

The Ohio State University Department of Athletics

(A Department of The Ohio State University)

**Financial Statements as of and for the
Years ended June 30, 2014 and 2013 and
Independent Auditor's Report**



Dave Yost • Auditor of State

Board of Trustees
The Ohio State University Department of Athletics
2040 Blankenship Hall
901 Woody Hayes Drive
Columbus, Ohio 43210

We have reviewed the *Independent Auditor's Report* of The Ohio State University Department of Athletics, Franklin County, prepared by Pricewaterhouse Coopers LLP, for the audit period July 1, 2013 through June 30, 2014. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

November 16, 2015

This page intentionally left blank.

The Ohio State University Department of Athletics

Index

June 30, 2014 and 2013

	Page(s)
Independent Auditor's Report	1-2
Management's Discussion and Analysis (Unaudited)	3-7
Financial Statements	
Statements of Net Position	8
Statement of Revenues, Expenses and Other Changes in Net Position.....	9
Statement of Cash Flows.....	10-11
Notes to Financial Statements.....	12-28
Independent Auditor's 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	29-31

This page intentionally left blank.



Independent Auditor's Report

To Board of Trustees of The Ohio State University:

Report on the Financial Statements

We have audited the accompanying financial statements of The Ohio State University Department of Athletics ("Athletics"), a department of The Ohio State University, as of and for the years ended June 30, 2014 and 2013, which consist of the statements of net position and the related statements of revenues, expenses, and other changes in net position, and of cash flows, and the related notes to the financial statements, which collectively comprise Athletics' basic financial statements.

Management's Responsibility for the Financial Statements

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our 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, we consider internal control relevant to Athletics' 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 Athletics' 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 Athletics at June 30, 2014 and June 30, 2013, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Emphasis of Matter – Basis of Preparation

As discussed in Note 1, the financial statements of Athletics present only the financial position, changes in financial position and cash flows of that portion of the financial reporting entity of The Ohio State University that is attributable to the transactions of Athletics. They do not purport to, and do not, present fairly the financial position of The Ohio State University at June 30, 2014 and June 30, 2013, and the changes in its financial position or its cash flows 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.

Emphasis of Matter – Restatement

As discussed in Note 2 to the financial statements, Athletics has restated its 2013 financial statements to correct certain errors. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

The accompanying management's discussion and analysis on pages 3 through 7 are required by accounting principles generally accepted in the United States of America 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 supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 27, 2015 on our consideration of Athletics' 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 for the year ended June 30, 2014. 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 Athletics' internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "PricewaterhouseCoopers LLP". The signature is written in a cursive, flowing style.

August 27, 2015

The Ohio State University Department of Athletics Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2014

The following Management's Discussion and Analysis, or MD&A, provides an overview of the financial position and activities of The Ohio State University Department of Athletics ("Athletics") for the year ended June 30, 2014, with comparative information for the years ended June 30, 2013 and June 30, 2012. We encourage you to read this MD&A section in conjunction with the audited financial statements and footnotes appearing in this report.

About the Department of Athletics:

The Ohio State University Department of Athletics is recognized as one of the most comprehensive intercollegiate athletics programs in the nation, with over 1,000 student-athletes competing in 36 sports. Athletics operates under the governance of The Ohio State University Board of Trustees and is included in the consolidated financial statements of The Ohio State University ("the university"). All organizations controlled by Athletics, consisting of its various departments, are included in the financial statements; organizations not controlled by Athletics, such as certain booster and alumni organizations, are not included in the financial statements.

About the Financial Statements:

Athletics presents its financial statements in a "business type activity" format, in accordance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments* and GASB Statement No. 35, *Basic – and Management's Discussion and Analysis – for Public Colleges and Universities – an amendment of GASB Statement No. 34*. In addition to this MD&A section, the financial report includes a Statement of Net Position, a Statement of Revenues, Expenses and Other Changes in Net Position, a Statement of Cash Flows and Notes to the Financial Statements as of and for the years ended June 30, 2014 and June 30, 2013.

Athletics has restated its June 30, 2013 financial statements and its statement of financial position as of June 30, 2012 and its unaudited statements of revenues, expenses and other changes in net position and of cash flows for the year then ended as more fully described in Note 2 to the financial statements. Such changes have been reflected in the following Management's Discussion and Analysis.

Financial Highlights:

Athletics net position increased \$12 million, to \$201 million at June 30, 2014. Operating revenues were up \$4 million due to increased ticket revenues from the new premium pricing plan for one home football game and appearance in a post season bowl game. Operating expenses increased \$4 million, reflecting the additional costs associated with bowl game participation, renovation of concession areas of the football stadium, and an increase in the amount of scholarships granted.

**The Ohio State University Department of Athletics
Management's Discussion and Analysis (Unaudited)
As of and for the Year Ended June 30, 2014**

**Summary Statement of Net Position
(in thousands)**

	2014	2013 (As Restated)	2012 (As Restated)
Cash	\$ 73,748	\$ 61,099	\$ 79,602
Other current assets	30,210	27,858	26,406
Total current assets	103,958	88,957	106,008
Endowment Investments	64,788	55,303	48,693
Capital assets, net of accumulated depreciation	251,032	243,397	232,793
Other noncurrent assets	40,258	28,887	20,022
Total noncurrent assets	356,078	327,587	301,508
Total assets	\$ 460,036	\$ 416,544	\$ 407,516
Unearned revenue for advance sales of game tickets	\$ 47,196	\$ 43,223	\$ 42,178
Current portion of notes payable to university	10,851	7,987	7,690
Other current liabilities	17,959	12,508	13,060
Total current liabilities	76,006	63,718	62,928
Notes payable to university	180,324	161,355	169,342
Accrued compensated absences	2,737	2,528	2,256
Total noncurrent liabilities	183,061	163,883	171,598
Total liabilities	\$ 259,067	\$ 227,601	\$ 234,526
Net investment in capital assets	\$ 64,346	\$ 70,750	\$ 55,469
Restricted - nonexpendable	59,245	53,039	47,147
Restricted - expendable	61,588	56,556	49,116
Unrestricted	15,790	8,598	21,258
Total net position	\$ 200,969	\$ 188,943	\$ 172,990

Cash and cash equivalents increased \$13 million, to \$74 million at June 30, 2014, primarily due to the receipt of internal loans to fund stadium improvements and an indoor golf facility. The Statement of Cash Flows provides additional details on sources and uses of Athletics cash.

Contributions receivable, which consist of gift receipts held by the university but not yet transferred to Athletics gift funds, decreased \$1 million to \$10 million. **Pledges receivable** increased \$1 million, to \$32 million. **Endowment investments** increased \$10 million, to \$65 million, reflecting new endowment gifts and gains in market value.

Capital assets increased \$8 million, to \$251 million, reflecting capital expenditures to add lights, concession stand improvements, and additional seating to the Ohio Stadium. Capital assets reported on Athletics' Statement of Net Position include Ohio Stadium, Woody Hayes Athletic Center, McCorkle Aquatic Pavilion, Jesse Owens Memorial Stadium, Buckeye Field (Women's Softball), Bill Davis Baseball Stadium, St. John Arena and other facilities to support its 36 sports programs. Also reported are various land and land improvement assets, including the Scarlet and Gray golf courses, capitalized equipment and construction in progress.

With the exception of the new basketball practice facility, which was funded by Athletics and completed in summer 2013, the Schottenstein Center is not reported as a capital asset of the department because it is used for a wide range of university purposes. In exchange for the use of the

**The Ohio State University Department of Athletics
Management's Discussion and Analysis (Unaudited)
As of and for the Year Ended June 30, 2014**

facility, Athletics provides marketing, ticket sales and information technology services and an annual payment to the university.

Unearned revenue for advance sales of game tickets increased \$4 million, to \$47 million, reflecting an increase in football ticket prices and the new premium pricing plan in place for two games in the fall 2014 season.

Athletics enters into internal loan agreements with the university to finance the construction and renovation of athletic facilities. The loans have maturities ranging from 2014 to 2031 and bear interest rates ranging from 2.0% to 5.14%. These **notes payable to the university** totaled \$191 million at June 30, 2014, up \$22 million from the prior year. Internal transfers for debt service totaled \$17 million and \$16 million in 2014 and 2013, respectively.

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

	2014	2013	2012
		(As Restated)	(As Restated)
Operating Revenues:			
Ticket sales	\$ 56,003	\$ 54,630	\$ 50,007
Television, broadcast rights and sponsorships	29,146	28,248	27,059
Royalty and affinity revenue	3,663	5,000	5,831
Bowl and NCAA tournament distributions	8,494	5,969	6,531
Sports camp entry fee	2,996	3,169	2,849
Golf course revenues	3,543	3,892	3,896
Other operating revenues	11,029	10,439	8,545
Total operating revenues	<u>114,874</u>	<u>111,347</u>	<u>104,718</u>
Operating Expenses			
Salaries and wages	40,839	41,932	36,995
Employee benefits	12,095	11,488	9,966
Supplies and services	58,450	55,444	52,777
Scholarships	17,923	16,333	15,871
Depreciation	13,819	13,500	12,432
Total operating expense	<u>143,126</u>	<u>138,697</u>	<u>128,041</u>
Net operating loss	(28,252)	(27,350)	(23,323)
Nonoperating Revenues (Expenses)			
Current-use gifts	27,632	26,782	26,147
University distribution	5,638	5,555	11,433
Interest expense	(7,381)	(8,192)	(8,498)
Net investment income (loss)	9,195	5,663	(134)
Income before other changes in net position	<u>6,832</u>	<u>2,458</u>	<u>5,625</u>
Capital gifts	5,177	12,704	6,964
Additions to permanent endowments	2,658	3,165	3,709
Equity transfers to the university	(2,641)	(2,374)	(2,703)
Increase (decrease) in net position	<u>12,026</u>	<u>15,953</u>	<u>13,595</u>
Net position - beginning of year	<u>188,943</u>	<u>172,990</u>	<u>159,395</u>
Net position - end of year	<u>\$ 200,969</u>	<u>\$ 188,943</u>	<u>\$ 172,990</u>

**The Ohio State University Department of Athletics
Management's Discussion and Analysis (Unaudited)
As of and for the Year Ended June 30, 2014**

Ticket sales revenues for Athletics events increased \$1 million, to \$56 million in 2014, due to premium ticket pricing on the Wisconsin game, which added \$2 million in additional ticket revenues. Lower than usual attendance for the non-conference games offset the increase. **Total television, broadcast rights and sponsorship revenues** increased \$1 million to \$29 million. **Royalty and affinity revenue**, which includes income from merchandise bearing OSU Athletics logos and concession sales, decreased \$1 million, to \$4 million; due to the change from direct sales to a percentage allocation from the university. **Bowl and NCAA tournament distributions** increased \$2 million, to \$8 million, due to the return to post season eligibility for the football team.

Total **supplies and services expense** for Athletics increased \$3 million, to \$58 million in 2014. Along with the increased costs associated with bowl game participation, updates were made to the concession stands in the football stadium this year.

Gifts to Athletics represent a key source of financial support for the department's operating and capital needs. **Current use gifts** increased \$1 million, to \$28 million, in 2014. These gifts are used primarily to fund scholarships for student-athletes. **Capital gifts** decreased \$8 million, to \$5 million. In the previous year a \$10 million capital gift pledge was recognized. **Additions to permanent endowments** remained steady at \$3 million.

**Statement of Cash Flows
(in thousands)**

	<u>2014</u>	<u>2013</u> (As Restated)	<u>2012</u> (As Restated)
Net cash flows used in operating activities	\$ (11,576)	\$ (16,789)	\$ (11,195)
Net cash flows from noncapital financing activities	31,602	32,213	39,253
Payments for purchase or construction of capital assets	(14,665)	(20,792)	(5,266)
Principal and interest payments on notes payable to the university	(17,453)	(15,882)	(15,768)
Other cash flows from capital financing activities	37,046	3,694	4,184
Net cash flows used in investing activities	<u>(12,305)</u>	<u>(947)</u>	<u>(1,265)</u>
Net increase (decrease) in cash	<u>\$ 12,649</u>	<u>\$ (18,503)</u>	<u>\$ 9,943</u>

Total Athletics cash increased \$13 million, to \$74 million, at June 30, 2014. Total cash used in operating activities decreased from \$17 million to \$12 million. Total operating receipts increased \$8 million, with increases in ticket receipts and in bowl and NCAA tournament distributions offsetting the decrease in merchandise sales. Total operating expenses increased \$3 million mainly due to the increase in financial aid disbursed and a slight increase in the cost of employee benefits. Payments for purchase or construction of capital assets decreased \$6 million to \$15 million. Capital expenditures included the addition of lighting and 2,500 seats to Ohio Stadium, improvements to the stadium concession stands, and construction of an indoor golf facility. Other cash flows for capital financing activity increased \$33 million, reflecting the receipt of internal loan proceeds. Total cash used in investing activities increased from \$1 million to \$12 million. The net increase in cash of \$12 million excludes an increase in assets whose use is limited for capital additions of \$12 million restricted for capital use.

The Ohio State University Department of Athletics Management's Discussion and Analysis (Unaudited) As of and for the Year Ended June 30, 2014

Economic Factors That Will Affect the Future:

The Department of Athletics is a national leader and one of the most visible, respected and accomplished intercollegiate athletics programs in the nation. In the pursuit of competitive excellence, Athletics affirms A Higher Purpose. The department exists to motivate student-athletes to develop into exemplary champions, who in turn inspire future Buckeyes. The department also is committed to financial self-sufficiency while contributing to the university's academic priorities.

Athletics' strategic plan, which was adopted in 2010, focuses on three core values:

- To provide teachable moments for gifted young student-athletes ... The People
- To excel competitively and enhance its proud championship history ... The Tradition
- To serve as a leader in intercollegiate athletics in every way ... The Excellence

In 2014, OSU introduced premium game pricing. Many Division 1 schools have begun this pricing strategy in the past five years. The top home game(s) are identified and priced higher due to the selling price in the secondary market. The Wisconsin reserved ticket price was raised to \$110. In future years, the pricing plan is to identify two premium games each year and price these games near the \$120 to \$150 price point.

A major portion of Athletics revenue, such as conference media contracts and corporate sponsorship agreements, is contractually defined for a number of years in the future. However, a significant portion of Athletics' revenue base, including gifts and ticket sales, is directly tied to its football program. Historically, Athletics has experienced very strong demand for football season tickets and premium seats. However, there is no guarantee that the historical economic success of the football program will continue in the future. In addition, the transition to a nine-game Big Ten conference season in 2016 will limit OSU to seven home football games. In consultation with its stakeholders, Athletics continues to evolve its ticket pricing for football and other revenue-generating sports.

Despite these uncertainties, Athletics leadership remains committed to executing its long-range strategic plan and anticipates that the department will maintain its sound financial position.

The Ohio State University Department of Athletics
Statements of Net Position
June 30, 2014 and 2013

(in thousands)

	2014	2013 (As Restated)
Assets		
Current assets		
Cash and cash equivalents	\$ 73,748	\$ 61,099
Accounts receivable, net	10,090	9,532
Inventories	199	456
Contributions receivable	10,342	10,994
Current portion of pledges receivable, net	8,617	6,279
Current portion of prepaid expenses	962	597
Total current assets	<u>103,958</u>	<u>88,957</u>
Noncurrent assets		
Assets Whose Use Is Limited	12,016	-
Endowment investments	64,788	55,303
Pledges receivable, net	23,309	24,262
Prepaid expenses	4,933	4,625
Capital assets, net	251,032	243,397
Total noncurrent assets	<u>356,078</u>	<u>327,587</u>
Total assets	<u>\$ 460,036</u>	<u>\$ 416,544</u>
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	\$ 858	\$ 590
Accounts payable related to capital assets	7,527	3,305
Current portion of accrued compensated absences	253	219
Unearned revenue for advance sales of game tickets	47,196	43,223
Other unearned revenues and deposits	9,321	8,394
Current portion of notes payable to the university	10,851	7,987
Total current liabilities	<u>76,006</u>	<u>63,718</u>
Noncurrent liabilities		
Notes payable to the university	180,324	161,355
Accrued compensated absences	2,737	2,528
Total noncurrent liabilities	<u>183,061</u>	<u>163,883</u>
Total liabilities	259,067	227,601
Net Position		
Net investment in capital assets	64,346	70,750
Restricted		
Nonexpendable	59,245	53,039
Expendable	61,588	56,556
Unrestricted	15,790	8,598
Total net position	<u>200,969</u>	<u>188,943</u>
Total liabilities and net position	<u>\$ 460,036</u>	<u>\$ 416,544</u>

The accompanying notes are an integral part of these financial statements

The Ohio State University Department of Athletics
Statements of Revenues, Expenses and Other Changes in Net Position
For the Years Ended June 30, 2014 and June 30, 2013

(in thousands)

	2014	2013 (As Restated)
Operating Revenues		
Ticket sales	\$ 56,003	\$ 54,630
Television, broadcast rights and sponsorships	29,146	28,248
Royalty and affinity revenue	3,663	5,000
Bowl and NCAA tournament distributions	8,494	5,969
Parking	2,399	2,454
Sports camp entry fees	2,996	3,169
Golf course revenues	3,543	3,892
Private grants and contracts	798	712
In kind revenues	1,855	1,590
Other operating revenues	5,977	5,683
Total Operating Revenue	114,874	111,347
Operating Expenses		
Salaries and wages	40,839	41,932
Employee benefits	12,095	11,488
Supplies and services	56,895	54,154
Scholarships	17,923	16,333
In kind supplies and services	1,555	1,290
Depreciation	13,819	13,500
Total Operating Expense	143,126	138,697
Operating Loss	(28,252)	(27,350)
Non-operating Revenues (Expense)		
Current-use gifts	27,632	26,782
University distribution	5,638	5,555
Investment income	2,741	2,693
Net unrealized gain	6,454	2,970
Interest expense on plant debt	(7,381)	(8,192)
Net Non-operating Revenue	35,084	29,808
Income before Other Revenues and Transfers	6,832	2,458
Other Revenues		
Capital gifts	5,177	12,704
Additions to permanent endowments	2,658	3,165
Net Revenues before Transfers	14,667	18,327
Equity transfers to the University	(2,641)	(2,374)
Increase in Net Position	12,026	15,953
Net Position, Beginning of Year	188,943	172,990
Net Position, End of Year	\$ 200,969	\$ 188,943

The accompanying notes are an integral part of these financial statements

The Ohio State University Department of Athletics
Statements of Cash Flows
Years Ended June 30, 2014 and June 30, 2013

(in thousands)

	2014	2013 (As Restated)
Cash Flows from Operating Activities		
Ticket sales	\$ 60,115	\$ 54,590
Television, broadcast rights and sponsorships	27,533	27,049
Royalty and affinity revenue	3,663	5,137
Bowl and NCAA tournament distributions	8,458	5,992
Parking	2,507	2,478
Sports camp entry fees	2,766	2,947
Golf course revenues	2,884	3,787
Private grants and contracts	798	712
Payments to or on behalf of employees	(40,596)	(41,542)
University employee benefit payments	(12,095)	(11,488)
Payments to vendors for supplies and services	(55,674)	(55,116)
Payments for student financial aid	(17,923)	(16,333)
Other receipts	5,988	4,998
Net cash used by operating activities	<u>(11,576)</u>	<u>(16,789)</u>
Cash Flows from Noncapital Financing Activities		
Current-use gifts	25,947	25,867
Additions to permanent endowments	2,658	3,165
Equity transfers to the University	(2,641)	(2,374)
Other nonoperating receipts	5,638	5,555
Net cash provided by noncapital financing activities	<u>31,602</u>	<u>32,213</u>
Cash Flows from Capital Financing Activities		
Proceeds from capital debt	30,916	-
Capital gifts	6,130	3,694
Payments for purchase or construction of capital assets	(14,665)	(20,792)
Principal payments on capital debt and leases	(9,084)	(7,690)
Interest payments on capital debt and leases	(8,369)	(8,192)
Net cash provided by (used in) capital financing activities	<u>4,928</u>	<u>(32,980)</u>
Cash Flows from Investing Activities		
Investment income	2,741	2,693
Increase in investments	(3,030)	(3,640)
Increase Assets Whose Use Is Limited	(12,016)	-
Net cash used in investing activities	<u>(12,305)</u>	<u>(947)</u>
Net increase (decrease) in cash	12,649	(18,503)
Cash and cash equivalents - Beginning of Year	61,099	79,602
Cash and cash equivalents - End of Year	<u>\$ 73,748</u>	<u>\$ 61,099</u>

The accompanying notes are an integral part of these financial statements

The Ohio State University Department of Athletics
Statements of Cash Flows - continued
Years Ended June 30, 2014 and June 30, 2013

(in thousands)

	2014	2013
Reconciliation of Net Operating Loss to Net Cash Provided (Used) by Operating Activities		(As Restated)
Operating loss	\$ (28,252)	\$ (27,350)
Adjustments to reconcile net operating loss to net cash provided (used) by operating activities:		
Depreciation expense	13,819	13,500
Loss on disposal	1,369	-
Non cash activity related to unearned revenues:		
Net in kind revenue	(300)	(300)
Changes in assets and liabilities:		
Accounts receivable, net	(558)	(844)
Inventories	257	(26)
Prepaid expenses	(673)	478
Accounts payable and accrued liabilities	268	(1,300)
Deposits and unearned revenues	2,251	(1,223)
Compensated absences	243	276
Net cash used by operating activities	<u>\$ (11,576)</u>	<u>\$ (16,789)</u>
Non cash activity:		
Capitalized Interest	(988)	-
Increase in accounts payable related to construction	4,222	3,013
Unrealized gain on investments	(6,454)	(2,970)
Assets financed by seller	2,650	-

The accompanying notes are an integral part of these financial statements

The Ohio State University Department of Athletics

Notes to Financial Statements

Years Ended June 30, 2014 and 2013 as restated

(in thousands)

1. ORGANIZATION

The Ohio State University Department of Athletics ("Athletics") operates under the governance of The Ohio State University Board of Trustees and is included in the consolidated financial statements of The Ohio State University ("the university"). As a department of the university, Athletics is exempt from income taxes under Internal Revenue Code Section 115.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of Athletics have been prepared in accordance with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board (GASB). Athletics reports as a special purpose government engaged solely in "business type activities" under GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*.

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

- Net investment in capital assets: Capital assets, net of accumulated depreciation, cash restricted for capital projects, accounts payable for construction and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.
- Restricted - nonexpendable: Amounts subject to externally-imposed stipulations that they be maintained in perpetuity and invested for the purpose of generating present and future income, which may either be expended or added to the principal. These assets primarily consist of permanent endowments.
- Restricted - expendable: Amounts whose use is subject to externally-imposed stipulations that can be fulfilled by actions of Athletics pursuant to those stipulations or that expire by the passage of time.
- Unrestricted: Amounts which are not subject to externally-imposed stipulations. Substantially all unrestricted balances are internally designated for use by university departments to support working capital needs, to fund related academic or research programs, and to provide for unanticipated shortfalls in revenues and deviations in enrollment.

Basis of Accounting

The financial statement of Athletics have been prepared on the accrual basis whereby all revenues are recorded when earned and all expenses are recorded when they are considered to be a legal or contractual obligation to pay.

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of petty cash, demand deposit accounts, money market accounts, savings accounts and investments with original maturities of ninety days or

The Ohio State University Department of Athletics
Notes to Financial Statements
Years Ended June 30, 2014 and 2013 as restated

(in thousands)

less at the time of purchase. Athletics' cash is maintained by the Office of Financial Services of the university through pooled funds.

Contributions Receivable

Contributions receivable of \$10,342 and \$10,994 as of June 30, 2014 and 2013, respectively, consist of gifts received by the university's Office of Advancement but not transferred to the operating accounts of Athletics. Amounts are deemed fully collectible.

Pledges Receivable

Athletics receives pledges and bequests of financial support from corporations, foundations and individuals. Revenue is recognized when a pledge representing an unconditional promise to pay is received and all eligibility requirements have been met. In the absence of such promise, revenue is recognized when the gift is received. In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, endowment pledges are not recorded as assets until the related gift is received. Athletics reduces pledges receivable to estimated net realizable value by recording an allowance for uncollectible pledges. The allowance is estimated using a four-year rolling average of canceled pledges divided by net pledges receivable. For the years ended June 30, 2014 and 2013, Athletics recorded allowances against pledges receivable of \$1,081 and \$1,049, respectively.

Prepaid Expenses

Prepaid expenses consist primarily of amounts paid by Athletics to construct a boathouse on City of Columbus property. In exchange for these contributions, Athletics received the right to use the boathouse for a 40-year period. Prepaid expense associated with the boathouse lease is being amortized to expense over the 40-year term of the agreement. In addition to the expenses associated with the boathouse, the current portion of prepaid includes deposits on travel arrangements for the next fiscal year.

Endowment Investments

All investments consist of amounts invested in The Ohio State University Long Term Investment Pool and are recorded at fair value. Endowment funds are managed by the Office of Financial Services of the university, which commingles the funds with other university-related organizations. Earned investment income is allocated to each organization based on its share of the total funds invested at the beginning of each year. Investments are carried at market value in accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and for External Investment Pools*. The net increases in the value of investments during the years ended June 30, 2014 and 2013 are \$9,485 and \$6,611, respectively. These amounts take into account all changes in fair value (including purchase and sales) that occurred during each respective year.

The calculation of unrealized gain or loss is independent of the calculation of the net increase in fair value of investments. As of June 30, 2014, there is a cumulative unrealized gain on investments of \$2,572. As of June 30, 2013, there was a cumulative unrealized loss on investments of \$3,882.

At June 30, 2014, the market value of Athletics gifted endowments is \$63,962 which is \$2,475 above the historical dollar value of \$61,487. Although the market value of the gifted endowments in total exceeds the historical cost at June 30, 2014, there are 128 named funds

The Ohio State University Department of Athletics
Notes to Financial Statements
Years Ended June 30, 2014 and 2013 as restated

(in thousands)

that remain underwater. The market value of these underwater funds at June 30, 2014 is \$17,287, which is \$2,242 below the historical dollar value of \$19,529.

At June 30, 2013, the market value of the university's gifted endowments was \$54,822, which was \$3,909 below the historical dollar value of \$58,731. Although the market value of certain gifted endowments exceeded the historical cost at June 30, 2013, there were 217 named funds that were underwater. The market value of these underwater funds at June 30, 2013 was \$38,347 which was \$5,692 below the historical dollar value of \$44,039.

The depreciation on non-expendable endowment funds is recorded as a reduction to restricted non-expendable net position. Recovery on these funds is recorded as an increase in restricted non-expendable up to the historical value of each fund. Per UPMIFA (§ 1715.53(D)(C)), the reporting of such deficiencies does not create an obligation on the part of the endowment fund to restore the fair value of those funds.

Assets Whose Use Is Limited

Assets whose use is limited represent cash and cash equivalents set aside for future capital improvements. Control of these assets is maintained by Athletics who may at their discretion subsequently use these assets for other purposes.

Capital Assets

Capital assets with unit costs over \$5 are recorded at cost at date of acquisition, or, if donated, at fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of the asset. Estimated useful lives are 10-100 years for buildings, 20 years for improvements and 5-15 years for moveable equipment. Expenditures for construction in progress are capitalized as incurred. Routine maintenance and repairs are charged to expenses as incurred.

Unearned Revenues

Unearned revenues primarily consist of receipts related to athletic events, deferred revenue under sponsorship agreements, golf course memberships and sports camp entry fees received in advance of the services to be provided. Athletics will recognize revenue to the extent these services are provided over the coming fiscal year.

Operating and Non-Operating Activities

Athletics defines operating activities, for purposes of reporting on the Statement of Revenues, Expenses, and Other Changes in Net Position, as those activities that generally result from exchange transactions, such as payments received for providing services and payments made for goods or services received. With the exception of interest expense on long-term indebtedness, substantially all Athletics expenses are considered to be operating expenses. Certain significant revenue streams relied upon for operations are recorded as non-operating revenues, as defined by GASB Statement No. 35, including university distributions to support operations, current-use gifts, and net investment income.

Equity transfers to the university

Transfers to the university represent non exchange transactions whereby Athletics generated revenues or reserves contributed to the university in support of institutional initiatives. Current transfers include funds to support a university wide cost containment program, support for the marching and athletic bands, and a donation to the Thompson Library for renovations.

The Ohio State University Department of Athletics
Notes to Financial Statements
Years Ended June 30, 2014 and 2013 as restated

(in thousands)

Sponsorship Agreement

Athletics has various sponsorship agreements that provide for in kind contributions including apparel, footwear, sports equipment and the use of certain athletic related equipment. For the years ended June 30, 2014 and, 2013, revenues were \$1,855 and \$1,590 respectively.

Management Estimates

The preparation of financial statements in conformity with accounting principles, generally accepted in the United States of America, requires the use of management estimates, primarily related to collectability of accounts and pledges receivable and to the valuation of compensated absences. Actual results could differ from those estimates.

Newly Issued Accounting Pronouncements

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*. Statement No. 68 requires governments that participate in defined benefit pension plans to report in their statement of net position a net pension liability, which is the difference between the total pension liability and the assets set aside to pay pension benefits. Statement No. 68 also requires cost-sharing employers to record a liability and expense equal to their proportionate share of the collective net pension liability and expense for the cost-sharing plan. It is effective for periods beginning after June 15, 2014.

As a Department of the university, Athletics participates in two cost-sharing defined benefit pension plans, the Ohio Public Employees Retirement System (OPERS) and the State Teachers Retirement System of Ohio (STRS-Ohio). Based on information provided in the most recently available financial reports for the pension plans, university management anticipates that Statement No. 68 will result in the recognition of significant liabilities in the university's and Athletics financial statements.

In January 2013, the GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. Statement No. 69 requires mergers, which do not involve an exchange of consideration, to be accounted for using the carrying values of assets. Acquisitions are accounted for using acquisition values. The standard also provides guidance on reporting of disposals of government operations. It is effective for periods beginning after December 15, 2013.

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. Statement No. 71 amends paragraph 137 of Statement 68 to require that, at transition, a government 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. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68.

University management is currently assessing the impact that implementation of GASB Statements No. 68, 69, and 71 will have on Athletics' financial statements.

The Ohio State University Department of Athletics
Notes to Financial Statements
Years Ended June 30, 2014 and 2013 as restated

(in thousands)

Other

As a Department of the university, Athletics is exempt from income taxes as an instrumentality of the State of Ohio under Internal Revenue Code §115 and Internal Revenue Service regulations.

Restatement

The financial statements as of and for the year ended June 30, 2013 have been restated and the related tables included in the notes to the financial statements with respect to June 30, 2013 have also been restated. The restatement primarily corrects errors in the application of generally accepted accounting principles to the financial statement of a department of the university and relate to the incorrect classification of certain revenue and expenses as transfers on the statement of activities. In addition other adjustments were identified that were reported on the university that should have been reported on the Athletics financial statements including recording construction in progress and related accounts payable, and the recognition of cash held by the university for Athletics capital projects. Furthermore, additional adjustments were identified including the recording of in kind revenues and related expenses, recording of sponsorship agreements on an accrual basis, recording accounts receivable and related deferred revenue, and the correction of the classification of accumulated gains on permanent endowments from restricted non expendable to restricted expendable. The effect on beginning net position is presented below:

	July 1, 2012
Net position, beginning of year, as previously reported	\$ 176,703
Effect of restatement	<u>(3,713)</u>
Net position, beginning of year, as restated	<u>\$ 172,990</u>

The effect of the restatement on the June 30, 2013 financial statements is presented below:

The Ohio State University Department of Athletics
Notes to Financial Statements
Years Ended June 30, 2014 and 2013 as restated

(in thousands)

	Statement of Net Position		
	As Previously Reported	Adjustment	As Restated
Assets			
Current assets			
Cash and cash equivalents	\$ 64,885	\$ (3,786)	\$ 61,099
Accounts receivable, net	3,917	5,615	9,532
Total current assets	87,128	1,829	88,957
Noncurrent assets			
Capital assets, net	239,297	4,100	243,397
Total noncurrent assets	323,487	4,100	327,587
Total Assets	410,615	5,929	416,544
Liabilities			
Current liabilities			
Accounts payable related to capital assets	-	3,305	3,305
Unearned revenue for advance sales of game tickets	37,608	5,615	43,223
Other unearned revenues and deposits	3,501	4,893	8,394
Total current liabilities	49,905	13,813	63,718
Total Liabilities	213,788	13,813	227,601
Net Position			
Net investment in capital assets	69,955	795	70,750
Restricted			
Nonexpendable	54,821	(1,782)	53,039
Expendable	54,774	1,782	56,556
Unrestricted	17,277	(8,679)	8,598
Total net position	196,827	(7,884)	188,943
Total liabilities and net position	410,615	5,929	416,544

The Ohio State University Department of Athletics
Notes to Financial Statements
Years Ended June 30, 2014 and 2013 as restated

(in thousands)

	Statement of Revenues, Expenses and Other Changes in Net Position		
	As Previously Reported	Adjustment	As Restated
Operating Revenues			
Television, broadcast rights and sponsorships	\$ 27,625	\$ 623	\$ 28,248
In kind revenues	-	1,590	1,590
Total Operating Revenue	109,134	2,213	111,347
Operating Expenses			
Supplies and services	46,594	7,560	54,154
In kind sales and services	-	1,290	1,290
Depreciation	12,900	600	13,500
Total Operating Expense	129,247	9,450	138,697
Operating Loss	(20,113)	(7,237)	(27,350)
Non-operating Revenues			
Current-use gifts	26,687	95	26,782
University distribution	-	5,555	5,555
Investment income	2,687	6	2,693
Net unrealized gain	-	2,970	2,970
Net Non-operating Revenue	21,182	8,626	29,808
Income before Other Revenues and Transfers	1,069	1,389	2,458
Equity transfers from (to) the University	3,186	(5,560)	(2,374)
Increase in Net Position	20,124	(4,171)	15,953
Net Position, Beginning of Year	176,703	(3,713)	172,990
Net Position, End of Year	196,827	(7,884)	188,943

The Ohio State University Department of Athletics
Notes to Financial Statements
Years Ended June 30, 2014 and 2013 as restated

(in thousands)

	Statement of Cash Flows		
	As Previously Reported	Adjustment	As Restated
Cash Flows from Operating Activities			
Ticket sales	\$ 50,060	\$ 4,530	\$ 54,590
Television, broadcast rights and sponsorships	27,625	(576)	27,049
Royalty and affinity revenue	5,000	137	5,137
Bowl and NCAA tournament distributions	10,740	(4,748)	5,992
Parking	2,454	24	2,478
Sports camp entry fees	3,169	(222)	2,947
Golf course revenues	3,892	(105)	3,787
Payments to or on behalf of employees	(41,770)	228	(41,542)
Payments to vendors for supplies and services	(46,449)	(8,667)	(55,116)
Other receipts	4,537	461	4,998
Net cash used by operating activities	(7,851)	(8,938)	(16,789)
Cash Flows from Noncapital Financing Activities			
Current-use gifts	27,303	(1,436)	25,867
Equity transfers from (to) the University	(3,425)	1,051	(2,374)
Other nonoperating receipts	-	5,555	5,555
Net cash provided by noncapital financing activities	27,043	5,170	32,213
Cash Flows from Capital Financing Activities			
Capital gifts	2,164	1,530	3,694
Payments for purchase or construction of capital assets	(21,196)	404	(20,792)
Net cash provided by (used in) capital financing activities	(34,914)	1,934	(32,980)
Cash Flows from Investing Activities			
Net investment income	2,687	6	2,693
Increase in investments	-	(3,640)	(3,640)
Net cash provided by (used in) investing activities	2,687	(3,634)	(947)
Net Decrease in Cash	(13,035)	(5,468)	(18,503)
Cash and Cash Equivalents - Beginning of Year	77,920	1,682	79,602
Cash and Cash Equivalents - End of Year	64,885	(3,786)	61,099
Reconciliation of Net Operating Loss to Net Cash Provided (Used) by Operating Activities			
Operating loss	(20,113)	(7,237)	(27,350)
Adjustments to reconcile net operating loss to net cash provided (used) by operating activities:			
Depreciation expense	12,900	600	13,500
Net in kind revenue	-	(300)	(300)
Changes in assets and liabilities:			
Accounts receivable, net	4,771	(5,615)	(844)
Accounts payable and accrued liabilities	(421)	(879)	(1,300)
Deposits and unearned revenues	(5,716)	4,493	(1,223)
Net Cash used by Operating activities	(7,851)	(8,938)	(16,789)
Non cash activity:			
Increase in accounts payable related to construction	-	3,013	3,013
Unrealized gain on investments	-	(2,970)	(2,970)

The Ohio State University Department of Athletics
Notes to Financial Statements
Years Ended June 30, 2014 and 2013 as restated

(in thousands)

3. INVESTMENTS

Athletics endowment investments are maintained in the university's Long-Term Investment Pool, and as such, all endowment investments are held by the University. The pool consists of more than 4,900 named funds. Each named fund is assigned a number of shares, based on the value of the gifts, income-to-principal transfers, or transfers of operating funds to that named fund. The pool is invested in a diversified portfolio of equities and fixed income securities, as well as a number of alternative investment funds, such as real estate limited partnerships, hedge funds, private equity funds, venture capital funds and natural resources funds. The pool is intended to provide the long-term growth necessary to preserve the value of these funds, adjusted for inflation, while making distributions to support Athletics' mission.

The university holds certain types of alternative investment funds, including limited partnerships and private equity, which are carried at the net assets value provided by the management of these funds. The purpose of this alternative investment fund class is to increase portfolio diversification and reduce risk due to the low correlation with other asset classes

Management of the alternative investment funds, namely the general partner, use methods such as discounted cash flows, recent transactions, and other model-based calculations, to estimate the fair value of the investment held by the fund.

Annual distributions to named funds in the Long-Term Investment Pool are computed using the share method of accounting for pooled investments. The annual distribution per share is 4.25% of the average market value per share of the Long Term Investment Pool over the most recent seven year period. At June 30, 2014, the original cost and market value of Athletics' endowment investments were \$62,215 and \$64,788 respectively. At June 30, 2013, the original cost and market value of Athletics' endowment investments were \$59,185 and \$55,303 respectively.

The Ohio State University Department of Athletics
Notes to Financial Statements
Years Ended June 30, 2014 and 2013 as restated

(in thousands)

4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014 is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Improvements	\$ 37,554	\$ 1,352	\$ -	38,906
Buildings	330,549	26,652	-	357,201
Moveable equipment	7,208	1,547	(422)	8,333
Construction in progress	20,317	20,529	(28,641)	12,205
	<u>395,628</u>	<u>50,080</u>	<u>(29,063)</u>	<u>416,645</u>
Less: accumulated depreciation				
Improvements	14,524	2,280	-	16,804
Buildings	133,140	11,016	-	144,156
Moveable equipment	4,567	523	(437)	4,653
	<u>152,231</u>	<u>13,819</u>	<u>(437)</u>	<u>165,613</u>
Capital assets, net	<u>\$ 243,397</u>	<u>\$ 36,261</u>	<u>\$ (28,626)</u>	<u>\$ 251,032</u>

The decrease in construction in progress of \$8,112 in fiscal year 2014 represents expenditures of \$20,529, (including capitalized interest of \$988 and \$7,527 of accrued capital), net of capital assets placed in service of \$28,641.

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

	Beginning Balance	Additions	Reductions	Ending Balance
Improvements	\$ 30,622	\$ 6,932	\$ -	37,554
Buildings	325,061	5,488	-	330,549
Moveable equipment	6,978	540	(310)	7,208
Construction in progress	9,158	26,221	(15,062)	20,317
	<u>371,819</u>	<u>39,181</u>	<u>(15,372)</u>	<u>395,628</u>
Less: accumulated depreciation				
Improvements	11,979	2,545	-	14,524
Buildings	122,622	10,518	-	133,140
Moveable equipment	4,425	437	(295)	4,567
	<u>139,026</u>	<u>13,500</u>	<u>(295)</u>	<u>152,231</u>
Capital assets, net	<u>\$ 232,793</u>	<u>\$ 25,681</u>	<u>\$ (15,077)</u>	<u>\$ 243,397</u>

The Ohio State University Department of Athletics
Notes to Financial Statements
Years Ended June 30, 2014 and 2013 as restated

(in thousands)

5. LONG-TERM DEBT

University Notes Payable

The university has issued notes payable to Athletics through Memorandums of Understanding ("MOUs") which document the principal, interest charges and repayment terms as well as any other conditions or covenants. The current notes have been issued at fixed interest rates with no premium or discount on the debt.

Long-term debt activity for the year ended June 30, 2014 is summarized as follows:

	Beginning			Ending	Current
	Balance	Additions	Reductions	Balance	Portion
Notes payable to the university					
1999, 5.14% through 2029	\$ 29,197	\$ -	\$ 1,387	\$ 27,810	\$ 1,425
2002, 4.74% through 2031	5,800	-	200	5,600	211
2002, 4.74% through 2031	116,798	-	4,043	112,755	4,239
2005, 4.14% through 2030	14,004	-	572	13,432	596
2009, 3.63% through 2014	729	-	581	148	148
2010, 3.63% through 2015	1,898	-	932	966	966
2012, 4.25% through 2017	738	-	195	543	203
2014, 4.50% through 2023	-	4,200	254	3,946	352
2014, 4.00% through 2019	-	2,500	152	2,348	467
2014, 4.50% through 2021	-	3,575	145	3,430	451
2014, 4.50% through 2024	-	11,500	306	11,194	946
2014, 4.50% through 2024	-	9,000	239	8,761	740
2010, 3.63% through 2015	71	-	35	36	36
2012, 2.25% through 2016	58	-	19	39	19
2012, 2.00% through 2015	49	-	24	25	25
2014, 2.25% through 2019	-	142	-	142	27
	<u>\$ 169,342</u>	<u>\$ 30,917</u>	<u>\$ 9,084</u>	<u>\$ 191,175</u>	<u>\$ 10,851</u>

Long-term debt activity for the year ended June 30, 2013 is summarized as follows:

The Ohio State University Department of Athletics
Notes to Financial Statements
Years Ended June 30, 2014 and 2013 as restated

(in thousands)

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Notes payable to the university					
1999, 5.14% through 2029	\$ 30,549	\$ -	\$ 1,352	\$ 29,197	\$ 1,387
2002, 4.74% through 2031	5,992	-	192	5,800	201
2002, 4.74% through 2031	120,654	-	3,856	116,798	4,043
2005, 4.14% through 2030	14,553	-	549	14,004	572
2009, 3.63% through 2014	1,288	-	559	729	580
2010, 3.63% through 2015	2,797	-	899	1,898	932
2012, 4.25% through 2017	925	-	187	738	195
2010, 3.63% through 2013	21	-	21	-	-
2010, 3.63% through 2015	104	-	33	71	35
2012, 2.25% through 2016	76	-	18	58	18
2012, 2.00% through 2015	73	-	24	49	24
	<u>\$177,032</u>	<u>\$ -</u>	<u>\$ 7,690</u>	<u>\$169,342</u>	<u>\$ 7,987</u>

Principal maturities and interest on long-term debt for the next five years and in subsequent five-year periods are as follows:

	Principal	Interest	Total
2015	\$ 10,851	\$ 8,749	\$ 19,600
2016	10,100	8,274	18,374
2017	10,430	7,800	18,230
2018	10,758	7,311	18,069
2019	11,050	6,804	17,854
2020-2024	57,534	26,053	83,587
2025-2029	54,737	12,967	67,704
2030-2031	25,715	1,510	27,225
	<u>\$ 191,175</u>	<u>\$ 79,468</u>	<u>\$ 270,643</u>

6. OPERATING LEASES

Athletics leases various buildings, office space and equipment under operating lease agreements. These facilities and equipment are not recorded as assets on the balance sheet. The total rental expense under these agreements for the years ended June 30, 2014 and 2013 were \$4,596 and \$4,387, respectively.

Future minimum payments for all significant operating leases with initial or remaining terms in excess of one year are as follows:

The Ohio State University Department of Athletics
Notes to Financial Statements
Years Ended June 30, 2014 and 2013 as restated

(in thousands)

Year ending June 30,		
2015	\$	4,633
2016		550
2017		550
2018		292
2019		145
FY 2020-FY 2024		723
FY 2025-FY 2029		723
FY 2030-FY 2034		723
FY 2035-FY 2039		723
FY 2040-FY 2044		723
FY 2045-FY 2049		578
		578
Total Minimum Lease Payments	\$	10,363

7. COMPENSATED ABSENCES

Athletics' employees earn vacation and sick leave on a monthly basis. Classified civil service employees may accrue vacation benefits up to a maximum of three years credit. Administrative and professional staff and faculty may accrue vacation benefits up to a maximum of 240 hours. For all classes of employees, any earned but unused vacation benefit is payable upon termination.

Certain employees of Athletics receive compensation time in lieu of overtime pay. Any unused compensation time must be paid to the employee at the time of termination or retirement.

Sick leave may be accrued without limit. However, earned but unused sick leave benefits are payable only upon retirement from the university with ten or more years of state service. The amount of sick leave benefit payable at retirement is one fourth of the value of the accrued but unused sick leave up to a maximum of 240 hours.

Athletics follows the university's policy for accruing sick leave liability. Athletics accrues sick leave liability for those employees who are currently eligible to receive termination payments as well as other employees who are expected to become eligible to receive such payments. This liability is calculated using the "termination payment method" which is set forth in Appendix C, Example 4 of the GASB Statement No. 16, Accounting for Compensated Absences. Under the termination method, Athletics uses a university-calculated ratio, Sick Leave Termination Cost per Year Worked, which is based on the university's actual historical experience of sick leave payouts to terminated employees. This ratio is then applied to the total years-of-service for current Athletics employees.

The following schedule summarizes compensated absence activity for the year ended June 30, 2014:

The Ohio State University Department of Athletics
Notes to Financial Statements
Years Ended June 30, 2014 and 2013 as restated

(in thousands)

	Beginning Balance	Additions	Reductions	Ending Balance
Compensated absences	\$ 2,747	\$ 496	\$ 253	\$ 2,990
Less: current portion	<u>219</u>			<u>253</u>
	<u>\$ 2,528</u>			<u>\$ 2,737</u>

The following schedule summarizes compensated absence activity for the year ended June 30, 2013:

	Beginning Balance	Additions	Reductions	Ending Balance
Compensated absences	\$ 2,471	\$ 537	\$ 261	\$ 2,747
Less: current portion	<u>215</u>			<u>219</u>
	<u>\$ 2,256</u>			<u>\$ 2,528</u>

8. RELATED PARTY TRANSACTIONS

The university charges Athletics for allocated overhead costs related to financial, student and development department costs and certain other expenses incurred by the University on behalf of Athletics.

Overhead charged to sales and services expense for the years ended June 30, 2014 and 2013 was \$5,696 and \$5,546 respectively.

The Jerome Schottenstein Center is a 770,000 square foot multipurpose venue opened in 1998. The capital asset is not included on Athletics' financial statement as the facility is used for a wide range of university purposes. In exchange for the use of the Value City Arena, practice gyms, and office space, Athletics provides services in the areas of marketing, ticket sales, and information technology. Athletics also makes an annual payment under the agreement to the university. The amounts paid under this agreement for the years ended June 30, 2014 and 2013 were \$2,338 and \$2,153 respectively.

The Younkin Success center is a university wide collaboration to provide a variety of services supporting student success to faculty, staff and students. The Student-Athlete Support Services Office (SASSO) within Younkin provides access to service and programs that promote academic, personal and career development and facilitate graduation for over 1,000 student athletes. Athletics payments in support of SASSO for the years ended June 30, 2014 and 2013 were \$2,905 and \$2,616 respectively.

Recognizing that the national reputation of the Athletics department brings exposure to the university and helps drive the market for licensed products, Athletics is included in the distribution of licensing revenue each year. Receipts based on a formula driven allocation of net proceeds for the years ended June 30, 2014 and 2013, were \$5,104 and \$5,021 respectively.

The Ohio State University Department of Athletics
Notes to Financial Statements
Years Ended June 30, 2014 and 2013 as restated

(in thousands)

9. RETIREMENT PLANS

University employees are covered by one of three retirement systems. The university faculty is covered by the State Teachers Retirement System of Ohio (STRS Ohio). Substantially all other employees are covered by the Public Employees Retirement System of Ohio (OPERS). Employees may opt out of STRS Ohio and OPERS and participate in the Alternative Retirement Plan (ARP) if they meet certain eligibility requirements.

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

Defined Benefit Plans

STRS Ohio and OPERS offer statewide cost-sharing multiple-employer defined benefit pension plans. STRS Ohio and OPERS provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by state statute and are calculated using formulas that include years of service and final average salary as factors. Both STRS Ohio and OPERS issue separate, publicly available financial reports that include financial statements and required supplemental information. These reports may be obtained by contacting the two organizations.

STRS Ohio
275 East Broad Street
Columbus, OH 43215-
3371
(614) 227-4090
(888) 227-7877
www.strsoh.org

OPERS, Attn: Finance Director
277 East Town Street
Columbus, OH 43215-4642
(614) 222-5601
(800) 222-7377
www.opers.org/investments/cafr.shtml

In addition to the retirement benefits described above, STRS Ohio and OPERS provide post-employment health care benefits.

OPERS currently provides post-employment health care benefits to retirees with ten or more years of qualifying service credit. These benefits are advance-funded on an actuarially determined basis and are financed through employer contributions and investment earnings. OPERS determines the amount, if any, of the associated health care costs that will be absorbed by OPERS. Under the Ohio Revised Code (ORC), funding for medical costs paid from the funds of OPERS is included in the employer contribution rate. For calendar year 2013, OPERS allocated 1.0% of the employer contribution rate to fund the health care program for retirees, and this rate was increased to 2% for calendar year 2014 as recommended by the OPERS actuary.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012 with a transition plan commencing January 1, 2014. OPERS expects to be able to allocate on a consistent basis 4% of employer contributions toward the health care fund after the end of the transition period.

STRS Ohio currently provides access to health care coverage to retirees who participated in the defined benefit or combined plans and their dependents. Coverage under the current

The Ohio State University Department of Athletics
Notes to Financial Statements
Years Ended June 30, 2014 and 2013 as restated

(in thousands)

program includes hospitalization, physicians' fees, prescription drugs, and partial reimbursement of monthly Medicare Part B premiums. Pursuant to ORC, STRS Ohio has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care cost in the form of monthly premiums. Under ORC, medical costs paid from the funds of STRS Ohio are included in the employer contribution rate. For the fiscal year ended June 30, 2013, STRS Ohio allocated employer contributions equal to 1.0% of covered payroll for post-employment health care.

Post-employment health care benefits are not guaranteed by ORC to be covered under either OPERS or STRS Ohio defined benefit plans.

Defined Contribution Plans

ARP is a defined contribution pension plan. Full-time administrative and professional staff and faculty may choose enrollment in ARP in lieu of OPERS or STRS Ohio. Classified civil service employees hired on or after August 1, 2005 are also eligible to participate in ARP. ARP does not provide disability benefits, annual cost-of-living adjustments, post-retirement health care benefits or death benefits to plan members and beneficiaries. Benefits are entirely dependent on the sum of contributions and investment returns earned by each participant's choice of investment options.

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

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

Combined Plans

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

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

OPERS currently provides post-employment health care benefits to retirees with ten or more years of qualifying service credit. These benefits are advance-funded on an actuarially determined basis and are financed through employer contributions and investment earnings.

The Ohio State University Department of Athletics
Notes to Financial Statements
Years Ended June 30, 2014 and 2013 as restated

(in thousands)

OPERS determines the amount, if any, of the associated health care costs that will be absorbed by OPERS. Under Ohio Revised Code (ORC), funding for medical costs paid from the funds of OPERS is included in the employer contribution rate. For calendar year 2013, OPERS allocated 1.0% of the employer contribution rate to fund the health care program for retirees, and this rate was increased to 2.0% for calendar year 2014 as recommended by the OPERS actuary.

Funding Policy

ORC provides STRS Ohio and OPERS statutory authority to set employee and employer contributions. Contributions equal to those required by STRS Ohio and OPERS are required for ARP. For employees enrolling in ARP, ORC requires a portion (which may be revised pursuant to periodic actuarial studies) of the employer contribution be contributed to STRS Ohio and OPERS to enhance the stability of these plans. The required contribution rates (as a percentage of covered payroll) for plan members and the university are as follows:

	STRS Ohio	OPERS	ARP
Faculty:			
Plan member (entire year)	11.00%		11.00%
University (entire year)	14.00%		14.00%*
Staff:			
Plan member (entire year)		10.00%	10.00%
University (entire year)		14.00%	14.00%**

* Employer contributions include 4.5% paid to STRS Ohio.

** Employer contributions include .77% paid to OPERS.

The remaining amount is credited to employee's ARP account.

Athletics' combined employer contributions to PERS, STRS, and ARP for the years ended June 30, 2014 and 2013 were \$4,255 and \$3,894, respectively, which is equal to 100% of the required contribution.

10. SUBSEQUENT EVENTS

Athletics has assessed the impact of subsequent events through August 27, 2015 and has concluded that there were no such events that require adjustment to the Audited Financial Statements or disclosure in the notes to the Audited Financial Statements.



Independent Auditor's 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

To The Ohio State University Department of Athletics:

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 The Ohio State University Department of Athletics ("Athletics"), a department of The Ohio State University, which comprise the statement of net position as of June 30, 2014 and the related statements of revenues, expenses, and other changes in net position and of cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 27, 2015 which includes emphasis of matter paragraphs related to the reporting entity and the restatement of the financial statements as of and for the year ended June 30, 2013 .

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Athletics' 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 Athletics' internal control. Accordingly, we do not express an opinion on the effectiveness of Athletics' internal control.

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

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

We consider the following deficiency to be a material weaknesses:



Matter 2014-1 Observation

In 2014, certain transactions/activities were identified that resulted in significant adjustments to the current year financial statements and a restatement of the prior year financial statements of Athletics. The restatement primarily resulted from the application of generally accepted accounting principles to the financial statement of a department of the university and relates to the incorrect classification of certain revenue and expenses as transfers on the statement of activities. In addition other adjustments were identified that were reported on the university that are more accurately reported on the Athletics financial statements including recording construction in progress and related accounts payable, and the recognition of cash held by the university for Athletics capital projects. Furthermore, additional adjustments were identified including the recording of in kind revenues and related expenses, recording of sponsorship agreements on an accrual basis, recording accounts receivable and related deferred revenue, and correction of the classification of accumulated gains on permanent endowments from restricted non expendable to restricted expendable

Recommendation

We recommend management perform a detailed review of processes and controls over the accounting and reporting functions in the Athletics department. We also recommend a review of staffing of the department and accounting staff reporting structure to ensure adequate staffing levels are maintained as well as ongoing training, education and accountability of staff assigned. In addition, we recommend that all contracts including sponsor agreements be reviewed in detail to ensure proper accounting recognition of the terms of such agreements.

Management's Response

The Athletics' financial statements are maintained on a fund accounting basis within the accounting system of the University. Transactions between various university departments and the department of Athletics flow through the accounting system as transfers on a fund accounting basis. However, these interfund transfers should have been re-characterized on a standalone departmental generally accepted accounting principles basis in the Athletics' standalone financials.

In the course of determining the appropriate accounting for various adjustments related to transfers, a framework/'roadmap' was developed that can be leveraged on a go forward basis to ensure such activity is appropriately reflected within the Athletics' stand-alone generally accepted accounting principles based financial statements.

In addition, the Controller's office will meet with Athletics (or other departments, as applicable) to review all transfers for propriety of accounting treatment on a standalone basis as part of year end close procedures. Adequacy of accounting staff and reporting structure will be assessed annually. In addition, a protocol will be established to require a review and documented assessment of all new sponsor agreements or contracts in excess of \$500,000 by the Controller's Office team on a quarterly basis to ensure appropriate revenue recognition in accordance with relevant generally accepted accounting principles, particularly when such contracts contain upfront payments or 'in kind' items. Further a process will be established to ensure the Controller's Office is made aware of significant amendments to these contracts in a timely manner.

Lastly, Management will keep an inventory of recurring year-end adjustments needed to ensure preparation of the financial statements in accordance with generally accepted accounting principles (e.g., known adjustments to ensure appropriate cut-off with respect to revenue or fixed asset



purchases) and a meeting will occur with the Controller's office to review financials prior to final close.

Athletics' Response to Finding

Athletics' response to the finding identified above was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Athletics' 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "PricewaterhouseCoopers LLP". The signature is written in a cursive, flowing style.

August 27, 2015

This page intentionally left blank.

The Ohio State University

**Report of Independent Accountants' on
Agreed-Upon Procedures Performed on the
Intercollegiate Athletic Department as
Required by NCAA Bylaw 3.2.4.16 for the
Year Ended June 30, 2014**

This page intentionally left blank.

The Ohio State University Intercollegiate Athletics Department

Index

June 30, 2014

	Page(s)
Report of Independent Accountants	1-10
Statement of Revenues and Expenditures – as Restated (Unaudited)	11
Notes to Financial Statement – as Restated (Unaudited).....	12-13
Exhibits A-O	14-30

This page intentionally left blank.



Report of Independent Accountants

To Dr. Michael V. Drake, President
The Ohio State University

We have performed the procedures enumerated below, which were agreed to by the management of The Ohio State University (the "University"), solely to assist you in evaluating whether the accompanying statement of revenues and expenditures and related notes of the University for the year ended June 30, 2014 (the "Statement") is in compliance with the National Collegiate Athletic Association ("NCAA") Bylaw 3.2.4.16 for the year ended June 30, 2014. Management of the University is responsible for the Statement and the compliance with the NCAA 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.

The statement of revenues and expenditures and related notes included herein have been restated by management to correct for certain errors. The procedures that we performed and our findings are based upon the restated statement of revenues and expenditure and are as follows:

1. We obtained from University management the accompanying statement of revenue and expenditures for the year ended June 30, 2014. We obtained management's reconciliation for each operating revenue and expense category on the Statement to its general ledger.
 - a. We mathematically checked the totals and subtotals included on the Statement.
 - b. We mathematically checked the totals and subtotals included in the University general ledger.
 - c. We agreed the beginning amounts on management's reconciliation to the PeopleSoft General Ledger (Fund Groups 020 and 050 – accounts that begin with a 4 for revenues and accounts that begin with a 6 for expenses). We agreed the ending amounts on management's reconciliation to the Statement.
 - d. We recalculated the total adjustments recorded by management to reconcile from the general ledger to the Statement for reporting in accordance with the Bylaw above. We make no comment as to the adequacy of the reconciling items.
 - e. We compared management's reconciliation (total revenues and expenditures per the general ledger plus adjustments) to the Statement. Management's reconciliation showed no differences between the general ledger and the Statement for revenues and expenditures.



2. We obtained from University management a detailed listing of other operating revenue; program sales, concessions, novelty sales, and parking; and compensation and benefits provided by a third party transactions included in the Statement for the year ended June 30, 2014.
 - a. We mathematically checked the totals of each operating revenue category in the detailed listing.
 - b. We agreed the total of each operating revenue category in the detailed listing to the Statement.
 - c. We haphazardly selected a sample of 22 operating revenue transactions from the detailed listing and obtained management's supporting invoices, schedules or underlying agreement from University management. We compared the dollar amount, name, transaction date, and description of payment of the revenue transaction from the detailed listing to the supporting documentation maintained by the University.

Refer to the schedule in Exhibit A for a listing of selections made and the results of the procedures performed.

3. We obtained from University management the June 30, 2014 budget for unrestricted funds and the statement of revenues and expenditures as of June 30, 2013.
 - a. We compared the current year 2014 amounts of each operating revenue and expenditure category included in the Statement to budgeted amounts included in the budget obtained from University management.
 - b. We compared the amounts included in the Statement to the prior year statement of revenues and expenditures
 - c. For variances for either procedure a) or b) that are greater than 10% and \$350,000, we obtained written explanations from management. We make no comment as to the completeness or accuracy of those explanations.

Refer to the schedule in Exhibit B for a listing of variances and the corresponding explanations obtained from University management.

4. We obtained from University management a listing of ticket office sales reports for football, men's basketball and women's basketball comprising ticket sales revenue for these sports included in the Statement for the year ended June 30, 2014.
 - a. We mathematically checked the total of the listing.
 - b. We agreed the total of the listing to the ticket revenues in the University's general ledger accounts 41134, 41135, 41136 and 41137 - Org. 54143. For any differences, explanations were obtained from management. We make no comment on the adequacy of the explanations.



- c. We agreed the total dollar amount of the listing to the amount of ticket sales included in the Statement.
- d. We haphazardly selected from the listing 25 ticket office sales reports during the year ended June 30, 2014 and obtained the related ticket office sales report from University management. We mathematically checked the revenue totals per each of the ticket office sales report related to tickets sold and agreed the totals per each of the ticket office sales reports to the sales listing.
- e. Per inquiry of management, no complimentary ticket sales have been included in the general ledger. We make no comment regarding management's response.

Refer to the schedule in Exhibit C for a listing of selections made and the results of procedures performed.

- 5. We inquired of University management about the University's policy for allocating student fees to intercollegiate athletic programs during the year ended June 30, 2014. Per inquiry with management student fees were not allocated to intercollegiate athletic programs during the year ended June 30, 2014.
- 6. We obtained from University management a summary schedule of settlement reports for away game guarantees for the year ended June 30, 2014.
 - a. We mathematically checked the total of the summary schedule.
 - b. We agreed the total revenues for away game guarantees in the summary schedule to the corresponding amount in the "Guarantees" line item of the Statement.
 - c. We selected 1 guarantee settlement report for away games for the year ended June 30, 2014 from the summary schedule and obtained the applicable contract from University management. We agreed the guarantee revenue on the settlement report to amounts specified in the contract.

Refer to the schedule in Exhibit D for a listing of selections made and the results of the procedures performed.

- 7. We obtained from University management a listing of all contributions received by the University's athletics department during the year ended June 30, 2014.
 - a. We mathematically checked the total dollar amount of the listing.
 - b. We agreed the total dollar amount from the listing to the dollar amount in the "Contributions" line item in the Statement. For any differences, we obtained explanations from management. We make no comment as to the adequacy of the explanations.
 - c. No contributions greater than 10% of the total were in the listing received.



8. We inquired of University management regarding institutional authorizations issued during the year ended June 30, 2014 that would be categorized as “Direct State and Other Government Support”. Per inquiry with management there were no institutional authorizations issued to intercollegiate athletic programs during the year ended June 30, 2014 that would fall under the category “Direct State and Other Government Support” included in the Statement.
9. We inquired of University management regarding institutional authorizations issued during the year ended June 30, 2014 that would be categorized as “Direct Institutional Support”. Per inquiry with management there were no institutional authorizations issued to intercollegiate athletic programs during the year ended June 30, 2014 that would fall under the category “Direct Institutional Support” included in the Statement.
10. We inquired of University management regarding institutional authorizations issued during the year ended June 30, 2014 that would be categorized as “Indirect Facilities and Administrative Support”. Per inquiry with management there were no institutional authorizations issued to intercollegiate athletic programs during the year ended June 30, 2014 that would fall under the category “Indirect Facilities and Administrative Support” included in the Statement.
11. We obtained from University management a summary schedule detailing revenues from the University’s participation in conference, tournaments and other conference distributions included in the caption “NCAA/Conference Distributions Including all Tournament Revenues” for the year ended June 30, 2014.
 - a. We mathematically checked the total of the summary schedule.
 - b. We agreed the total revenues for the University's participation in conference and other tournaments in the summary schedule to general ledger account 41143 included in the Statement.
 - c. We haphazardly selected 17 transactions from the summary schedule and obtained the agreements from University management. We agreed the revenues per the agreement to the summary schedule.

Refer to the schedule in Exhibit E for a listing of selections made and the results of the procedures performed.

12. We obtained from University management a detail of broadcast, radio, television and internet rights revenue included in the caption “Broadcast, Television, Radio, and Internet Rights” for the year ended June 30, 2014.
 - a. We mathematically checked the total dollar amount of the detailed listing.
 - b. We agreed the total dollar amount per the listing to the University’s general ledger accounts 41138 and 41139.
 - c. We haphazardly selected 2 broadcasting transactions from the detailed listing. For each such revenue transaction selected, we obtained the supporting contracts from University management and agreed the dollar amounts in the supporting contracts



to the amount per the detailed listing. The dollar amounts, payor name, and transaction date for all revenue transactions included in the detail were also compared to check copies obtained from University management.

Refer to the schedule in Exhibit F for a listing of selections made and the results of the procedures performed.

13. We obtained from University management a summary schedule detailing revenues from the University's royalties, licensing, advertisements and sponsorship agreements included in the caption "Royalties, Licensing, Advertisements and Sponsorships" for the year ended June 30, 2014.
 - a. We mathematically checked the total of the summary schedule.
 - b. We agreed the total revenues in the summary schedule to the general ledger account 41141.
 - c. We agreed total revenues in the summary schedule to the corresponding amount in the line item "Royalties, Licensing, Advertisements, and Sponsorships" included in the Statement
 - d. We haphazardly selected a sample of 15 items from the summary schedule and obtained the supporting agreements from University management. We agreed the dollar amount of each selection to the applicable royalty, licensing, advertisement, and sponsorship agreements.

Refer to the schedule in Exhibit G for a listing of selections made and the results of the procedures performed.

14. We obtained from University management a summary of revenue related to sports camps included in the caption "Sports Camps Revenues" for the year ended June 30, 2014.
 - a. We mathematically checked the total dollar amount of the listing.
 - b. We agreed the total dollar amount of the listing to the line item "Sports Camp Revenues" included in the Statement.
 - c. We haphazardly selected 5 camps and then 25 sports camp participants from these camps and agreed the amount per the participant registration form to the amount included in the summary revenue detail. We noted one exception where the revenue for one sports camp participant was not recorded timely in the general ledger (July 2015). This item was corrected by management and reflected within the Statement.



Refer to the schedule in Exhibit H for a listing of selections made and the results of the procedures performed.

15. We obtained from University management a listing of endowment accounts and their related activity for the year ended June 30, 2014.
 - a. We mathematically checked the total of the listing.
 - b. We agreed the total of the listing to the line item "Endowment and Investment Income included in the Statement.
 - c. We haphazardly selected 6 endowment accounts and obtained the endowment agreements or other supporting documentation from University management. We compared the classification per the detailed listing to the related endowment agreements/supporting documentation based on the existence or absence of donor-imposed restrictions.

Refer to Exhibit N for a listing of selections made and the results of the procedures performed.

16. We obtained from University management a detailed listing of expenditures for the year ended June 30, 2014 covering the following captions on the Statement: support staff administrative salaries benefits and bonus paid by a third party; team travel; recruiting; equipment, uniforms and supplies; game expenses; fund raising, marketing and promotion; sports camp expenses; direct facilities, maintenance and rental; spirit groups; medical expenses and medical insurance; memberships and dues; and other operating expenses.
 - a. We mathematically checked the total dollar amount of each expense category in the listing.
 - b. We agreed the totals for each category to the respective line items of the same caption included in the Statement.
 - c. We haphazardly selected a sample of 26 expense transactions from the detailed listing of expenses for the year ended June 30, 2014. The following expense types were included in this sample: support staff administrative salaries benefits and bonus paid by a third party, team travel, recruiting, other operating expenses and equipment, uniforms and supplies, direct facilities, maintenance and rental; and spirit groups. We obtained supporting documentation, such as vendor invoices and check copies, from University management. We agreed the dollar amount of each expense transaction to the supporting documentation.



Refer to the schedule in Exhibit I for a listing of selections made and the results of the procedures performed.

17. We obtained from University management a listing of all student athletes who received Institutional Financial Aid and the related dollar amount of the financial aid received for the year ended June 30, 2014.
 - a. We mathematically checked the total dollar amount of the listing
 - b. We agreed the total dollar amount to the line item "Athletic Student Aid" included in the Statement
 - c. We haphazardly selected 15 students from the detailed listing and obtained the related student statement from the University Bursar Office. We agreed the award dollar amount per the student's account detail to the dollar amount of the award in the statement from the Bursar's Office.

Refer to the schedule in Exhibit J for a listing of selections made and the results of testing.

18. We obtained from University management a detailed schedule of home game guarantee expenses for the year ended June 30, 2014.
 - a. We mathematically checked the total dollar amount of the detailed schedule.
 - b. We agreed the total dollar amount of the expenses for home game guarantees in the detailed schedule to the corresponding amount in the expense line item "Guarantees" included in the Statement.
 - c. We haphazardly selected 9 home game guarantee expenses from the detailed schedule, obtained the related contracts and settlement reports from University management, and agreed the dollar amount of the guarantee expense on the detailed schedule to dollar amounts specified in the related contracts and settlement reports.

Refer to the schedule in Exhibit K for a listing of selections made and the results of the procedures performed.

19. We obtained from University management a listing of all sports coaches employed by the University and their related salaries for the year ended June 30, 2014.
 - a. We mathematically checked the total dollar amount of the listing.
 - b. We agreed the total dollar amount of expenses for coacher's salaries in the detailed listing to the corresponding amount in the line item "Coaching Salaries, Benefits and Bonuses Paid by the University" included in the Statement. The Statement amount includes the total dollar amount of the coaches, salaries and an amount for other benefits and payroll costs not reported on individual W-2's



- c. From the listing of sports coaches employed by the University, we selected the head coaches for football, men's basketball, and women's basketball, and we haphazardly selected 7 of the remaining coaches. We obtained W-2's for the coaches selected and agreed the dollar amounts appearing in the W-2's for gross wages to the related expenses in the general ledger (combination of accounts 60044, 60111, 60121, 60122 and 60244).
- d. For W-2 items that did not agree to the related expenses in the detailed listing, we obtained explanations from management. We make no comment as to the appropriateness of the reconciling items or sufficiency of explanations obtained.
- e. We also obtained the related employment contracts for each of the coaches selected. We agreed the coaches' salaries per the contracts to the amounts included in the general ledger (combination of accounts 60044, 60111, 60121, 60122 and 60244). For any salaries that did not agree, we obtained written explanations from management. We make no comment as to the appropriateness of the reconciling items or sufficiency of explanations obtained.

Refer to the schedule in Exhibit L for a listing of selections made and the results of procedures performed.

- 20. We obtained from University management a listing of all support staff for athletics for the year ended June 30, 2014.
 - a. We mathematically checked the total dollar amount of the listing.
 - b. We agreed the total dollar amount of expenses for all support staff for athletics in the detailed listing to the corresponding amount in the line item "Support Staff Administrative Salaries Benefits and Bonus Paid by the University" included in the Statement. The Statement amount includes the total dollar amount of the support staff salaries and an amount for other benefits and payroll costs not reported on individual W-2's.
 - c. We haphazardly selected 25 support staff paid by the University from the detailed listing and agreed the dollar amount of the recorded salary and bonus expense per the general ledger to their respective contracts obtained from University management.
 - d. We obtained W-2's for the support staff selected and compared dollar amounts for wages appearing in the W-2's to the related amounts included on the general ledger.
 - e. Explanations were obtained from management for differences identified in the comparison of the W-2's to the related expenses included in the Statement. We make no comment as to the appropriateness of the reconciling items or sufficiency of explanations obtained.



Refer to the schedule in Exhibit M for a listing of selections made and the results of the procedures performed.

21. We inquired of University management regarding severance payments issued during the year ended June 30, 2014 that would be categorized as “Severance Payments”. Per inquiry with management there were no severance payments issued during the year ended June 30, 2014.
22. We obtained a copy of the University's travel policy. We compared the index of the University's travel policies to the NCAA policies to observe that the University policies included each of the topics included in the NCAA policies such as: mode of transportation, vehicle rentals, meal types/team meals, and lodging. Additionally per inquiry with management, the University does not have a separate recruiting policy but has adopted the Big Ten Conference and NCAA recruiting guidelines. We make no comment as to the appropriateness of these policies.
23. We obtained from University management the University's policy for allocating internal costs during the year ended June 30, 2014. We observed the University policy contained a section related to the allocation of indirect facilities and administrative support. We recalculated the overhead allocation charged to Athletics in fiscal 2014 by the University and agreed the total to the Athletics general ledger and to the amounts included in the captions “Direct Facilities, Maintenance and Rental” and “Sports Camp Expenses” caption which should have been reported within the caption Indirect Facilities and Administrative Support in the Statement. Indirect overhead is charged by the University and reimbursed by Athletics.
24. We obtained from University management a detailed listing of transfers to institution for the year ended June 30, 2014.
 - a. We mathematically checked the total of the detailed listing.
 - b. We agreed the total dollar amount of the expense to the corresponding amount in the line item “Transfers to Institution” included in the Statement.
 - c. We haphazardly selected 4 payments from the detailed listing, and for each item selected, we obtained the related supporting documentation, such as invoices and contracts, from University management. We compared the dollar amount, name, transaction date, and description of payment of the expense transaction from the detailed listing to the supporting documentation maintained by the University.

Refer to the schedule in Exhibit O for a listing of selections made and the results of the procedures performed.

25. We obtained from University management repayment schedules for all debt attributable to the University's athletics department as of June 30, 2014.
 - a. We mathematically checked the maturities of the debt and related interest payments due for each of the years in the repayment schedules.



- b. We compared the annual maturities of debt to the underlying debt agreements provided by management.
- c. We agreed the total debt outstanding as of June 30, 2014 appearing in the Notes to the Statement to the University's general ledger as of June 30, 2014.

No exceptions were noted as a result of performing this procedure.

- 26. We obtained representations from University management that to the best of their knowledge and belief, all revenues and expenditures related to the Department of Athletics had been properly included in the Statement.

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 Statement of Revenues and Expenditures of The Ohio State University as of June 30, 2014. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of The Ohio State University and is not intended to be and should not be used by anyone other than this party.

PricewaterhouseCoopers LLP

October 29, 2015

**The Ohio State University Intercollegiate Athletics Department
Statement of Revenues and Expenditures - as Restated
For the Year Ended June 30, 2014 (unaudited)**

	Football	Men's Basketball	Women's Basketball	Other Sports	Nonprogram Specific	Total
Operating Revenues:						
Ticket Sales	\$47,091,663	\$ 7,415,146	\$ 372,471	\$ 694,636	\$ 2,441,475	\$ 58,015,390
Student Fees	-	-	-	-	-	-
Guarantees	250,000	-	-	-	-	250,000
Contributions	648,719	2,018,255	49,807	1,837,080	23,697,930	28,251,792
Compensation and Benefits provided by a Third Party	-	-	-	-	43,563	43,563
Direct State or Other Support	-	-	-	-	-	-
Direct Institutional Support	-	-	-	-	-	-
Indirect Facilities and Administrative Support	-	-	-	-	-	-
NCAA/Conference Distributions Including all Revenues	17,212,157	11,250,497	-	-	-	28,462,654
Broadcast, Television, Radio, and Internet Rights	1,261,080	670,920	-	-	-	1,932,001
Program Sales, Concessions, Novelty Sales, and Parking	4,283,348	899,769	161,013	239,110	794,595	6,377,835
Royalties, Licensing, Advertisements and Sponsorships	396,413	66,697	57,000	703,543	13,548,051	14,771,704
Sports Camps Revenues	539,973	99,965	37,340	2,153,116	165,472	2,995,866
Endowment and Investment Income	550,054	131,010	30,986	651,890	1,344,123	2,708,062
Other Operating Revenue	10	(44)	135,722	133,151	6,885,350	7,154,189
Total Operating Revenues	\$72,233,417	\$22,552,215	\$ 844,339	\$ 6,412,525	\$ 48,920,559	\$ 150,963,056
Operating Expenditures:						
Athletic Student Aid	\$ 3,721,349	\$ 495,852	\$ 532,312	\$ 12,082,120	\$ -	\$ 16,831,633
Guarantees	3,100,000	652,299	216,862	94,596	-	4,063,757
Coaching Salaries, Benefits and Bonuses Paid by the University	11,290,866	4,527,020	1,312,079	9,379,217	-	26,509,182
Coaching Other Compensation and Benefits Paid by a Third Party	-	-	-	-	-	-
Support Staff Administrative Salaries Benefits and Bonus Paid by the University	2,248,071	56,914	99,156	46,930	23,073,642	25,524,713
Support Staff Administrative Salaries Benefits and Bonus Paid by a Third Party	-	-	-	-	43,563	43,563
Severance Payments	-	-	-	-	-	-
Recruiting	485,356	226,258	242,484	707,501	308	1,661,907
Team Travel	3,152,559	941,243	599,942	4,004,516	447,897	9,146,157
Equipment, Uniforms and Supplies	1,041,785	276,194	108,576	1,488,497	947,684	3,862,736
Game Expenses	2,778,914	941,821	339,587	898,547	182,170	5,141,039
Fund Raising, Marketing and Promotion	-	-	-	-	1,077,767	1,077,767
Sports Camp Expenses	550,471	68,110	40,169	1,184,599	4,231	1,847,580
Direct Facilities, Maintenance and Rental	179,930	11,302	4,410	73,582	16,071,929	16,341,153
Spirit Groups	-	-	-	-	103,836	103,836
Indirect Facilities and Administrative Support	-	-	-	-	-	-
Medical Expenses and Medical Insurance	-	-	-	-	1,368,737	1,368,737
Memberships and Dues	4,724	1,250	885	22,657	289,128	318,644
Other Operating Expenses	453,543	135,836	82,181	1,659,321	13,432,590	15,763,471
Total Operating Expenditures	\$29,007,568	\$ 8,334,100	\$ 3,578,642	\$ 31,642,084	\$ 57,043,482	\$ 129,605,876
Transfers to Institution	-	-	-	-	2,641,255	2,641,255
Total Expenditures	\$29,007,568	\$ 8,334,100	\$ 3,578,642	\$ 31,642,084	\$ 59,684,737	\$ 132,247,131
Excess (Deficiency) of Revenues over Expenditures	\$43,225,849	\$14,218,116	\$(2,734,303)	\$(25,229,558)	\$(10,764,178)	\$ 18,715,924

The Ohio State University Intercollegiate Athletics Department
Notes to Financial Statement - as Restated
For the Year Ended June 30, 2014 (unaudited)

1. Summary of Presentation Policies

The amounts in the accompanying statement of revenues and expenditures were obtained from The Ohio State University's (the "University") trial balance, which is maintained on an accrual basis. All revenues and expenditures directly related to various sports were disclosed. All remaining revenues and expenditures are non-program specific. The University records depreciation on physical plant and equipment; however, depreciation is not part of the statement of revenues and expenditures.

2. Other Sports

Other sports include baseball, cross country, fencing, field hockey, pistol, rifle, softball, synchronized swimming, wrestling, men's and women's track and field, men's and women's golf, men's and women's gymnastics, men's and women's ice hockey, men's and women's lacrosse, women's rowing, men's and women's soccer, men's and women's swimming and diving, men's and women's tennis, and men's and women's volleyball.

3. Gifts

Gift revenue included in the statement of revenues and expenditures represents gifts given to the Intercollegiate Athletic Department that did not contain any donor-imposed restrictions, or gifts for which donor-imposed restrictions were met during the current fiscal year.

4. Other Forms of Compensation

The value of volunteer assistant coaching services, according to NCAA financial audit guidelines, should be reported as contributions and as salary expenditures. The University estimates that the value of volunteer assistant coaching services is not material to the statement of revenues and expenditures and, therefore, is not reflected.

5. Property, Plant and Equipment

Intercollegiate athletics-related assets are accounted for consistent with the University's policies for property, plant and equipment. Property, plant and equipment valued at \$5,000 or more are recorded at cost at date of acquisition or, if acquired by gift, at estimated fair value at date of gift. Additions to plant assets are capitalized, while maintenance and minor renovations are charged to operations. Property, plant and equipment assets are reflected net of accumulated depreciation calculated on a straight-line basis over the estimated useful lives ranging from 5 to 100 years.

The Ohio State University Intercollegiate Athletics Department
Notes to Financial Statement - as Restated
For the Year Ended June 30, 2014 (unaudited)

Capital Asset activity for the year ended June 30, 2014 as summarized as follows:

	Balance 6/30/2013	Additions	Transfers In (Out)	Disposals	Ending 6/30/2014
Capital assets not being depreciated					
Construction in progress	\$ 20,317,994	\$ 20,529,379	\$ (28,640,232)	\$ -	\$ 12,207,141
Total capital assets not being depreciated	20,317,994	20,529,379	(28,640,232)	-	12,207,141
Capital assets being depreciated					
Buildings	330,549,465	26,651,329	-	-	357,200,794
Capital Improvements	37,553,550	1,351,643	-	-	38,905,193
Machinery and equipment	7,207,533	1,547,427	-	(422,039)	8,332,921
Total capital assets being depreciated	375,310,548	29,550,399	-	(422,039)	404,438,908
Total capital assets	395,628,542	50,079,778	(28,640,232)	(422,039)	416,646,049
Less: Accumulated Depreciation					
Buildings	133,139,675	11,016,033	-	-	144,155,708
Capital Improvements	14,524,717	2,279,941	-	-	16,804,658
Machinery and equipment	4,567,033	522,975	-	(436,914)	4,653,094
Total accumulated depreciation	152,231,425	13,818,949	-	(436,914)	165,613,460
Total capital assets being depreciated, net	223,079,123	15,731,450	-	14,875	238,825,448
Capital assets, net	\$ 243,397,117	\$ 36,260,829	\$ (28,640,232)	\$ 14,875	\$ 251,032,589

6. Long-Term Debt

University Notes Payable

The university has issued notes payable to Athletics through Memorandums of Understanding ("MOUs") which document the principal, interest charges and repayment terms as well as any other conditions or covenants. The current notes have been issued at fixed interest rates with no premium or discount on the debt. Principal maturities and interest on long-term debt for the next five years and in subsequent five-year periods are as follows:

	Prinicpal	Interest	Total
2015	\$ 10,851,181	\$ 8,749,583	\$ 19,600,764
2016	10,099,786	8,273,767	18,373,553
2017	10,430,503	7,799,574	18,230,077
2018	10,757,977	7,311,486	18,069,463
2019	11,050,145	6,804,246	17,854,391
2020-2024	57,534,466	26,053,031	83,587,497
2025-2029	54,736,636	12,966,701	67,703,337
2030-2034	25,714,133	1,509,851	27,223,984
	\$ 191,174,827	\$ 79,468,239	\$ 270,643,066

Exhibits

The Ohio State University Intercollegiate Athletics Department

Exhibit A

General Revenues

Description	Exception (Y/N)
1. Other Operating Revenue	N
2. Other Operating Revenue	N
3. Other Operating Revenue	N
4. Other Operating Revenue	N
5. Other Operating Revenue	N
6. Other Operating Revenue	N
7. Other Operating Revenue	N
8. Other Operating Revenue	N
9. Other Operating Revenue	N
10. Other Operating Revenue	N
11. Other Operating Revenue	N
12. Other Operating Revenue	N
13. Other Operating Revenue	N
14. Other Operating Revenue	N
15. Other Operating Revenue	N
16. Other Operating Revenue	N
17. Other Operating Revenue	N
18. Other Operating Revenue	N
19. Program Sales, Concessions, Novelty Sales, and Parking	N
20. Program Sales, Concessions, Novelty Sales, and Parking	N
21. Program Sales, Concessions, Novelty Sales, and Parking	N
22. Compensation and Benefits provided by a Third Party	N

The Ohio State University Intercollegiate Athletics Department
Exhibit B
Fluctuation Analysis
2014 as compared to 2013

Line Item	\$ Change	% Change	Management's Explanation
Operating Revenues:			
NCAA/Conference Distributions Including all Revenues	22,494,077	377%	OSU had bowl ban in FY '13. Also, Big Ten bowl distribution was \$2.75M in FY 14 and \$2.26M in FY 13 For 2014 reporting, this line definition changed to include conference television agreements of \$20M which were originally included on a separate line.
Broadcast, Television, Radio, and Internet Rights	(19,286,617)	-91%	\$20M in television revenue was moved to the Post Season Event line per the AUP line definition.
Program Sales, Concessions, Novelty Sales, and Parking	(1,078,723)	-14%	In FY 14, contract was signed with LIDS to take-over merchandise sales; Offset by increase in Affinity income. Also July 1, 2014 - Levy took over OSU concessions from Sodexo; Commission rate increased from 39.5% to 50%
Operating Expenditures:			
Athletic Student Aid	1,474,424	10%	Annual tuition, room & board annual increase; changes with ratios for in-state / out-of-state, medical redshirts and 5th year aid. Also, FY13 total, \$15.4M was 5.5% below budget while FY14 total, \$16.8M was 100% of budget.
Coaching Salaries, Benefits and Bonuses Paid by the University	(5,679,278)	-18%	For 2014 reporting, the salary and benefits detail provided by the system was revised to match this line item as defined on the AUP report.
Support Staff Administrative Salaries Benefits and Bonus Paid by the University	4,293,164	20%	For 2014 reporting, the salary and benefits detail provided by the system was revised to match this line item as defined on the AUP report.
Team Travel	2,022,747	28%	Bowl travel in FY 14 was \$1,5M; No bowl in FY 13
Other Operating Expenses	4,050,734	10%	\$1.4M in expenses recognized after year end close upon review of Levy concession contract. The increase in total Other Expenses reflects the additional costs associated with playing in a post season bowl.

The Ohio State University Intercollegiate Athletics Department
Exhibit B
Fluctuation Analysis (continued)
2014 unrestricted funds as compared to 2014 unrestricted budget

Line Item	\$ Change	% Change	Management's Explanation
Operating Revenues:			
NCAA/Conference Distributions Including all Revenues	22,625,654	388%	The University does not budget for bowl participation. The actual income from bowl participation in FY 14 was \$2.2M. The post season income for basketball was \$959K over the budget of \$3.5M. \$20M in television revenue was moved to this line per the AUP line definition.
Broadcast, Television, Radio, and Internet Rights	(19,912,039)	-91%	\$20M in television revenue was moved to the Post Season Event line per the AUP line definition.
Program Sales, Concessions, Novelty Sales, and Parking	1,248,610	24%	Actual includes \$1.5M in suite lease revenue that is not included in the budget.
Royalties, Licensing, Advertisements and Sponsorships	7,555,463	105%	Actual includes \$7.5M in internal OSU and in-kind revenue that is not included in the budget.
Operating Expenditures:			
Coaching Salaries, Benefits and Bonuses Paid by the University	(5,679,278)	-18%	For 2014 reporting, the salary and benefits detail provided by the system was revised to match this line item as defined on the AUP report.
Support Staff Administrative Salaries Benefits and Bonus Paid by the University	4,293,164	20%	For 2014 reporting, the salary and benefits detail provided by the system was revised to match this line item as defined on the AUP report.
Team Travel	2,168,761	31%	Increase is travel expenses are due to the appearance in a post season bowl game which were not included in the budget
Other Operating Expenses	13,822,824	43%	\$8.2M of internal OSU expenses was not included in Budget. \$1.4M in expenses recognized after year end close upon review of Lewy concession contract. \$631K of equipment expenditures were capitalized and removed from expense on the Other Exp Line. The increase in total Other Expenses reflects the additional costs associated with playing in a post season bowl.

The Ohio State University Intercollegiate Athletics Department

Exhibit C

Ticket Sales

Game	Exception (Y/N)
1. Football - Home versus Buffalo	N
2. Football - Home versus San Diego State	N
3. Football - Home versus Wisconsin	N
4. Football - Home versus Iowa	N
5. Football - Home versus Penn State	N
6. Men's Basketball - Home versus Morgan State	N
7. Men's Basketball - Home versus Ohio University	N
8. Men's Basketball - Home versus American University	N
9. Men's Basketball - Home versus Wyoming	N
10. Men's Basketball - Home versus Maryland	N
11. Men's Basketball - Home versus Central Connecticut St. (Student)	N
12. Men's Basketball – Home versus Delaware	N
13. Men's Basketball – Home versus Illinois	N
14. Men's Basketball – Home versus Michigan	N
15. Men's Basketball – Home versus Northwestern	N
16. Men's Basketball – Home versus Minnesota	N
17. Men's Basketball – Home versus Michigan State	N
18. Women's Basketball – Home versus Florida Atlantic	N
19. Women's Basketball – Home versus VCU	N
20. Women's Basketball – Home versus Old Dominion	N
21. Women's Basketball – Home versus Army	N
22. Women's Basketball - Home versus UT Martin	N
23. Women's Basketball - Home versus Purdue	N
24. Women's Basketball – Home versus Iowa	N
25. Women's Basketball – Home versus Nebraska	N

The Ohio State University Intercollegiate Athletics Department
Exhibit D
Guarantees (revenue)

Description	Exception (Y/N)
1. 2013 California Berkeley	N

The Ohio State University Intercollegiate Athletics Department
Exhibit E
NCAA/Conference Distributions Including all Tournament Revenues

Description	Exception (Y/N)
1. 2014 Supplemental Distribution	N
2. 2014 NCAA Distribution	N
3. NCAA Board Based Distribution	N
4. NCAA Board Based Distribution	N
5. Athletics Bowl Games	N
6. Big Ten Revenue Sharing	N
7. Big Ten Football Championship Distribution	N
8. Big Ten – September ESPN	N
9. Big Ten 1st Quarter Distribution	N
10. Big Ten Distribution - October 2013	N
11. Big Ten Distribution - November 2013	N
12. Big Ten Distribution - December 2013	N
13. Big Ten 2nd Quarter Distribution	N
14. Fox TV Rights Distribution	N
15. Big Ten Network - 3rd Quarter Distribution	N
16. Big Ten 4 th Quarter Distribution	N
17. Big Ten Conference Football	N

The Ohio State University Intercollegiate Athletics Department
Exhibit F
Broadcast, Television, Radio and Internet Rights

Description	Exception (Y/N)
Broadcast	
1. IMG Broadcast Distribution	N
2. IMG Broadcast Distribution	N

The Ohio State University Intercollegiate Athletics Department
Exhibit G
Royalties, Licensing, Advertisements and Sponsorships

Description	Exception (Y/N)
1. IMG 3 rd Quarter	N
2. IMG 2 nd Quarter	N
3. Nike Payment	N
4. Nike 2 nd Payment	N
5. IMG 1 st Quarter	N
6. Medical Center and The James	N
7. Spring Football Game	N
8. IMG 4 th Quarter	N
9. IMG – Time Warner	N
10. Nike Football Bonus	N
11. Gatorade	N
12. Coke FY13 - FY14 vending payment	N
13. Schottenstein – IMG 2 nd Quarter	N
14. CBS Interactive - Guarantee	N
15. CBS Sports Online	N

The Ohio State University Intercollegiate Athletics Department

Exhibit H

Sports-Camp Revenues

Description	Exception (Y/N)
1. Summer Camp (Men's Volleyball)	N
2. Summer Camp (Men's Volleyball)	N
3. Summer Camp (Men's Volleyball)	N
4. Summer Camp (Men's Volleyball)	N
5. Summer Camp (Men's Volleyball)	N
6. Coaches Clinic (Men's Wrestling)	N
7. Coaches Clinic (Men's Wrestling)	N
8. Coaches Clinic (Men's Wrestling)	N
9. Coaches Clinic (Men's Wrestling)	N
10. Coaches Clinic (Men's Wrestling)	N
11. College ID Camp 1 (Men's Soccer)	N
12. College ID Camp 1 (Men's Soccer)	N
13. College ID Camp 1 (Men's Soccer)	N
14. College ID Camp 1 (Men's Soccer)	N
15. College ID Camp 1 (Men's Soccer)	N
16. Little Buckeyes Day Camp (Women's Softball)	N
17. Little Buckeyes Day Camp (Women's Softball)	N
18. Little Buckeyes Day Camp (Women's Softball)	N
19. Little Buckeyes Day Camp (Women's Softball)	N
20. Little Buckeyes Day Camp (Women's Softball)	N
21. One-Day Position Camp II (Men's Football)	N
22. One-Day Position Camp II (Men's Football)	N
23. One-Day Position Camp II (Men's Football)	N
24. One-Day Position Camp II (Men's Football)	N
25. One-Day Position Camp II (Men's Football)	Y

The Ohio State University Intercollegiate Athletics Department

Exhibit I

General Expense Testing

Description	Exception (Y/N)
1. Equipment, Uniforms and Supplies	N
2. Equipment, Uniforms and Supplies	N
3. Equipment, Uniforms and Supplies	N
4. Equipment, Uniforms and Supplies	N
5. Recruiting	N
6. Recruiting	N
7. Recruiting	N
8. Recruiting	N
9. Team Travel	N
10. Team Travel	N
11. Team Travel	N
12. Team Travel	N
13. Team Travel	N
14. Team Travel	N
15. Team Travel	N
16. Team Travel	N
17. Sports Camp Expenses	N
18. Sports Camp Expenses	N
19. Sports Camp Expenses	N
20. Sports Camp Expenses	N
21. Sports Camp Expenses	N
22. Other Operating Expenses	N
23. Direct Facilities, Maintenance and Rental	N
24. Other Operating Expenses	N
25. Direct Facilities, Maintenance and Rental	N
26. Support Staff Administrative Salaries Benefits and Bonus Paid by a Third Party	N

The Ohio State University Intercollegiate Athletics Department
Exhibit J
Athletic Student Aid

Sport	Exception (Y/N)
1. Football	N
2. Fencing	N
3. Golf	N
4. Gymnastics	N
5. Ice Hockey	N
6. Lacrosse	N
7. Pistol	N
8. Basketball	N
9. Softball	N
10. Fencing	N
11. Field Hockey	N
12. Swimming	N
13. Volleyball	N
14. Ice Hockey	N
15. Basketball	N

The Ohio State University Intercollegiate Athletics Department
Exhibit K
Guarantees (expenses)

Sport	Exception (Y/N)
1. Men's Basketball	N
2. Men's Basketball	N
3. Men's Basketball	N
4. Baseball	N
5. Women's Basketball	N
6. Football	N
7. Football	N
8. Football	N
9. Football	N

The Ohio State University Intercollegiate Athletics Department
Exhibit L
Coaching Salaries, Benefits and Bonuses Paid by the University

Sport	Exception (Y/N)
1. Men's Football	N
2. Men's Basketball	N
3. Women's Basketball	N
4. Women's Field Hockey	N
5. Men's Baseball	N
6. Women's Soccer	N
7. Men's Volleyball	N
8. Women's Volleyball	N
9. Women's Gymnastics	N
10. Men's Ice Hockey	N

The Ohio State University Intercollegiate Athletics Department
Exhibit M
Support Staff Administrative Salaries Benefits and Bonus Paid by the University

Where employee works within Athletics	Exception (Y/N)
1. Athletics Website Development	N
2. Event Management	N
3. Athletics Administration and General	N
4. Sport Camp Administration	N
5. Athletics Ticket Office	N
6. Publications	N
7. Athletics Stadium Maintenance	N
8. Athletics Admin. and General	N
9. Jack Nicklaus Museum	N
10. Athletics Video Services	N
11. Athletics Ice Rink	N
12. Athletics – Golf Administration	N
13. Woody Hayes Athletic Complex	N
14. Athletics Indoor Tennis Facility	N
15. Athletics Technology Services	N
16. Fan Experience	N
17. Athletics Merchandise Sales	N
18. Athletics Golf Course Pro Shop	N
19. Athletics Training	N
20. Athletics Development Office	N
21. Athletics Compliance	N
22. Athletics Compliance	N
23. Athletics Equipment Care	N
24. Athletics Communication	N
25. Athletics Arena Maintenance	N

The Ohio State University Intercollegiate Athletics Department
Exhibit N
Endowment and Investment Income

Endowment Fund Name	Exception (Y/N)
1. Nesbitt Memorial	N
2. Peppe-Wirthwein Scholarship Fund	N
3. Buckeye Pro-Am Scholarship Fund	N
4. Woody & Anne Hayes Fund	N
5. Edward C Haaf Scholarship Fund	N
6. James M Lachey Fund	N

The Ohio State University Intercollegiate Athletics Department
Exhibit O
Transfers to Institution

Description	Exception (Y/N)
1. Other Institutional Initiatives – library	N
2. Other Institutional Initiatives – general support	N
3. <i>Other Institutional Initiatives – marching band</i>	N
4. <i>Other Institutional Initiatives – marching band</i>	N

The Ohio State University

Report of Independent Accountants' on Agreed-Upon Procedures Performed on the Statements and Records of Booster Organizations' Expenditures for or on Behalf of the Intercollegiate Athletic Department Required by NCAA Bylaw 3.2.4.16 for the Year Ended June 30, 2014

The Ohio State University Department of Athletics

Index

June 30, 2014

	Page(s)
Report of Independent Accountants	1-2
Statement of Receipts/Revenues and Disbursements/Expenditures for Outside Organizations Acting on Behalf of the Department of Athletics (Unaudited)	3



Report of Independent Accountants

To Dr. Michael V. Drake, President
The Ohio State University

We have performed the procedures enumerated below, which were agreed to by the management of The Ohio State University (the "University"), solely to assist you in evaluating whether the accompanying statement of receipts/revenues and disbursements/expenditures for outside organizations acting on behalf of the department of athletics (the "Statement") is in compliance with the National Collegiate Athletic Association ("NCAA") Bylaw 3.2.4.16 for the year ended June 30, 2014. Management of the University is responsible for 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.

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

1. We obtained from University management a list of all University booster group activities, for both independent and affiliated organizations (including alumni organizations), that have a principal purpose of generating funds for the University's athletics department, during the year ended June 30, 2014.
 - a. We obtained the financial statements for affiliated organizations as of June 30, 2014 and agreed each of the revenue and expense amounts appearing in the financial statements of the affiliated organizations to the corresponding amounts included in the Statement. No exceptions were noted as a result of performing this procedure.
 - b. For each organization on the listing, we mailed confirmations directly to the officials of each organization requesting they confirm the revenue and expense amounts included in the Statement. Of the five confirmation requests, no exceptions were identified. Refer below for a listing of the organizations and the results of the procedures performed.
 - c. We received a representation letter signed by the Director of Athletics and each of the 30 head coaches of the men's and women's varsity sports programs that the booster groups, as listed below, are the only booster groups that support the Department of Athletics as defined in the National Collegiate Athletic Association ("NCAA") Financial Audit Guidelines.



Listing of Booster Groups/Alumni Organizations

Name	Exception (Y/N)?
1. Varsity "O" Women	N
2. Buckeye Diamond Club	N
3. Rebounders Club	N
4. Varsity "O" Men	N
5. Buckeye Boosters	N

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 statement of receipts/revenues and disbursements/expenditures for outside organizations acting on behalf of the department of athletics as of June 30, 2014. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of The Ohio State University, and is not intended to be and should not be used by anyone other than this party.

A handwritten signature in black ink that reads "PricewaterhouseCoopers LLP".

January 15, 2015

**The Ohio State University Department of Athletics
Receipts/Revenues and Disbursements/Expenditures for
Outside Organizations Acting on Behalf of the Department of Athletics
For the Year Ended June 30, 2014 (unaudited)**

**Statement of Receipts/Revenues and Disbursements/Expenditures for Outside Organizations
Acting on Behalf of the Department of Athletics**

Organizations reporting on a cash receipts and disbursements basis for the year ended June 30, 2014, are as follows:

Cash Receipts/Disbursements

Organization	Beginning		Disbursements		Ending
	Cash	Cash	to or on Behalf	Other	Cash
	Balance	Receipts	of Program		Balance
The Buckeye Diamond Club	\$ 236,072	152,613	128,944	50,122	\$ 209,619
The Rebounders Club	4,796	96,023	43,000	52,534	5,285
Varsity "O" Women	19,204	41,209	-	24,196	36,217

Organizations reporting revenues and expenditures for the year ended June 30, 2014, are as follows:

Revenues/Expenditures

Organization	Revenue	Expenditures		Net
		to or on	Other	
		Behalf of		Income/(Loss)
		Program		
Buckeye Boosters Inc.	\$ 778,204	150,000	510,093	\$ 118,111
Varsity "O" Men	144,305	3,100	112,609	28,596

This page intentionally left blank.



Dave Yost • Auditor of State

THE OHIO STATE UNIVERSITY DEPARTMENT OF ATHLETICS

FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
DECEMBER 1, 2015