurance	60,599	–	60,599
Interior unit expenses	38,895	–	38,895
Common area expenses	42,361	–	42,361
Ground expenses	24,757	–	24,757
Bad debt	20,417	–	20,417
Marketing and advertising	20,342	–	20,342
Depreciation and amortization	2,994,091	–	2,994,091
Total operating expenses	4,466,091	–	4,466,091
Operating income	4,293,438	–	4,293,438
Nonoperating revenue (expense):			
Investment income	1,842	–	1,842
Interest on capital asset-related debt	(4,663,146)	–	(4,663,146)
Net nonoperating loss	(4,661,304)	–	(4,661,304)
Change in net assets	(367,866)	–	(367,866)
Net assets:			
Net assets at the beginning of year	1,388,772	–	1,388,772
Net assets at the end of year	$ 1,020,906	$ –	$ 1,020,906

See accompanying notes.

CFP I LLC

Statement of Activities and Changes in Net Assets

Year Ended June 30, 2014

	Unrestricted	Temporarily Restricted	Total
Revenues:			
Operating	$ 8,621,861	$ –	$ 8,621,861
Net assets released from restrictions	2,000,000	(2,000,000)	-
Total revenues	10,621,861	(2,000,000)	8,621,861
Expenses:			
Payroll, benefits, and taxes	568,391	–	568,391
Management fees	250,061	–	250,061
Utilities	148,375	–	148,375
Building maintenance	87,456	–	87,456
Operating and administrative	69,241	–	69,241
Insurance	58,455	–	58,455
Interior unit expenses	36,369	–	36,369
Common area expenses	31,303	–	31,303
Ground expenses	19,031	–	19,031
Bad debt	28,534	–	28,534
Marketing and advertising	4,451	–	4,451
Depreciation and amortization	2,995,008	–	2,995,008
Total operating expenses	4,296,675	–	4,296,675
Operating income	6,325,186	(2,000,000)	4,325,186
Nonoperating revenue (expense):			
Investment income	1,659	–	1,659
Interest on capital asset-related debt	(4,687,329)	–	(4,687,329)
Net nonoperating loss	(4,685,670)	–	(4,685,670)
Change in net assets	1,639,516	(2,000,000)	(360,484)
Net assets:			
Net assets at the beginning of year	(250,744)	2,000,000	1,749,256
Net assets at the end of year	$ 1,388,772	$ -	$ 1,388,772

See accompanying notes.

CFP I LLC

Statements of Cash Flows

	Year Ended June 30	
	2015	**2014**
Operating activities:		
Cash received related to operating revenue	**$ 8,707,968**	$ 8,600,120
Cash paid to vendors and employees	**(1,383,688)**	(1,271,099)
Net cash provided by operating activities	**7,324,280**	7,329,021
Financing activities:		
Principal paid on long-term liabilities	**(710,000)**	(595,000)
Cash paid for interest	**(4,665,513)**	(4,689,313)
Net cash used in financing activities	**(5,375,513)**	(5,284,313)
Investing activities:		
Net investment activity	**(2,583,658)**	(1,635,524)
Interest received	**1,842**	1,659
Net cash used in investing activities	**(2,581,816)**	(1,633,865)
Net (decrease) increase in cash and cash equivalents	**(633,049)**	410,843
Cash and cash equivalents at beginning of year	**1,303,558**	892,715
Cash and cash equivalents at end of year	**$ 670,509**	$ 1,303,558

CFP I LLC

Statements of Cash Flows (continued)

	Year Ended June 30	
	2015	**2014**
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	**$ 4,293,438**	$ 4,325,186
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	**2,994,091**	2,995,008
Changes in assets and liabilities:		
Decrease (Increase) in accounts receivable	**10,718**	(18,835)
(Increase) Decrease in allowance for doubtful accounts	**(3,221)**	12,009
Decrease (Increase) in prepaid expenses	**586**	(956)
Increase in accounts payable	**35,577**	33,633
Increase in payroll liabilities	**5,436**	1,661
(Decrease) Increase in unearned income	**(15,640)**	18,227
Increase (Decrease) in accrued expenses	**3,295**	(36,912)
Net cash provided by operating activities	**$ 7,324,280**	$ 7,329,021

See accompanying notes.

1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies

Nature of Operations

CFP I LLC is a nonprofit single-member limited liability company and is a subsidiary of Centennial Falcon Properties, Inc. (the Corporation). The Corporation was organized for the benefit of Bowling Green State University (the University) for various purposes, which include acquiring, developing, and maintaining property to be used for charitable, scientific, and educational purposes. The Corporation is considered a component unit of the University and is discretely presented in the University's financial statements. CFP I LLC was organized specifically to develop, own, and manage certain housing for students at the University.

Reporting Entity

The Corporation is a legal, separate component unit of the University formed in 2010 as a nonprofit corporation under the laws of the state of Ohio and determined by the Internal Revenue Service to be exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Corporation is further classified as a Type 2 supporting organization under section 509(a)(3). To ensure the Corporation works in harmony with the University's priorities, the Board of Directors of the Corporation is composed of four members of the University's cabinet and a member from the Bowling Green State University's Foundation Board.

The Corporation is the sole member of CFP I LLC (CFP I). On June 9, 2010, the city of Bowling Green, Ohio, issued $81,610,000 Student Housing Revenue Bonds (Series 2010 Bonds) and loaned the proceeds of the Series 2010 Bonds to CFP I for the purpose of providing funds to finance the cost of acquiring, constructing, furnishing, and equipping an approximately 1,318-bed, two-building student housing facility (the Series 2010 Project). CFP I is not expected to have assets other than the Series 2010 Project. Interest rates range from 3.0% to 6.0% over the scheduled redemption period of December 1, 2011 to June 1, 2045.

On May 3, 2010, CFP I entered into a Development Agreement with Capstone Development Corporation (the Developer) for the design, construction, and equipping of the Series 2010 Project to serve as residential housing for students at the University. The Developer completed the Series 2010 Project for occupancy in August 2011. In addition, CFP I and the University entered into a Management Agreement with Capstone On-Campus Management, LLC to manage, operate, and maintain the Series 2010 Project. This Management Agreement was effective July 1, 2011. The Series 2010 Project was completed, and a permanent occupancy permit was granted August 1, 2011. The two-building housing facilities, Falcon Heights and Centennial Hall, were opened August 19, 2011.

1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies (continued)

Financial Statement Presentation

CFP I is a private nonprofit organization that reports under Financial Accounting Standards Board (FASB) standards that have been codified in Accounting Standards Codification (ASC) Topic No. 958, *Not-for-Profit Entities*.

Basis of Accounting

The financial statements of CFP I have been prepared on the accrual basis of accounting.

New Pronouncements

In 2015, CFP I adopted FASB Accounting Standards Update 2013-06, Not-for-Profit Entities: Services Received from Personnel of an Affiliate. The standard provides guidance on how to account for contributed personnel services from an affiliate. The standard clarifies that all contributed services received from an affiliate that directly benefit the recipient not-for-profit should be recognized and is effective for fiscal year ending June 30, 2015. In accordance with the statement, CFP I has recorded in-kind support and operating and administrative expense of $23,000 as of June 30, 2015. The amount did not have a material impact on the financial statements. Under previous standards, these costs were not shown in the financial statements but were disclosed in Note 5, Related-Party Transactions.

Upcoming Pronouncement

In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (Topic 606), which will supersede the current revenue recognition requirements in Topic 605, Revenue Recognition. The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The new guidance will be effective for the Corporation's year ending June 30, 2020. The ASU permits application of the new revenue recognition guidance to be applied using one of two retrospective application methods. The Corporation has not yet determined which application it will use or the potential effects of the new standard on the financial statements, if any.

1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual results could differ from those estimates.

Income Tax

CFP I has been granted tax-exempt status under Section 501(a)(3) of the Internal Revenue Code (the "Code") as an organization described in Section 501(c)(3) whereby only unrelated business income, as defined by Section 512(a)(1) of the Code, is subject to federal income tax. CFP I had no significant unrelated business taxable income during fiscal years 2015 and 2014; accordingly, no provision or benefit for income taxes has been included in the accompanying financial statements.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by CFP I and recognize a tax liability if CFP I has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities. Management has analyzed the tax positions taken by CFP I and has concluded that as of June 30, 2015 and 2014, there are no uncertain positions taken or expected to be taken that require recognition of a liability or disclosure in the financial statements. CFP I is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for year prior to June 30, 2012.

Cash and Cash Equivalents

CFP I considers all highly liquid investments with an original maturity of three months or less to be cash and cash equivalents. At June 30, 2015 and 2014, cash and cash equivalents totaled $670,509 and $1,303,558 respectively.

At June 30, 2015 and 2014, funds held by trustee were $17,704,662 and $15,121,004, respectively. The balance includes $1,277,694 in capital contributions from the University for 2015 and 2014. Bank of New York, acting as trustee, is responsible for holding, managing, and distributing all CFP I funds as outlined in Section V of the Indenture Trustee Agreement.

1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies (continued)

Other Receivable

Other receivable is due from the University and consists of housing and housing-related fees charged to students for rooms located in Falcon Heights and Centennial Hall (the Series 2010 Project). CFP I follows University policy when calculating allowance for doubtful accounts. Receivables more than one year old are written off and returned to the University for collection. The University will retain subsequent cash collections. See Note 5 for details of this relationship.

Capital Assets

Capital assets are recorded at cost at the date of acquisition or fair value at the date of gift for any donated assets. The capitalization policy for CFP I includes all items with a cost of $5,000 or more and an estimated useful life of greater than one year. Infrastructure and improvements other than to buildings are capitalized if the cost exceeds $100,000. Land is capitalized but not depreciated. Routine repairs and maintenance are charged to operating expense in the year the expense is incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 25 to 35 years for buildings and improvements, 15 to 20 years for other improvements, 7 to 10 years for equipment, and 5 to 7 years for furniture.

Bond Costs

Amortization of deferred bond discount costs and bond issuance costs is computed using the effective interest rate method over the duration of the bond indenture of 35 years.

Amortization of bond discount costs and issuance costs totaled $121,670 and $122,587 for the years ended June 30, 2015 and 2014, respectively. Amortization expense for the next five fiscal years, 2016–2020, is approximately as follows: $121,000, $119,000, $118,000, $116,000, and $114,000, respectively.

Revenues

CFP I has classified its student housing and housing-related fees as operating revenue ratably over the rental period. Amounts billed and collected before the rental period are included in unearned income.

Unearned Income

Unearned income includes summer term housing fees allocated to the next fiscal year.

1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies (continued)

Fair Value Measurements

CFP I measures certain financial assets and liabilities at fair value on a recurring basis. Fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. CFP I's assessment of a particular input to fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability. The following three-tier fair value hierarchy prioritizes the inputs used in measuring fair value:

Level 1 **–** Observable inputs such as quoted prices in active markets

Level 2 **–** Inputs, other than quoted prices in active markets, that are observable either directly or indirectly. These Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 **–** Unobservable inputs for which there is little or no market data, which requires CFP I to develop assumptions. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

Net Asset Classifications

Resources of CFP I are maintained and classified into net asset categories based on the limitations and restrictions placed on the funds received. The net assets of CFP I are classified into the following types for financial reporting purposes:

- Permanently restricted net assets represent funds received whereby the corpus is to be maintained permanently, but CFP I is allowed to use or expend part or all of the income for either specified or unspecified purposes.

- Temporarily restricted net assets contain restrictions that permit CFP I to use or expend the assets as specified in contractual agreements. The restrictions are satisfied either by the passage of time or by actions of CFP I. No restrictions were present at June 30, 2015.

- Unrestricted net assets are not restricted. The governing board has the right to approve the use of these funds within the debt covenant guidelines.

1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies (continued)

Business and Concentrations of Credit Risk

CFP I's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and investments. CFP I places its cash in federally insured banks. Cash is generally in excess of the Federal Deposit Insurance Corporation's insurance limit. However, management has not experienced any significant losses and does not believe they are subject to significant risk.

Functional Expenses

In 2015, expenses related to program services were $9,023,413 and expenses related to management and general expenses were $105,824. In 2014, expenses related to program services were $8,883,616 and expenses related to management and general expenses were $100,388.

Subsequent Events

CFP I evaluated the effect of subsequent events through October 2, 2015, representing the date that the financial statements were issued. No recognized subsequent events were identified for recognition or disclosure in the financial statements or the accompanying notes to the financial statements.

2. Investments

The investment values of funds held by trustee, which consist of Series 2010 Bond proceeds and capital contributions from the University for the benefit of the Series 2010 Project (see Note 1), at June 30 are as follows:

	2015	**2014**
Money market funds – Level 2	**$ 17,704,662**	$ 15,121,004

CFP I records its investments in money market funds at their current fair value based on amortized cost, which approximates fair value.

3. Capital Assets

Capital assets and accumulated depreciation as of June 30, 2015 are summarized as follows:

	Beginning Balance	Additions	Transfers	Ending Balance
Land	**$ 636,311**	**$ –**	**$ –**	**$ 636,311**
Land improvements	**978,779**	**–**	**–**	**978,779**
Building	**67,331,696**	**–**	**–**	**67,331,696**
Furniture	**2,508,498**	**–**	**–**	**2,508,498**
Total capital assets	**71,455,284**	**–**	**–**	**71,455,284**
Less accumulated depreciation	**8,231,118**	**2,872,421**	**–**	**11,103,539**
Net capital assets	**$ 63,224,166**	**$ (2,872,421)**	**$ –**	**$ 60,351,745**

Capital assets and accumulated depreciation as of June 30, 2014 are summarized as follows:

	Beginning Balance	Additions	Transfers	Ending Balance
Land	$ 636,311	$ –	$ –	$ 636,311
Land improvements	978,779	–	–	978,779
Building	67,331,696	–	–	67,331,696
Furniture	2,508,498	–	–	2,508,498
Total capital assets	71,455,284	–	–	71,455,284
Less accumulated depreciation	5,358,697	2,872,421	–	8,231,118
Net capital assets	$ 66,096,587	$ (2,872,421)	$ –	$ 63,224,166

Depreciation expense was $2,872,421 during both fiscal year 2015 and 2014.

4. Bonds Payable

The trustee for the Series 2010 Bonds held unspent bond proceeds and capital contributions from the University of $7,050,669 plus $10,653,993 of net operating revenue and investment income for a total of $17,704,662 as of June 30, 2015, which are classified as funds held by trustee. At June 30, 2014, the trustee held unspent bond proceeds and capital contributions from the University of $7,050,669 plus $8,070,335 of net operating revenue and investment income for a total of $15,121,004, which are classified as funds held by trustee.

Interest expense related to bonds payable was $4,663,146 and $4,687,329 for the years ended June 30, 2015 and 2014, respectively. Actual interest paid was $4,665,513 and $4,689,313 for years ended June 30, 2015 and 2014, respectively.

Bonds payable of CFP I at June 30, 2015, are as follows:

	Beginning Balance	Reductions	Ending Balance	Due in One Year
Bonds payable	**$ 80,215,000**	**$ 710,000**	**$ 79,505,000**	**$ 835,000**

Bonds payable of CFP I at June 30, 2014, are as follows:

	Beginning Balance	Reductions	Ending Balance	Due in One Year
Bonds payable	$ 80,810,000	$ 595,000	$ 80,215,000	$ 710,000

4. Bonds Payable (continued)

The interest and scheduled maturities of the Series 2010 Bonds for the five fiscal years subsequent to June 30, 2015, and subsequent periods thereafter are as follows:

	Interest Rate	Principal	Interest	Total
2016	4.00	$ 835,000	$ 4,637,112	$ 5,472,112
2017	4.25	965,000	4,603,713	5,568,713
2018	4.50	1,105,000	4,562,700	5,667,700
2019	4.50	1,260,000	4,512,975	5,772,975
2020	5.00	1,315,000	4,456,275	5,771,275
2021–2025	5.75	7,740,000	21,111,975	28,851,975
2026–2030	5.75	10,235,000	18,615,900	28,850,900
2031–2035	5.75–6.00	13,580,000	15,273,563	28,853,563
2036–2040	6.00	18,165,000	10,688,700	28,853,700
2041–2045	6.00	24,305,000	4,545,000	28,850,000
Total		$ 79,505,000	$ 93,007,913	$ 172,512,913

The valuation for the estimated fair value of CFP I's debt obligation is completed by a third-party service and is primarily driven by market conditions. Based on the inputs determining the estimated fair value of the debt, this liability would be considered Level 2. Fair values of CFP I's fixed rate debt obligations at June 30, 2015 are as follows:

Maturity	Outstanding	Bond Price	Fair Value
6/1/2016	$ 835,000	102.181	$ 853,211
6/1/2017	965,000	103.958	1,003,195
6/1/2019	2,365,000	106.791	2,525,607
6/1/2020	1,315,000	109.593	1,441,148
6/1/2031	20,390,000	106.045	21,622,576
6/1/2045	53,635,000	105.601	56,639,096
	$ 79,505,000		$ 84,084,833

5. Related-Party Transactions

The University leased the land comprising the two sites on which the Series 2010 Project facilities are constructed to the Corporation under a Ground Lease between the state of Ohio, acting by, through, and for the University, as lessor, and the Corporation, as lessee. The lease commenced on May 3, 2010, and will expire May 2, 2055. The Corporation shall have the right and option to extend this lease for up to two consecutive terms of 15 years each.

The Corporation subleased the two sites to CFP I in consideration of the agreement of CFP I to develop the Series 2010 Project on that land and the payment of nominal lump-sum rent. The lease commenced on June 1, 2010, and will expire May 2, 2055.

The Series 2010 Project includes two housing facilities, Falcon Heights and Centennial Hall, which were placed in service August 2011. The University has the resources and processes in place to invoice and collect funds from students for housing and housing-related fees for all other residence halls. The University acts as an agent between the students and CFP I and will invoice, collect the student accounts on behalf of CFP I, and then distribute the monies to CFP I. CFP I records operating revenue from these activities, which totaled approximately $8,737,000 and $8,622,000 for the years ended June 30, 2015 and 2014, respectively. The University owed CFP I student housing and housing-related fees, which totaled approximately $56,000 and $67,000 for the years ended June 30, 2015 and 2014, respectively.

The University incurred costs of certain salaries and fringe benefits for financial, accounting, development, and information technology personnel related to CFP I. These expenses are paid by the University on behalf of CFP I and are shown in the accompanying financial statements as in-kind support and operating & administrative expense for fiscal year ending June 30, 2015 only. CFP I approximates the value of these items at $23,000 and $22,000 for 2015 and 2014, respectively.

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

Independent Auditor's Report

To Management and the Board of Directors
CFP I LLC

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of CFP I LLC (CFP I), which comprise the statements of financial position as of June 30, 2015, and the related statements of activities and cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated October 2, 2015.

Internal Control Over Financial Reporting

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

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

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

To Management and the Board of Directors
CFP I LLC

Compliance and Other Matters

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

Purpose of this Report

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

Plante & Moran, PLLC

October 2, 2015

WBGU-TV

(A Public Telecommunications Entity
Operated by Bowling Green State University)

Financial Report
with Additional Information
June 30, 2015

Contents

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Independent Auditor's Report

To Management, the Audit Committee,
and the Board of Trustees
WBGU-TV

Report on the Financial Statements

We have audited the accompanying financial statements of the WBGU-TV, (WBGU or the "Station"), a public telecommunications entity owned by Bolwing Green State University, as of and for the years ended June 30, 2015 and 2014, and the related statements net position, revenue, expenses and changes in net position, cash flows and the notes to the financial statements, which collectively comprise the WBGU-TV's basic 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and in accordance with 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of WBGU-TV as of June 30, 2015 and 2014 and the respective changes in its net position and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

To Management, the Audit Committee,
and the Board of Trustees
WBGU-TV

Emphasis of Matter

We draw attention to Note 1, which explains that the financial statements of WBGU-TV are intended to present the net position, the changes in net position, and cash flows of only that portion of the University's business-type activities that are not attributable to the transactions of the department. They do not purport to, and do not, present fairly the net position of Bowling Green State University as of June 30, 2015 and 2014, the changes in its net position, or the changes in its cash flows thereof for the years then ended, in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note 1 to the financial statements, effective July 1, 2014 WBGU-TV adopted new accounting guidance under GASB Statement No. 68, *Accounting and Financial Reporting for Pensions.* Statement No. 68 is an amendment to Statement No. 27. In accordance with Statement No. 68, WBGU-TV is now recognizing its unfunded pension benefit obligation as a liability on the Statement of Net Position for the first time. This Statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). Our opinion is not modified with respect to this matter.

Other Matter

Management has omitted pension schedules of funding progress and employer contributions that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a 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. Our opinion on the basic financial statements is not affected by this missing information.

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-10, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a 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 supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits 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.

To Management, the Audit Committee,
and the Board of Trustees
WBGU-TV

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated Octover 8, 2015 on our consideration of the WBGU-TV's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering WBGU-TV's internal control over financial reporting and compliance.

Plante & Moran, PLLC

October 8, 2015

WBGU-TV

Management's Discussion and Analysis

Overview of the Financial Statements and Financial Analysis

This section of the WBGU-TV annual financial report presents management's discussion and analysis of the financial performance of the television station during the fiscal years ended June 30, 2015, 2014, and 2013. This discussion provides an overview of the financial activities and should be read in conjunction with the accompanying financial statements and footnotes.

Using the Annual Financial Statement

This annual report consists of financial statements, prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*. In fiscal year 2013, the WBGU-TV adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement supersedes paragraphs 10 and 12 of GASB Statement No. 35. GASB Statement No. 63 establishes standards for reporting deferred outflows of resources, deferred inflows of resources, and net position. The financial statements prescribed by GASB Statement No. 63 (the Statement of net position, statement of revenues, expenses, and changes in net position, and the statement of cash flows) are prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged.

In June, 2015, WBGU-TV adopted GASB Statement No. 68, Accounting and Financial Reporting for Pensions and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date.* Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability the first time and to more comprehensively and comparably measure the annual costs of pension benefits. Statement No. 71 is a clarification to GASB No. 68, requiring a government to recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The Statements also enhance accountability and transparency through revised note disclosures. In accordance with the statements, WBGU-TV has reported its allocated share of the University's Net Pension Liability of $403,000 as a change in accounting principle adjustment to Unrestricted Net Position as of July 1, 2014. June 30, 2014 amounts have not been restated to reflect the impact of GASB 68 because the information is not available to calculate the impact on pension expense for the fiscal year ending June 30, 2014.

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

The statement of revenues, expenses, and changes in net position presents the revenues earned and expenses incurred during the years ended June 30, 2015 and 2014. Activities are reported as either operating or nonoperating. WBGU-TV's dependency on the operating subsidy from Bowling Green State University typically results in operating deficits because the financial reporting model classifies this operating subsidy as nonoperating revenues. The utilization of capital assets is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

The statement of cash flows presents information related to cash inflows and outflows summarized by operating, noncapital financing, capital financing, and related investing activities and helps measure the ability of the institution to meet financial obligations as they mature.

Noteworthy Financial Activity

WBGU-TV experienced a significant decrease in subsidy from Bowling Green State University (BGSU) during fiscal year 2015. This decrease places more importance on the other significant sources of revenue such as support from the Corporation of Public Broadcasting, and contributions and memberships. Expenses were slightly reduced in fiscal year 2015 to better correspond with these available resources.

Condensed Statements of Net Position
as of June 30, 2015, 2014, and 2013

	2015	2014	2013
Assets			
Current assets	$ 2,732,290	$ 2,804,595	$ 3,352,361
Noncurrent assets:			
Capital assets	1,408,593	1,578,643	1,501,647
Other	1,615,742	1,682,461	1,530,314
Total noncurrent assets	3,024,335	3,261,104	3,031,961
Total assets	5,756,625	6,065,699	6,384,322
Deferred outflows, net	41,365	-	-
Liabilities			
Current liabilities	973,249	741,520	1,059,334
Noncurrent liabilities	529,947	153,460	117,579
Total liabilities	1,503,196	894,980	1,176,913
Net position			
Invested in capital assets	1,408,593	1,578,643	1,501,647
Unrestricted	1,270,458	1,909,615	2,175,448
Restricted for:			
Nonexpendable endowments	1,057,044	1,057,044	1,048,868
Expendable	558,699	625,417	481,446
Total net position	$ 4,294,794	$ 5,170,719	$ 5,207,409

Current assets consist of cash and cash equivalents, receivables, and unexpired program rights. Current assets totaled $2,732,000 at June 30, 2015 as compared to $2,805,000 at June 30, 2014 and $3,352,000 at June 30, 2013.

Fiscal year 2015 compared to 2014

- Cash and cash equivalents decreased $61,000 due primarily to a reduction in cash flows from normal operating activity which is offset by an increase in unexpended grant funding.

Fiscal year 2014 compared to 2013

- Cash and cash equivalents decreased $587,000 due primarily to a $311,000 reduction in cash flows from grant funding and fluctuations in normal operating activity.

Noncurrent assets include capital assets, net of accumulated depreciation, and endowment investments at fair value. Noncurrent assets totaled $3,024,000 at June 30, 2015 as compared to $3,261,000 at June 30, 2014 and $3,032,000 at June 30, 2013.

Fiscal year 2015 compared to 2014

- Capital assets decreased by $170,000 due to depreciation of existing capital assets. Endowment investments decreased by $67,000 due to depreciation of the investments as a result of unfavorable market conditions.

Fiscal year 2014 compared to 2013

- Capital assets increased by $77,000 due to increased capital additions. Endowment investments increased by $152,000 due to appreciation of the investments.

Total liabilities include accounts payable, accrued expenses, unearned revenue, compensated balances, and pension obligations. Total liabilities totaled $1,503,000 at June 30, 2015 as compared to $895,000 at June 30, 2014 and $1,177,000 at June 30, 2013.

Fiscal year 2015 compared to 2014

- Unearned revenue increased $244,000 due to an increase in cash flows from unexpended grant funding. WBGU-TV reported a liability for its proportionate share of the net pension liability of OPERS due to the adoption of GASB No. 68 in the amount of $410,000.

Fiscal year 2014 compared to 2013

- Unearned revenue decreased $294,000 due to a reduction in cash flows from grant funding.

Net position presents the difference between WBGU's assets and liabilities. Total net position totaled $4,295,000 at June 30, 2015 as compared to $5,171,000 at June 30, 2014 and $5,207,000 at June 30, 2013.

Fiscal year 2015 compared to 2014

- In accordance with GASB No. 68, WBGU-TV reported an adjustment of $372,000 as a change in accounting principle impact to the Unrestricted Net Position as of July 1, 2014.
- The unrestricted net position for 2015, excluding the accounting principle adjustment, decreased $267,000 due to fluctuations in normal operating activity.
- The invested in capital assets net position decreased $170,000 due to the depreciation of existing capital assets.

Fiscal year 2014 compared to 2013

- Unrestricted net position decreased $266,000 due to fluctuations in normal operating activity.
- Restricted expendable net position increased $144,000 due to appreciation of endowment investments.

Condensed Statement of Revenues, Expenses, and Changes in Net Position for the Years Ended June 30, 2015, 2014, and 2013

	2015	2014	2013
Operating revenues:			
Contributions and memberships	$ 368,653	$ 454,700	$ 452,756
Contributed services	298,555	270,726	240,235
Fees and services	445,306	452,317	390,063
Grants and contracts	1,213,851	1,130,370	1,265,309
Other operating revenue	200	22,316	43,294
Total operating revenues	2,326,565	2,330,429	2,391,657
Operating expenses:			
Program services	3,082,790	3,216,455	3,317,361
Supporting services	895,214	932,259	944,466
Total operating expenses	3,978,004	4,148,714	4,261,827
Operating loss	(1,651,439)	(1,818,285)	(1,870,170)
Non-operating revenues:			
Operating subsidies	656,724	1,106,910	894,519
Donated facilities and support	511,182	477,610	434,915
Investment gain, net	(20,039)	188,900	118,418
Other nonoperating revenues	-	8,175	-
Total nonoperating revenues	1,147,867	1,781,595	1,447,852
Change in net position	(503,572)	(36,690)	(422,318)
Net position at the beginning of the year	5,170,719	5,207,409	5,629,727
Adjustment for change in accounting principle GASB NO.	(372,353)	-	-
Net position at the end of year	$ 4,294,794	$ 5,170,719	$ 5,207,409

Total operating revenue for fiscal years ended June 30, 2015, 2014, and 2013 was $2.3 million, $2.3 million, and $2.4 million, respectively.

Fiscal year 2015 compared to 2014

- Grants and contracts revenue increased $83,000 due to increased support from granting agencies.
- Contributions and memberships decreased $86,000 primarily due to less donor activity.

Fiscal year 2014 compared to 2013

- Grants and contracts decreased $135,000 due to decreased support from granting agencies.
- Fees and services increased $62,000 primarily due to increased underwriting activity.

Total operating expenses for fiscal years ended June 30 2015, 2014, and 2013 was $4.0 million, $4.1 million, and $4.3 million respectively.

Fiscal year 2015 compared to 2014

- Program services decreased $134,000 primarily due to a decrease in program acquisitions.

Fiscal year 2014 compared to 2013

- Program services decreased $101,000 primarily due to a decrease in program acquisitions.

Total nonoperating revenues for fiscal years ended June 30, 2015, 2014, and 2013 was $1.1 million, $1.8 million, and $1.4 million, respectively.

Fiscal year 2015 compared to 2014

- Operating subsidies from BGSU decreased $450,000 primarily due to staffing reductions.
- Investment income decreased $209,000 due to unfavorable market conditions.

Fiscal year 2014 compared to 2013

- Operating subsidies from BGSU increased $212,000 primarily due to an equipment purchase by BGSU on behalf of WBGU.
- Investment income increased $70,000 due to favorable market conditions.

Capital Assets

The station had $1,408,593, $1,578,643 and $1,501,647 invested in capital assets as of June 30, 2015, 2014 and 2013, respectively. The most significant impact on the carrying amounts for each year related to depreciation expense. This depreciation was offset by purchases of capital assets of $130,344, $360,348 and $23,146 for 2015, 2014 and 2013, respectively. No significant disposal occurred in any of the three years.

Cash Flows

The Station used cash in operations of $634,187, $1,378,213 and $1,155,838 in 2015, 2014 and 2013, respectively. The largest cash inflows was from grants, cash from contributions and memberships and cash from fees and services. Cash outflows relate to amounts paid to vendors and employees.

The Station had cash inflows from noncapital financing activities which consists of operating subsidies of $656,724, $1,106,910 and $854,519 during 2015, 2014 and 2013, respectively.

Cash outflows from capital financing activities consists of capital asset purchases mentioned previously in the capital assets section.

Cash inflows from investing activities consists of investment income of $46,679, $44,929 and $43,188 in 2015, 2014 and 2013.

Economic Factors Affecting the Future of WBGU-TV

The economy of Ohio, while it has turned around, has had a somewhat negative impact on WBGU-TV's ability to increase membership dollars by a large percentage. The level of private annual giving decreased this past year, both in dollars and number of members and may continue to be more challenged in future years. WBGU-TV will strive to increase both private giving and production services in the coming year. The same Ohio economic conditions have created reductions in state support to Bowling Green State University. These reductions and potential future reductions will place greater emphasis on the need for WBGU-TV to become more self-reliant.

WBGU-TV
Statements of Net Position
June 30

	2015	2014
Assets		
Current assets:		
Cash and cash equivalents	$ 2,684,551	$ 2,745,679
Receivables:		
Accounts receivable	11,354	33,717
Grants and contracts	29,159	13,265
Unexpired program rights	7,226	11,934
Total current assets	2,732,290	2,804,595
Noncurrent assets:		
Endowment investments	1,615,742	1,682,461
Capital assets, net	1,408,593	1,578,643
Total noncurrent assets	3,024,335	3,261,104
Total assets	5,756,625	6,065,699
Deferred outflows, net	41,365	-
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses	18,359	27,341
Unearned revenue	884,127	640,480
Current portion of accrued compensated balances	70,763	73,699
Total current liabilities	973,249	741,520
Noncurrent liabilities:		
Accrued compensated absences (net of current portion)	120,303	153,460
Pension obligations	409,644	-
Total noncurrent liabilities	529,947	153,460
Total liabilities	1,503,196	894,980
Net position:		
Invested in capital assets	1,408,593	1,578,643
Unrestricted	1,270,458	1,909,615
Restricted for:		
Nonexpendable endowments	1,057,044	1,057,044
Expendable	558,699	625,417
Total net position	$ 4,294,794	$ 5,170,719

See accompanying notes.

WBGU-TV
Statement of Revenues, Expenses, and Changes in Net Position
Years Ended June 30

	2015	2014
Revenues		
Operating revenues:		
Contributions and memberships	$ 368,653	$ 454,700
Contributed services	298,555	270,726
Fees and services:		
Public broadcasting services	290,716	339,088
Business and industry	154,590	113,229
State and local grants	334,083	296,521
Private and other grants	879,768	833,849
Miscellaneous	200	22,316
Total operating revenues	2,326,565	2,330,429
Expenses		
Operating expenses:		
Program services:		
Programming and production	1,726,837	1,837,087
Broadcasting	1,291,008	1,312,746
Public information and promotion	64,945	66,622
Supporting services:		
Management and general	455,696	471,725
Fundraising and membership development	439,518	460,534
Total operating expenses	3,978,004	4,148,714
Operating loss	(1,651,439)	(1,818,285)
Nonoperating revenues:		
Operating subsidies	656,724	1,106,910
Donated facilities and support	511,182	477,610
Investment income, net	(20,039)	188,900
Endowment revenue	-	8,175
Net nonoperating revenues	1,147,867	1,781,595
Change in net position	(503,572)	(36,690)
Net position		
Net position at the beginning of year	5,170,719	5,207,409
Adjustment for change in accounting principle - GASB NO. 68 (Note 1 and 7	(372,353)	-
Net position at the beginning of year, as restated	4,798,366	-
Net position at the end of year	$ 4,294,794	$ 5,170,719

See accompanying notes.

WBGU-TV
Statement of Cash Flows
Years Ended June 30

	2015	2014
Cash flows from operating activities		
Contributions and memberships	$ 368,653	$ 449,700
Fees and services	467,978	435,649
Grants	1,309,535	832,907
Other receipts	200	279,839
Payments to vendors for supplies and services	(1,421,322)	(1,577,365)
Payments to employees and benefits	(1,359,231)	(1,798,943)
Net cash used in operating activities	(634,187)	(1,378,213)
Cash flows from noncapital financing activities		
Operating subsidies	656,724	1,106,910
Net cash provided by noncapital financing activities	656,724	1,106,910
Cash flows from capital financing activities		
Purchase of capital assets	(130,344)	(360,348)
Net cash used in capital financing activities	(130,344)	(360,348)
Cash flows from investing activities		
Investment income	46,679	44,929
Net cash provided by investing activities	46,679	44,929
Net decrease in cash and cash equivalents	(61,128)	(586,722)
Cash and cash equivalents at beginning of year	2,745,679	3,332,401
Cash and cash equivalents at end of year	$ 2,684,551	$ 2,745,679
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	$ (1,651,439)	$ (1,818,285)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	300,394	283,352
Pension expense	(4,074)	-
Donated facilities and support	511,182	477,610
Changes in assets and liabilities:		
Accounts receivable, net	6,470	(46,852)
Unexpired program rights	4,708	7,895
Accounts payable	(5,356)	(545)
Accrued wages and vacation pay	(39,719)	12,146
Unearned revenue	243,647	(293,534)
Net cash used by operating activities	$ (634,187)	$ (1,378,213)

See accompanying notes

1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies

Nature of Operations

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

Basis of Presentation

WBGU-TV follows all applicable Governmental Accounting Standards Board (GASB) pronouncements. The accompanying financial statements have been prepared using the economic resource measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America for publicly owned colleges and universities and is presented in accordance with the reporting model as prescribed in Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments* and GASB Statement No. 35, *Basic Financial Statements-and Management's Discussion and Analysis-for Public Colleges and Universities*, as amended by GASB Statements No. 37, No. 38, and No. 63. WBGU follows the "business-type" activities requirements of GASB Statement No. 34. This approach requires the following components of WBGU's financial statements:

- Management's Discussion and Analysis
- Basic Financial Statements including a Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; Statement of Cash Flows; and Notes to the Financial Statements

GASB Statement No. 34, as amended by GASB No. 63 establishes standards for external financial reporting for public colleges and universities and requires that resources be classified for accounting and reporting purposes into the following four net position categories:

- *Net investment in capital assets:* This represents WBGU-TV's total investment in capital assets.
- *Unrestricted:* Unrestricted net assets represent resources derived from sales and services provided by WBGU-TV. These resources are used for transactions relating to the obligations of WBGU-TV and may be used at the discretion of the board of trustees to meet current expenses for any purpose.
- *Restricted for non-expendable endowments:* Restricted non-expendable endowments are gifts that have been received for endowment purposes, the corpus of which cannot be expended.

1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies (continued)

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

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

Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the (Ohio Public Employees Retirement System) Pension Plan (OPERS), and additions to and deductions from OPERS fiduciary net position have been determined on the same basis as they are reported by OPERS. OPERS uses the economic resources measurement focus and the full accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments (including refunds of employee contributions) are recognized as expense when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, represents a consumption of net position that applies to a future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government deferred outflows of resources related to the net pension liability, see Note 6 for more.

New Pronouncements

In June, 2015, WBGU adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date.* Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. Statement No. 71 is a clarification to GASB No. 68 requiring a government to recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The statements also enhance accountability and transparency through revised note disclosures and required supplemental information (RSI). In accordance with the statement, WBGU has reported its allocated share of the University's net pension liability of $372,353 as a change in accounting principle adjustment to unrestricted net position as of July 1, 2014. June 30, 2014 amounts have not been restated to reflect the impact of GASB No 68 because the information is not available to calculate the impact on pension expense for the fiscal year ending June 30, 2014.

1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies (continued)

Upcoming Pronouncement

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. This statement provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2015, and therefore will be adopted in the next fiscal year.

In June 2015, GASB issued GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Under GASB 75 and similar to GASB No. 68 (pensions), WBGU-TV, as a cost-sharing employer, will be required to recognize its proportionate share of the collective unfunded net Other Post- Employment Benefits (OPEB) liability, OPEB expense, and deferred OPEB outflows (inflows) of the State's Retirement System plan within its financial statements. This will be a significant change for every participating employer in all cost-sharing plans around the country. Stations will see a significant liability reflected on their balance sheets along with an impact to OPEB expenses and a corresponding reduction to unrestricted net position. There are also expanded disclosures and required supplemental information to be added to WBGU-TV's financial statements. The Station will also be required to track certain components of the net OPEB liability (deferred inflows/outflows) and amortize over the appropriate periods in accordance with the standard. WBGU-TV has not yet determined what its share of the unfunded net OPEB liability is but it is expected to be significant and material to the Station's financial statements. The provisions of this Statement are effective for financial statements for the year ending June 30, 2018.

Cash and Cash Equivalents

Cash and cash equivalents are held in the custody of the University and the Foundation. These funds are commingled with those of other University- and Foundation-related organizations. Cash and cash equivalents include funds that have been allocated to WBGU-TV by the University that are unspent. WBGU-TV considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Accounts Receivable

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

1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies (continued)

Unexpired Program Rights and Unearned Revenue

Unexpired program rights include expenses for programs produced by WBGU-TV, which will be broadcast subsequent to the end of the fiscal year. Unearned revenue includes amounts received for the production of programs that will be broadcast subsequent to the end of the fiscal year. Concurrent with broadcasting of the programs, these costs will be reported as incurred operating expenses and the related amounts received will be reported as earned revenue in the statement of revenues, expenses, and changes in net assets. Unearned revenue also includes amounts received from grant and contract sponsors that have not been earned.

Endowment Investments

Endowment funds are administered by the Foundation and are commingled with other Foundation endowment funds in its pooled investment portfolio. Earned investment income is allocated to each fund based on its share of the total funds invested in the pool. The unrestricted donor contributions to the endowment are recorded as nonoperating revenues in the statement of revenues, expenses, and changes in net position. Investments in cash equivalents, corporate stocks, equity securities, corporate bond funds, and mutual funds are recorded at their current fair values based on quoted market prices in active markets. There are also investments reported at net asset value, which represents fair value as reported by the general partner or fund manager. Limited partnerships, real estate investment trusts, and other private investments make up a portion of the endowment investments and are reported using the equity method of accounting. The components of the individual investments within these funds are not readily determinable. The value is based on estimates by partnership manager, fund managers, and various valuation committees including original costs, restrictions affecting marketability, operating results, financial condition of the issuers, and the price of the most recent financing transactions. Management believes the stated values approximate fair value as determined by the respective managers. Because these investments are not readily marketable, their estimated value is subject to uncertainty and, therefore, may significantly differ from the value that would have been used had a ready market for such instruments existed, and the differences could be material. Some of the investments have time limitations on liquidation. These vary from six months to the term of the limited partnership, trust, or fund. During this period, unless certain events occur, liquidation will be unable to occur.

1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies (continued)

The governing body of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, WBGU-TV classifies as net assets restricted for nonexpendable endowments (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets restricted for nonexpendable endowments is classified as restricted for expendable net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

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

WBGU-TV records the annual income of the endowment as nonoperating revenue that is restricted for expenditure upon meeting donor stipulations. The net appreciation on investments of donor-restricted endowments that are available for expenditure were $558,699 and $625,417 at June 30, 2015 and 2014, respectively.

The Foundation has adopted a spending policy with respect to amounts available for distribution on all endowed funds. The spending policy provides for a range of 3% to 7% of the three-year rolling average market value of endowed fund balances, with the board of directors approving 3% for 2015 and 2014, respectively.

The Foundation has adopted a policy of charging an administrative fee on all endowed funds, unless prohibited by the guidelines of the funds. The fee is based on the prior two-year average market value balance for the endowed funds and certain non-endowed funds. The administrative fee charged to WBGU-TV amounted to approximately $21,884 and $21,314 in 2015 and 2014, respectively, and has been netted with the investment income included in nonoperating revenues on the statements of revenues, expenses, and changes in net position.

Capital Assets

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

1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies (continued)

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

Revenue Recognition

All revenues from programmatic sources are considered to be operating revenues. Included in nonoperating revenues are University support, investment income, endowed and capital grants, and gifts.

In-kind Contributions and Donated Personal Services of Volunteers

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

The value of donated personal services of volunteers has been excluded from both revenue and expense. The volunteer support for the years ended June 30, 2015 and 2014, consisted of:

	2015		2014	
	Hours	Total	Hours	Total
Programming and production	2,334	$ 53,857	528	$ 69,319
Public information and promotion	-	-	-	-
Fundraising	62	1,430	409	9,223
Management and general	168	3,876	126	2,841
Total	2,564	$ 59,163	1,063	$ 81,383

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

Administrative Support and Donated Facilities From the University

Administrative support and donated facilities are calculated and recorded as both revenue and expense based upon the University's "modified other sponsored activities indirect cost rate" as defined by the Corporation for Public Broadcasting (CPB), which was 1.2% for fiscal years ended June 30, 2015 and 2014. Donated facilities and administrative support from the University consists of allocated overhead costs related to financial, student, and development department costs and certain other expenses incurred by the University on behalf of WBGU-TV. All support received from the University is recorded as nonoperating revenues.

1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies (continued)

Income Taxes

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

Functional Allocation of Expenses

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

2. Cash and Investments

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

The cash balances as of June 30, 2015 and 2014 are pooled funds that are held and managed by the University and Foundation.

Endowment investments represent WBGU-TV's share of pooled investment funds held and managed by the Foundation. The values of these investments held by the Foundation as of June 30, 2015 and 2014, were as follows:

	2015	2014
WBGU-TV Silver Anniversary	$ 1,171,586	$ 1,220,082
WBGU-TV Programming Endowment Fund	25,950	27,023
WBGU-TV Equipment	46,463	48,225
The Younger Family Fund	301923	314,421
Jorgen Larsen WBGU Programming Fund	69,820	72,710
Total	$ 1,615,742	$ 1,682,461

3. Capital Assets

The property and equipment reported below are titled to the University but are utilized by WBGU-TV. Capital asset and accumulated depreciation activity for the year ended June 30, 2015, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Land	**$ 40,000**	$ –	$ –	$ 40,000
Buildings	**2,410,108**	–	–	2,410,108
Equipment	**8,321,350**	130,344	–	8,451,694
Total capital assets	**10,771,458**	130,344	–	10,901,802
Less accumulated depreciation	**9,192,815**	300,394	–	9,493,209
Capital assets, net	**$ 1,578,643**	$ (170,050)	$ –	$ 1,408,593

The property and equipment reported below are titled to the University but are utilized by WBGU-TV. Capital asset and accumulated depreciation activity for the year ended June 30, 2014, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Land	**$ 40,000**	$ –	$ –	$ 40,000
Buildings	**2,410,108**	–	–	2,410,108
Equipment	**8,884,386**	360,348	923,384	8,321,350
Total capital assets	**11,334,494**	360,348	923,384	10,771,458
Less accumulated depreciation	**9,832,847**	283,352	923,384	9,192,815
Capital assets, net	**$ 1,501,647**	$ 76,996	$ –	$ 1,578,643

4. Accounts Payable and Accrued Expenses

The composition of accounts payable and accrued expenses at June 30, 2015 and 2014, was as follows:

	2015	2014
Accounts payable	$ 4,227	$ 9,583
Accrued payroll	14,132	17,758
Total	$ 18,359	$ 27,341

5. Compensated Absences

The University employees earn vacation and sick leave benefits based, in part, on length of service. Vacation pay is fully vested when earned. Upon separation from service, employees are paid accumulated vacation and sick pay based upon the nature of separation (death, retirement, or termination). Certain limitations have been placed on the hours of vacation and sick leave that employees may accumulate and carry over for payment at termination, retirement, or death. Unused hours exceeding their limitations are forfeited. The liability and expense incurred are recorded at year end as long-term liabilities in the statement of net position, and as a component of operating expense in the statement of revenues, expenses, and changes in net position.

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

Compensated absences for June 30, 2015, are summarized as follows:

	Beginning Balance	**Additions**	**Reductions**	**Ending Balance**	**Due in One Year**
Vacation pay	**$ 150,936**	$ 64,535	$ 97,657	$ 117,814	$ 70,763
Sick leave	**76,223**	9,028	11,999	73,252	0
Total	**$ 227,159**	$ 73,563	$ 109,656	$ 191,066	$ 70,763

Compensated absences for June 30, 2014, are summarized as follows:

	Beginning Balance	**Additions**	**Reductions**	**Ending Balance**	**Due in One Year**
Vacation pay	**$ 143,329**	$ 81,620	$ 74,013	$ 150,936	$ 73,510
Sick leave	**63,951**	12,272	-	76,223	189
Total	**$ 207,280**	$ 93,892	$ 74,013	$ 227,159	$ 73,699

6. Retirement Benefits

WBGU-TV employees are covered by the Ohio Public Employees Retirement System of Ohio (OPERS). This plan provides retirement, disability, annual cost of living adjustments, death benefits, and health care benefits to vested retirees.

OPERS offers three separate retirement plans:

Defined benefit plan – traditional pension plan. This is a cost-sharing, multiple employer plan. This plan provides disability, annual cost of living adjustments, death benefits, and health care benefits. Health care benefits are based on years of service.

Defined contribution plan – member directed plan. Employee contributions are invested in self-directed investments. Benefits are dependent upon contributions and investment earnings. This plan does not include disability, annual cost of living adjustments, death benefits, or health care benefits.

Combined plan – has elements of the traditional pension plan and member directed plan. Employee contributions are invested in self-directed investments. The employer contributions are used to fund a reduced defined benefit plan. This plan provides disability, annual cost of living adjustments, death benefits, and health care benefits. Health care benefits are based on years of service.

OPERS issues separate, publicly available financial reports that include financial statements and required supplemental information. Reports can be obtained by contacting the agency.

The OPERS Comprehensive Annual Financial Report can be downloaded from the OPERS website at www.opers.org. State retirement law requires contributions by covered employees and their employers, and Chapter 3307 of the ORC limits the maximum rate of contributions. The retirement boards of the systems individually set contributions rates within the allowable limits. The adequacy of employer contribution rates is determined annually by actuarial valuation using the entry age normal cost method. The Ohio Revised Code provides statutory authority for employer and employee contributions. The University contributes 14% of covered payroll and the employee pretax contribution rate is 10% of covered payroll. A portion of employer contributions were allocated to post-employment health care benefits as disclosed in Note 7.

Employees may opt out of OPERS and participate in the Alternative Retirement Program (ARP), a defined contribution plan. The University contributes 14% of covered payroll (12% to the pension and 2% to post-retirement healthcare), and the employee pretax contribution rate is 10% of covered payroll. Benefits are dependent upon contributions and investment earnings. This plan does not include disability, annual cost of living adjustments, death benefits, or health care benefits.

6. Retirement Benefits (continued)

Plan benefits are established under Chapter 145 of the Ohio Revised Code, as amended by Substitute Senate Bill 343 in 2012. The requirements to retire depends on years of service (15 to 30 years) and from attaining the age of 48 to 62, depending on when the employee became a member. Members retiring before age 65 with less than 30 years service credit receive a percentage reduction in benefit. Member retirement benefits are calculated on a formula that considers years of service (15-30 years), age (48-62 years) and final average salary, using a factor ranging from 1.0 % to 2.5 %.

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustment, if applicable, is 3 %.

WBGU receives an allocation of the University's required and actual contributions to the plan. Employer contributions to the following retirement benefit program for June 30 are summarized as follows:

	2015	**2014**	**2013**
OPERS	$ 150,884	$ 162,133	$ 158,435
ARP	7,471	7,384	7,240
Total	$ 158,355	$ 169,517	$ 165,675

At June 30, 2015, WBGU reported a liability for its proportionate share (0.81%) of the University's proportionate share (0.4245%) of the net pension liability of OPERS. The net pension liability was measured as of December 31, 2014 for the OPERS plan. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. WBGU's proportion of the net pension liability was based on WBGU's employee payroll expense as a percentage of the University's total payroll expense.

	Measurement	Net Pension Liability		Proportionate Share		Percent
Plan	Date	2015	2014	2015	2014	Change
OPERS	December 31	$ 409,644	$ 402,531	0.81%	0.81%	0.00%

For the years ended June 30, 2015 and June 30, 2014 WBGU recognized pension expense of $154,281 and $169,517, respectively. At June 30, 2015, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

6. Retirement Benefits (continued)

	Resources	Resources
Differences between expected and actual experience	$ -	$ 6,565
Net difference between projected and actual earnings on pension plan investments	18,912	-
Changes in proportion and differences between WBGU contributions and proportionate share of contributions	-	130
University contributions subsequent to the measurement date	29,148	
Total	$ 48,060	$ 6,695

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	Amount
2016	$ 1,783
2017	1,783
2018	4,199
2019	4,684
2020	(44)
Thereafter	(151)

In addition, the contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the next year (2016).

Actuarial Assumptions - The total pension liability in the actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

6. Retirement Benefits (continued)

	OPERS - as of 12/31/14
Valuation date	December 31, 2014
Actuarial cost method	Individual entry age
Cost of living	3.0 percent
Salary increases, including inflation	4.25 percent - 10.05 percent
Inflation	3.75 percent
Investment rate of return	8.00 percent, net of pension plan investment expense
Experience study date	Period of 5 years ended December 31, 2010
Mortality basis	RP-2000 mortality table projected 20 years using Projection Scale AA

Discount Rate - The discount rate used to measure the total pension liability was 8.0 % for OPERS. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates for all plans. Based on those assumptions, each pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

6. Retirement Benefits (continued)

	OPERS	
Investment Category	Target Allocation	Long-term Expected Real Rate of Return
Fixed Income	23.00%	2.31%
Domestic Equities	19.90%	5.84%
Real Estate	10.00%	4.25%
Private Equity	10.00%	9.25%
International Equity	19.10%	7.40%
Other Investments	18.00%	4.59%
Total	100%	

Sensitivity of the net pension liability to changes in the discount rate - The following presents the net pension liability of WBGU, calculated using the discount rate listed below, as well as what WBGU's net pension liability would be if it were calculated using a discount rate that is 1.00 percentage point lower or 1.00 percentage point higher than the current rate:

Plan	1.00 percent decrease			Current Discount Rate			1.00 percent increase		
OPERS	7.00%	$	758,419	8.00%	$	409,644	9.00%	$	118,168

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report.

7. Post-Employment Health Care Benefits

In addition to pension benefits, the Ohio Revised Code provides authority for public employers to fund post-employment health care benefits through their contributions to OPERS.

OPERS maintains a cost-sharing, multiple employer health care plan to retirees who participated in the defined benefit or combined plan with 10 or more years of qualifying Ohio service credit.

Coverage includes a medical plan, prescription drug program, and Medicare Part B premium reimbursement.

7. Post-Employment Health Care Benefits (continued)

Under Ohio law, post-employment health care benefits under OPERS are permitted but not mandated; therefore, a portion of employer contributions are set aside for funding post-employment health care. During calendar year 2013, this allocation is 1.0% of covered payroll. Effective January 1, 2014, the portion of employer contributions allocated to healthcare increased to 2.0% for both plans, as recommended by the OPERS actuary. Payment amounts vary depending on the number of covered dependents and coverage selected.

Employer contributions to the OPERS retirement benefit program for June 30, 2015, 2014, and 2013, are $21,381, $17,169, and $33,895, respectively.

8. Corporation for Public Broadcasting Grants

The Corporation for Public Broadcasting (CPB) is a private, non-profit grantmaking organization responsible for funding more than 1,000 television and radio stations. WBGU-TV receives grant funds from the CPB to assist in the operations of the station. During 2015 and 2014, the grant funds recorded as revenue were as follows:

	2015	**2014**
Community Service Grant	$ 811,740	$ 817,759
Interconnection Grant	14,735	16,090
Fiscal Stabilization Grant	53,293	-
Total	$ 879,768	$ 833,849

9. Nonfederal Financial Support (NFFS)

The Corporation for Public Broadcasting (CPB) allocates a portion of its funds annually to public broadcasting entities, primarily based on NFFS. NFFS is defined as the total value of cash and the fair market value of property and services received as either a contribution or a payment and meeting all of the respective criteria for each.

9. Nonfederal Financial Support (NFFS) (continued)

A "contribution" is cash, property, or services given to a public broadcasting entity for general operational purposes. Support received as a contribution by a public broadcasting entity must meet the following criteria to be includable as NFFS: (1) the source may be an entity except the federal government or any other public broadcasting entity; (2) the contribution may take the form of a gift, grant, bequest, donation, or appropriation; (3) the purpose must be for the construction or operation of a noncommercial, educational public broadcast station or for the production, acquisition, distribution, or dissemination of educational television or radio program and related activities; and (4) the recipient must be a public broadcasting entity on behalf of a public broadcast station. However, to eliminate distortions in the TV CSG grant program precipitated by extraordinary infusions of new capital investments in DTV, all capital contributions received for purposes of acquiring new equipment or upgrading existing or building new facilities regardless of source or form of the contribution are not included in calculating the 2014 NFFS. This change excludes all revenues received for any capital purchases.

A "payment" is cash, property, or services received by a public broadcasting entity from specific sources in exchange for specific services or materials. Support received as a payment by a public broadcasting entity must meet the following criteria to be includable as NFFS: (1) the source must be a state, any agency or political subdivision of a state, an educational Station, or organization, or a nonprofit entity; (2) the form of the payment must be appropriations or contract payments in exchange for specific services or materials; (3) the purpose must be for any related activity of the public broadcast station; and (4) the recipient must be a public broadcasting entity on behalf of a public broadcast station.

Reported NFFS was $1,366,876 and $1,866,238 for 2015 and 2014, respectively.

10. University Support

The WBGU-TV operations are supported in part by the general revenues of the University. The University provides for the general operating costs of WBGU-TV's operations. The University's direct support for the years ended June 30, 2015 and 2014, amounted to $656,724 and $1,106,910, respectively. In addition, the University provided for the years ended June 30, 2015 and 2014, an estimated $511,182 and $477,610 of indirect administrative support, respectively. The indirect administrative support revenue was calculated using the University's "modified other sponsored activities indirect costs rate" of 1.2%.

11. Contingencies

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

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

Independent Auditor's Report

To Management, the Audit Committee,
and the Board of Trustees
WBGU-TV

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of WBGU-TV (WBGU-TV or the "Station"), a public telecommunications entity operated by Bowling Green State University, which comprise the statement of net position as of June 30, 2015, and the related statement of revenue, expenses, and changes in net position, and cash flows for the year then ended, and related notes to the financial statements, and have issued our report thereon dated October 8, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered WBGU-TV's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Station's internal control. Accordingly, we do not express an opinion on the effectiveness of the Station'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 Station's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

To Management, the Audit Committee,
and the Board of Trustees
WBGU-TV

Compliance and Other Matters

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

Purpose of this Report

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

Plante & Moran, PLLC

October 8, 2015

Dave Yost • Auditor of State

BOWLING GREEN STATE UNIVERSITY

WOOD COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
DECEMBER 15, 2015

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