

# The Ohio State University

(A Component Unit of the State of Ohio)

Consolidated Financial Statements as of and for the  
Year Ended June 30, 2010, and Report on Federal  
Awards in Accordance with OMB Circular A-133 for  
the Year Ended June 30, 2010, and Independent  
Auditors' Reports





# Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditors' Report* of The Ohio State University, Franklin County, prepared by Deloitte & Touche LLP, for the audit period July 1, 2009 through June 30, 2010. 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 is responsible for compliance with these laws and regulations.

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

Dave Yost  
Auditor of State

January 26, 2011

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# THE OHIO STATE UNIVERSITY

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## INDEPENDENT AUDITORS' REPORT

The Board of Trustees of  
The Ohio State University  
Columbus, Ohio

We have audited the accompanying consolidated statements of net assets of The Ohio State University, a component unit of the State of Ohio (the "University"), as of June 30, 2010 and 2009, and the related consolidated statements of revenues, expenses, and changes in net assets and of cash flows for the years then ended. These consolidated financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of The Ohio State University as of June 30, 2010 and 2009, and their changes in net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the consolidated financial statements, the University changed its method of accounting for intangible assets due to the implementation of Government Accounting Standards Board Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, and retroactively restated beginning net assets for the year ended June 30, 2009.

The Management's Discussion and Analysis on pages 3 to 15 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of the University's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit such information, and we do not express an opinion on it.

Our audit was performed for the purpose of forming an opinion on the University's consolidated financial statements. The accompanying schedule of expenditures of federal awards as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit*

*Organizations*, on pages 55 to 87, and the notes to the schedule of expenditures of federal awards, on pages 88 to 89, are presented for the purpose of additional analysis and are not a required part of the consolidated financial statements. These schedules are the responsibility of the management of the University. Such information has been subjected to the auditing procedures applied in our audit of the consolidated financial statements and, in our opinion, is fairly stated, in all material respects, when considered in relation to the consolidated financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report, dated November 8, 2010, on our consideration of internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Deloitte + Touche LLP*

November 8, 2010

## Management's Discussion and Analysis for the Year Ended June 30, 2010

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The following Management's Discussion and Analysis, or MD&A, provides an overview of the financial position and activities of The Ohio State University for the year ended June 30, 2010, with comparative information for the years ended June 30, 2009 and June 30, 2008. We encourage you to read this MD&A section in conjunction with the audited financial statements and footnotes appearing in this report.

### About The Ohio State University

The Ohio State University is the State of Ohio's flagship research institution and one of the largest universities in the United States of America, with over 63,000 students, 5,800 faculty members and 21,000 staff members. Founded in 1870 under the Morrill Land Grant Act, the university – which was originally known as the Ohio Agricultural and Mechanical College -- has grown over the years into a comprehensive public institution of higher learning, with 175 undergraduate majors, 133 master's degree programs, 99 doctoral programs and seven professional degree programs. The university operates one of the nation's leading academic medical centers, which includes the OSU Health System. The Health System is comprised of The Ohio State University Hospital, The Arthur G. James Cancer Hospital and Richard J. Solove Research Institute, Richard M. Ross Heart Hospital, University Hospital East, OSU Harding Hospital, three comprehensive outpatient care centers and 21 clinics. The System provided services to more than 58,000 adult inpatients and 1,038,000 outpatients during Fiscal Year 2010.

Ohio State is governed by a board of trustees who are responsible for oversight of academic programs, budgets, general administration, and employment of faculty and staff. The university's 14 colleges, two independent schools, the OSU Health System and various academic support units operate largely on a decentralized basis. The Board approves annual budgets for university operations, but these budgets are managed at the college and department level.

The following financial statements reflect all assets, liabilities and net assets (equity) of the university, the OSU Health System, the Ohio Agricultural Research and Development Center and the Ohio Supercomputer Center. In addition, these statements include consolidated financial results for a number of legally separate entities subject to Board control, including:

- the OSU Foundation (a fundraising foundation operating exclusively for the benefit of the university)
- OSU Physicians, Inc. (the central practice group for physician faculty members of the Colleges of Medicine and Public Health)
- Campus Partners for Community Urban Redevelopment (a non-profit organization participating in the redevelopment of neighborhoods adjacent to the main Columbus campus)
- Transportation Research Center (an automotive research and testing facility in East Liberty, Ohio)
- OSU Health Plan (a non-profit organization – formerly known as OSU Managed Health Care Systems -- that administers university health care benefits)



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The entities listed above meet the “financial accountability” criteria set forth in Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*. A complete listing of the entities that are included in the university’s financial report is provided in the Basis of Presentation section of the footnotes.

### **About the Financial Statements**

The university presents its financial reports in a “business type activity” format, in accordance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments* and GASB Statement No. 35, *Basic Financial Statements – and Management’s Discussion and Analysis – for Public Colleges and Universities – an amendment of GASB Statement No. 34*. In addition to this MD&A section, the financial report includes a Statement of Net Assets, a Statement of Revenues, Expenses and Other Changes in Net Assets, a Statement of Cash Flows and Notes to the Financial Statements.

The **Statement of Net Assets** is the university’s balance sheet. It reflects the total assets, liabilities and net assets (equity) of the university as of June 30, 2010, with comparative information as of June 30, 2009. Liabilities due within one year, and assets available to pay those liabilities, are classified as current. Other assets and liabilities are classified as non-current. Investment assets are carried at market value. Capital assets, which include the university’s land, buildings, improvements, and equipment, are shown net of accumulated depreciation. Net assets are grouped in the following categories:

- Invested in capital assets, net of related debt
- Restricted – Nonexpendable (endowment and annuity funds)
- Restricted – Expendable (primarily current restricted and quasi-endowment funds)
- Unrestricted

The **Statement of Revenues, Expenses and Other Changes in Net Assets** is the university’s income statement. It details how net assets have increased (or decreased) during the year ended June 30, 2010, with comparative information for Fiscal Year 2009. Tuition revenue is shown net of scholarship allowances, depreciation is provided for capital assets, and there are required subtotals for net operating income (loss) and net income (loss) before capital contributions and additions to permanent endowments.

It should be noted that the required subtotal for net operating income or loss will generally reflect a “loss” for state-supported colleges and universities. This is primarily due to the way operating and non-operating items are defined under GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*. Operating expenses include virtually all university expenses, except for interest on long-term debt. Operating revenues, however, *exclude* certain significant revenue streams that Ohio State and other public institutions have traditionally relied upon to fund current operations, including state instructional support, current-use gifts and investment income.

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The **Statement of Cash Flows** details how cash has increased (or decreased) during the year ended June 30, 2010, with comparative information for Fiscal Year 2009. It breaks out the sources and uses of university cash into the following categories:

- Operating activities
- Noncapital financing activities
- Capital financing activities
- Investing activities

Cash flows associated with the university's expendable net assets appear in the operating and noncapital financing categories. Capital financing activities include payments for capital assets, proceeds from long-term debt and debt repayments. Purchases and sales of investments are reflected as investing activities.

The **Notes to the Financial Statements**, which follow the financial statements, provide additional details on the numbers in the financial statements. Behind the notes is a section that provides supplementary information on the university's Long-Term Investment Pool.

#### **Financial Highlights and Key Trends**

Total university net assets (equity) increased \$405 million, to \$4.72 billion at June 30, 2010, primarily due to investment gains and strong operating results for the OSU Health System. Total university plant debt was stable at \$1.35 billion. Total unrestricted and restricted-expendable net assets increased \$66 million, to \$1.75 billion.

Despite the ongoing challenges associated with the recession in the national and state economies, demand for an Ohio State education remains strong, and student outcomes continue to improve. 63,217 students were enrolled in Autumn 2009, up from 61,568 in Autumn 2008. 92.5% of the freshmen enrolled in Autumn 2008 returned to OSU in Autumn 2009. Over the past five years, four-year graduation rates have increased from 39% to 51%, and six-year graduation rates have increased from 62% to 75%.

The following sections provide additional details on the university's 2010 financial results and a look ahead at significant economic conditions that are expected to affect the university in the future.

## Statement of Net Assets

<b>Summary Statement of Net Assets</b> <i>(in thousands)</i>			
	<b>2010</b>	<b>2009</b>	<b>2008</b>
Cash and temporary investments	\$ 1,243,943	\$ 1,172,896	\$ 902,919
Current receivables, inventories and prepaid expenses	572,436	525,105	539,482
<b>Total current assets</b>	<b>1,816,379</b>	<b>1,698,001</b>	<b>1,442,401</b>
Noncurrent notes and pledges receivable	81,424	70,017	70,200
Long-term investment pool	1,887,568	1,662,729	2,075,853
Other long-term investments	64,232	69,894	102,801
Capital assets, net of accumulated depreciation	3,231,134	3,119,928	2,939,626
<b>Total noncurrent assets</b>	<b>5,264,358</b>	<b>4,922,568</b>	<b>5,188,480</b>
<b>Total assets</b>	<b>\$ 7,080,737</b>	<b>\$ 6,620,569</b>	<b>\$ 6,630,881</b>
Accounts payable and accrued expenses	\$ 539,560	\$ 530,850	\$ 520,806
Deferred revenues and deposits	208,579	186,436	184,980
Commercial paper and current portion of bonds, notes and lease obligations	505,842	631,604	516,970
Other current liabilities	11,575	9,828	10,933
<b>Total current liabilities</b>	<b>1,265,556</b>	<b>1,358,718</b>	<b>1,233,689</b>
Noncurrent portion of bonds, notes and lease obligations	848,417	728,641	559,127
Other noncurrent liabilities	246,135	218,005	196,771
<b>Total noncurrent liabilities</b>	<b>1,094,552</b>	<b>946,646</b>	<b>755,898</b>
<b>Total liabilities</b>	<b>\$ 2,360,108</b>	<b>\$ 2,305,364</b>	<b>\$ 1,989,587</b>
Invested in capital assets, net of related debt	\$ 1,875,977	\$ 1,759,683	\$ 1,863,528
Restricted-nonexpendable net assets	1,091,825	868,466	1,228,922
Restricted-expendable net assets	487,237	468,122	530,647
Unrestricted net assets	1,265,590	1,218,934	1,018,197
<b>Total net assets</b>	<b>\$ 4,720,629</b>	<b>\$ 4,315,205</b>	<b>\$ 4,641,294</b>

Total university **cash and temporary investment** balances increased \$71 million in 2010, primarily due to net cash flows from capital financing activities. The Statement of Cash Flows, which is discussed in more detail below, provides additional details on sources and uses of university cash. The university holds the bulk of its working capital in short and intermediate-term investment funds. These funds are invested in a diversified portfolio of money-market instruments as well as short and intermediate-term fixed income securities. The average maturity of the portfolio is typically less than one year.

The market value of the university's **long-term investment pool** increased \$225 million, to \$1.89 billion at June 30, 2010, primarily due to a combination of realized and unrealized gains, which totaled \$121 million and \$125 million, respectively. The long-term investment pool operates similar to a mutual fund, in that each named fund is assigned a number of

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shares in the pool. It includes the gifted endowment funds of the university, gifted endowment funds of the OSU Foundation, and operating funds which have been internally designated to function as endowments. The pool is invested in a diversified portfolio of equities, fixed income, real estate, hedge funds, private equity, venture capital and natural resources that is intended to provide the long-term growth necessary to preserve the value of these funds, adjusted for inflation, while making distributions to support the university's mission.

**Other long-term investments** are non-unitized investments that relate primarily to gift arrangements between donors and the OSU Foundation. These investments decreased \$6 million, to \$64 million at June 30, 2010.

**Capital assets**, which include the university's land, buildings, improvements, equipment and library books, grew \$111 million, to \$3.23 billion at June 30, 2010. The university depreciates its capital assets on a straight-line basis, using estimated useful lives ranging from 5 years (for computer equipment and software) to 100 years (for certain building components such as foundations).

In 2010, the university implemented GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. Under the new standard, the university reported internally generated software with a net book value of \$31 million and \$29 million at June 30, 2010 and June 30, 2009, respectively.

Major projects completed in 2010 include the William Oxley Thompson Memorial Library renovation, the new Ohio Union and the Student Academic Services Building. In addition, several major construction projects are currently underway or in advanced planning stages, including:

- **ProjectOne** – The university continues to move forward on a \$1 billion Medical Center expansion project known as ProjectOne. ProjectOne activities already underway include the recently completed expansion of the Richard M. Ross Heart Hospital, new Gastrointestinal and MRI facilities, and a faculty office tower. Construction of the new James Cancer Hospital and Solove Research Institute and the Critical Care Center began in Summer 2010 and is expected to be completed in 2014. The university plans to finance the project with a combination of bonds (\$925 million) and private gifts (\$75 million).
- **South High Rises Renovation and Addition** – Work is underway on a \$172 million project to renovate five student housing facilities in the south campus area and to construct two building additions, which will include approximately 360 new beds. The project is expected to be completed in 2012.
- **William H. Hall Complex Expansion** – Work is underway on a \$51 million project to construct a new suite-style housing facility as part of the William H. Hall housing complex. The new facility will provide approximately 537 new beds and is expected to be completed in 2012.

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- Infrastructure Improvements – Various infrastructure projects are underway, including construction of a \$58 million electrical substation to meet current and future campus electrical needs, a \$73 million south campus central chiller plant to support the Medical Center expansion and a \$41 million east regional chiller plant to serve buildings east of the Oval. The electrical substation and south campus chiller projects are expected to be completed in 2012. The east regional chiller project is expected to be completed in 2014.
  - Chemical and Bio-molecular Engineering and Chemistry Building – Planning is underway to construct a \$121 million facility for the Chemistry and Chemical and Bio-molecular Engineering departments. The building will contain research and teaching laboratories, faculty offices, and seminar rooms. The projected start date for construction is October 2012.

The university's estimated future capital commitments, based on contracts and purchase orders, total approximately \$270 million at June 30, 2010.

**Accounts payable and accrued expenses** increased \$9 million, to \$540 million in 2010, primarily due to increases in payables to vendors.

Total university debt, in the form of **commercial paper, bonds, notes and capital lease obligations**, was relatively stable, decreasing \$6 million, to \$1.35 billion at June 30, 2010. During 2010, the university issued \$241 million in bonds, secured by the general receipts of the university. The university used the bond proceeds to refund existing bond obligations.

The university's plant debt includes variable rate demand bonds that mature at various dates through 2035. Governmental Accounting Standards Board Interpretation 1, *Demand Bonds Issued by State and Local Governmental Entities*, provides guidance on the balance sheet classification of these bonds. Under GASB Interpretation 1, outstanding principal balances on variable rate demand bonds may be classified as noncurrent liabilities if the issuer has entered into a "take-out agreement" to convert bonds "put" but not resold into some other form of long-term obligation. In the absence of such an agreement, the total outstanding principal balances for these bonds are required to be classified as current liabilities.

Although it is the university's intent to repay its variable rate demand bonds in accordance with the maturities set forth in the bond offering circulars, the university does not have "take-out agreements" in place per the GASB Interpretation 1 requirements. Accordingly, the university has classified the total outstanding principal balances on its variable rate demand bonds as current liabilities. These obligations totaled \$329 million and \$511 million at June 30, 2010 and 2009, respectively.

**Other noncurrent liabilities** increased \$28 million, primarily due to bond premiums associated with the 2010 bond issue.

**2008-2009 Highlights:** *In 2008*, total unrestricted and restricted-expendable net assets increased \$53 million, to \$1.55 billion at June 30, 2008. Total university plant debt declined

\$42 million, to \$1.08 billion. **In 2009**, total unrestricted and restricted-expendable net assets increased \$138 million, to \$1.69 billion. Total university plant debt increased \$284 million, to \$1.36 billion, primarily due to two 2009 bond issues.

### Statement of Revenues, Expenses and Other Changes in Net Assets

<b>Summary of Revenues, Expenses and Changes in Net Assets</b> <i>(in thousands)</i>			
	<b>2010</b>	<b>2009</b>	<b>2008</b>
<b>Operating Revenues:</b>			
Tuition and fees, net	\$ 664,184	\$ 622,857	\$ 616,650
Grants and contracts	619,873	613,018	601,742
Auxiliary enterprises sales and services, net	204,676	194,862	192,071
OSU Health System sales and services, net	1,692,532	1,578,401	1,460,868
OSU Physicians sales and services, net	309,815	286,490	256,910
Departmental sales and other operating revenues	182,503	161,063	159,704
Total operating revenues	<u>3,673,583</u>	<u>3,456,691</u>	<u>3,287,945</u>
<b>Operating Expenses:</b>			
Educational and general	2,041,362	1,919,678	1,893,145
Auxiliary enterprises	223,704	214,807	220,682
OSU Health System	1,483,573	1,407,701	1,295,850
OSU Physicians	284,720	262,131	230,403
Depreciation	231,744	222,308	213,801
Total operating expenses	<u>4,265,103</u>	<u>4,026,625</u>	<u>3,853,881</u>
Net operating income (loss)	(591,520)	(569,934)	(565,936)
<b>Non-operating revenues (expenses):</b>			
State share of instruction and line-item appropriations	443,337	497,601	469,162
Federal fiscal stabilization funds	59,234	-	-
Gifts - current use	90,743	77,255	78,675
Net investment income (loss)	323,944	(435,898)	(141,558)
Grants, interest expense and other non-operating	(2,264)	2,884	(7,725)
Income (loss) before other revenues, expenses gains or losses	323,474	(428,092)	(167,382)
State capital appropriations	33,042	47,227	72,837
Private capital gifts	15,545	18,960	6,754
Additions to permanent endowments	<u>33,363</u>	<u>35,816</u>	<u>59,108</u>
Increase (decrease) in net assets	405,424	(326,089)	(28,683)
Net assets - beginning of year	<u>4,315,205</u>	<u>4,641,294</u>	<u>4,669,977</u>
Net assets - end of year	<u>\$ 4,720,629</u>	<u>\$ 4,315,205</u>	<u>\$ 4,641,294</u>

Net **tuition and fees** increased \$41 million, to \$664 million in 2010, primarily due to increased undergraduate enrollments. The university extended its freeze of undergraduate instructional and general fees for a third year, through Spring Quarter of 2010.

Operating **grant and contract revenues** increased \$7 million, to \$620 million in 2010, primarily due to increases in federally-funded research grants and contracts, which were

partially offset by decreases in state grants and contracts. Revenues for sponsored research programs administered by the Office of Sponsored Programs (formerly known as the OSU Research Foundation) increased \$20 million, to \$423 million.

**Educational and general expenses** increased 6.3%, to \$2.04 billion in 2010. Additional details are provided below.

<b>Educational and General Expenses</b> <i>(in thousands)</i>	<b>2010</b>	<b>2009</b>	<b>2008</b>
Instruction and departmental research	\$ 869,418	\$ 840,697	\$ 817,146
Separately budgeted research	419,982	392,033	391,987
Public service	118,585	120,015	121,565
Academic support	140,255	132,912	135,720
Student services	87,603	87,993	86,829
Institutional support	191,532	164,210	153,531
Operation and maintenance of plant	109,440	112,097	115,107
Scholarships and fellowships	104,547	69,721	71,260
<b>Total</b>	<b><u>\$ 2,041,362</u></b>	<b><u>\$ 1,919,678</u></b>	<b><u>\$ 1,893,145</u></b>

Total **instructional and departmental research** expenses increased \$29 million in 2010, primarily due to faculty/staff salary and benefit increases. The university's budget process directs the bulk of annual increases in tuition, state share of instruction and facilities and administrative cost recoveries to the colleges, for investment in academic programs. **Separately budgeted research** expenses increased \$28 million, reflecting increases in federally-funded research grants. **Institutional support** increased \$27 million, primarily due to increased expenditures for investment management, information technology and fundraising and central accruals for employee health care costs. **Scholarship and fellowship** expenses increased \$35 million, reflecting increased central and departmental funding for undergraduate scholarships.

Sales and service revenues of the university's **Auxiliary Enterprises** increased \$10 million, to \$205 million in 2010, primarily due to increases in Housing, Food Service and Event Center and Fawcett Center revenues. Auxiliary expenses increased \$9 million.

The **Ohio State University Health Care System** continued its planned growth during Fiscal Year 2010 with the opening of the Eye and Ear Institute on Olentangy River Road, the opening of Carepoint in Gahanna, and the start of construction on two projects - an outpatient cancer facility on Olentangy River Road and an expanded Electrophysiology lab on the second floor of the Ross Heart Hospital. Means Hall was demolished to allow space for future ProjectOne hospital facilities construction.

Health System adult inpatient admissions increased 4.9% over the prior year, while outpatient volume grew by 6.0%. Consolidated Health System Total Operating Revenues increased \$114 million (7.2%) due to volume increases along with selective rate increases. Expenses for the consolidated Health System (excluding depreciation, interest and interfund

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transfers) increased \$76 million (5.4%). Salaries and benefits increased 6.0% due to increased patient activity and a competitive labor market. Supplies increased 4.1% due to volume, medical advances, inflation and more intensive patient care services. Services increased 17.6% primarily due to the Medicaid program enacting a hospital franchise fee which totaled \$18 million in its first year. The Health System's Excess of Revenue over Expense for 2010 was \$126.5 million. After investing \$88.9 million in research and education and receiving \$2.1 million in contributions for capital acquisitions, the change in net assets was \$39.7 million.

Looking ahead, the OSU Health System will be challenged by the national trend to meet the increase in demand for health services arising from an aging population and increasing consumer expectations. While facing the uncertainties of the economy and healthcare reform, the Health System expects FY2011 revenues to increase by 7.9% with focus on the six signature programs: Cancer, Critical Care, Heart, Imaging, Neuroscience and Transplantation. The System will continue to be challenged by the increasing cost for care givers, malpractice costs, supplies, pharmaceuticals and technology.

The Health System continues to invest in the Medical Center's research and teaching initiatives, resulting in the delivery of additional leading edge clinical services while fulfilling its academic mission. In response to the increased demand for services, the Health System continues planning for significant expansion of its clinical facilities in the next several years. Despite the challenges and the changing healthcare environment, the Health System expects to improve its financial position during the upcoming year, and will continue to play a key role in supporting the Medical Center and in its status as a leading academic medical center.

Revenues and operating expenses of **OSU Physicians, Inc.**, the University's central practice group for physician faculty members of the College of Medicine and Public Health, continued to grow in 2010. Total operating revenues grew from \$286 million to \$310 million as a result of volume increases as well as increased rates from contract negotiations. Total OSUP expenses (excluding depreciation, interest and interfund transfers) grew from \$262 million to \$285 million.

OSUP is the single member of 17 limited liability companies ("LLCs"). As of June 30, 2010, only 15 of the limited liability companies were active. Two of the LLCs (Anesthesiology and Orthopedics) have been created but had no 2010 activity.



The following table lists the LLCs that were included in OSUP's financial statements as of June 30, 2010 and 2009:

Practice Plan	2010	2009
Family Medicine Foundation, LLC ("FM")	X	X
OSU Anesthesiology, LLC ("Anesthesiology")		
OSU Children's Pediatrics, LLC	X	X
OSU Emergency Medicine, LLC ("EM")	X	X
OSU Eye Physicians and Surgeons, LLC ("Eye")	X	X
OSU GYN and OB Consultants, LLC ("OBGYN")	X	X
OSU Internal Medicine, LLC ("IM")	X	X
OSU Neuroscience Center, LLC ("Neurology")	X	X
OSU Orthopedics, LLC ("Orthopedics")		
OSU Otolaryngology-Head and Neck Surgery, LLC ("Otolaryngology")	X	X
OSU Pathology, LLC ("Pathology")	X	X
OSU Physical Medicine and Rehabilitation ("Phys Med")	X	X
OSU Psychiatry, LLC ("Psychiatry")	X	X
OSU Radiation Oncology, LLC ("Rad Onc")	X	X
OSU Radiology, LLC ("Radiology")	X	X
OSU Surgery, LLC ("Surgery")	X	X
OSU Urology, LLC ("Urology")	X	X

**State share of instruction and line-item appropriations** declined \$54 million, to \$443 million in 2010, due to state budget cuts. To offset this decrease in state funding, the Ohio Board of Regents allocated \$59 million in **federal fiscal stabilization funds** to the university. These funds were provided by the federal government under the American Recovery and Reinvestment Act of 2009.

**Non-endowment gifts** to the university (including gifts for current use and gifts to capital projects) increased \$11 million, to \$107 million in 2010. New gift **additions to permanent endowments** decreased \$2 million, to \$33 million. With the economy beginning to rebound, University Development expects that gift revenues will increase by several percentage points in 2011. During 2010 a new record of 144,016 donors made gifts to the university; the next highest year was 2007 at 121,177.

University investments yielded \$324 million of **net investment income** in 2010, recovering a significant portion of the \$436 million net investment loss experienced in 2009. The net investment income figure includes \$67 million of interest and dividend income and \$257 million net appreciation in the fair market value of university investments.

The university's Long Term Investment Pool finished a strong year in 2010. Equity markets had bottomed out approximately three months before the fiscal year began and experienced a strong upsurge throughout much of the fiscal year. These gains were partially reversed over the last two months of the year when markets retrenched. The Long-Term Investment

Pool finished the fiscal year with an investment return of 15.5%, which exceeds university benchmarks and places it among the top of its peer group.

**2008-2009 Highlights:** *In 2008*, total operating revenues increased \$227 million, to \$3.29 billion, primarily due to growth in patient care, grant and contract and tuition revenues. Total operating expenses increased \$243 million, to \$3.85 billion, primarily due to increases in educational and general and OSU Health System expenses. A challenging financial environment resulted in a \$142 million net loss on university investments. *In 2009*, the university's investment portfolio was hit hard by the meltdown in the financial markets, resulting in a \$436 million net investment loss. University operating results were stable, with growth in operating revenues and state support offsetting similar increases in operating expenses.

### Statement of Cash Flows

University Cash Flows Summary <i>(in thousands)</i>	2010	2009	2008
Net cash flows from operating activities	\$ (356,277)	\$ (301,434)	\$ (330,937)
Net cash flows from noncapital financing activities	663,725	647,253	649,100
Capital appropriations and gifts for capital projects	41,334	70,227	75,128
Proceeds from issuance of bonds and notes payable	337,113	427,138	10,038
Payments for purchase and construction of capital assets	(332,448)	(394,788)	(324,134)
Principal and interest payments on capital debt	(385,506)	(184,192)	(108,915)
Net cash flows from investing activities	(24,130)	61,882	84,949
Net increase (decrease) in cash	<u>\$ (56,189)</u>	<u>\$ 326,086</u>	<u>\$ 55,229</u>

Total university cash and cash equivalents decreased \$56 million in 2010. Net cash flows from operating activities decreased \$55 million, with increases in payments for wages, benefits and supplies and services more than offsetting increased receipts from sales and services and tuition. Net cash flows from noncapital financing activities were relatively stable in 2010, with receipts of federal fiscal stabilization funds offsetting decreases in state appropriations. Net cash used for capital financing activities was \$340 million, reflecting capital expenditures and use of bond proceeds to refund existing debt. Total cash used by investing activities was \$24 million, primarily due to net purchases of temporary investments.

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## Subsequent Events

Subsequent to June 30, certain transactions and events occurred that are financially significant to the university. In September 2010, the university completed three bond offerings, totaling \$893 million. Also in September, a tornado struck the university's Ohio Agricultural Research and Development Center campus in Wooster, causing significant damage to buildings and grounds. Additional details on these subsequent events are provided in the notes to the financial statements.

## Economic Factors That Will Affect the Future

As Fiscal Year 2010 drew to a close, the nation appeared to be gradually starting to recover from its deepest recession in 50 years. Because of strong financial support from the Governor and the General Assembly, the receipt of federal stimulus funding under the American Recovery and Reinvestment Act (ARRA), and prudent fund management and planning, The Ohio State University was able to continue to improve its academic standing and maintain its affordability to Ohio residents. However, the economic upheavals of recent years and continuing weakness in Ohio's economy will make it more difficult to continue this progress.

In 2010, the university was able to continue its freeze on in-state undergraduate tuition (which began in Autumn Quarter 2006) through Spring Quarter. In Summer Quarter 2010, however, undergraduate instructional and general fees were increased 3.1%, followed by an additional increase of 3.4% in Autumn Quarter 2010. These tuition increases are a necessary component of the university's strategy to address possible shortfalls in the next few years. Student financial aid will be increased proportionally so that access will be maintained for qualified students.

The university's Fiscal Year 2011 budget is structured to move the university forward academically in this time of extraordinary financial instability by supporting the following thematic goals:

- Forge *One* Ohio State University
- Put Students First
- Focus on Faculty Success
- Recast Our Research Agenda
- Commit to Our Communities
- Simplify University Systems and Structures

The 2011 budget also emphasizes the importance of remaining fiscally prudent in the current uncertain environment, including continued support for efficiency savings in the following areas:

- Energy Sustainability
- Strategic Purchasing
- Transition to Work (workers compensation)
- Your Plan for Health (employee health care)

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- Enterprise-Wide Systems
  - Business Process Streamlining

Although the university budget for 2011 is relatively stable, a great deal of uncertainty exists regarding the State of Ohio's budget for the next (2012-2013) biennium. In September 2010, the State of Ohio announced that the June 2011 monthly State Share of Instruction (SSI) payment for state-supported colleges and universities would "lapse" or be deferred into the next biennium, requiring re-appropriation by the General Assembly. Approximately \$25 million of the university's 2011 SSI allocation is subject to this deferral.

In addition, approximately 15.5% of the total appropriations for SSI consist of one-time federal ARRA funding. Ohio State is expected to receive approximately \$60 million of ARRA funds as part of its FY2011 SSI allocation. If the state economy does not recover sufficiently to generate additional General Revenue Funds to replace these ARRA funds, the State of Ohio will face significant challenges in maintaining current levels of SSI funding in the 2012-2013 biennium.

Despite these economic challenges, we remain committed to building upon current efforts to enhance the university's academic reputation, diversify our revenue base, realize operating efficiencies and effectively manage our financial risks. By doing so, we feel The Ohio State University will maintain its sound financial position while continuing its progress towards becoming a top-tier public research university.

**THE OHIO STATE UNIVERSITY  
CONSOLIDATED STATEMENTS OF NET ASSETS**

**June 30, 2010 and June 30, 2009**  
(in thousands)

	<u>Jun-10</u>	<u>Jun-09</u>
<b>ASSETS:</b>		
Current Assets:		
Cash and cash equivalents (including bond proceeds restricted for capital expenditures of \$56,230 and \$111,845, respectively)	\$ 656,415	\$ 712,604
Temporary investments	587,528	460,292
Accounts receivable, net	441,468	408,539
Notes receivable - current portion, net	13,533	12,816
Pledges receivable - current portion, net	22,912	23,697
Accrued interest receivable	18,856	16,684
Inventories and prepaid expenses	75,667	63,369
Total Current Assets	<u>1,816,379</u>	<u>1,698,001</u>
Noncurrent Assets:		
Notes receivable, net	57,984	58,761
Pledges receivable, net	23,440	11,256
Long-term investment pool	1,887,568	1,662,729
Other long-term investments	64,232	69,894
Capital assets not being depreciated	347,152	460,302
Capital assets being depreciated, net	2,883,982	2,659,626
Total Noncurrent Assets	<u>5,264,358</u>	<u>4,922,568</u>
<b>Total Assets</b>	<u>\$ 7,080,737</u>	<u>\$ 6,620,569</u>
<b>LIABILITIES AND NET ASSETS:</b>		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 539,560	\$ 530,850
Deposits and deferred revenues	208,579	186,436
Commercial paper and current portion of bonds, notes and leases payable	505,842	631,604
Compensated absences - current portion	7,788	6,525
Obligations under annuity and life income agreements-current portion	3,787	3,303
Total Current Liabilities	<u>1,265,556</u>	<u>1,358,718</u>
Noncurrent Liabilities:		
Bonds, notes and leases payable	848,417	728,641
Compensated absences	101,200	97,056
Obligations under annuity and life income agreements	34,263	35,541
Refundable advances for Federal Perkins loans	28,955	29,907
Other noncurrent liabilities	81,717	55,501
Total Noncurrent Liabilities	<u>1,094,552</u>	<u>946,646</u>
<b>Total Liabilities</b>	<u>2,360,108</u>	<u>2,305,364</u>
Net Assets:		
Invested in capital assets, net of related debt	1,875,977	1,759,683
Restricted:		
Nonexpendable	1,091,825	868,466
Expendable	487,237	468,122
Unrestricted	1,265,590	1,218,934
<b>Total Net Assets</b>	<u>4,720,629</u>	<u>4,315,205</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 7,080,737</u>	<u>\$ 6,620,569</u>

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

**THE OHIO STATE UNIVERSITY  
CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES,  
AND OTHER CHANGES IN NET ASSETS**

**June 30, 2010 and June 30, 2009  
(in thousands)**

	<u>Jun-10</u>	<u>Jun-09</u>
Operating Revenues:		
Student tuition and fees (net of scholarship allowances of \$121,229 and \$116,357, respectively)	\$ 664,184	\$ 622,857
Federal grants and contracts	322,157	283,484
State grants and contracts	43,524	76,896
Local grants and contracts	20,801	23,680
Private grants and contracts	233,391	228,958
Sales and services of educational departments	115,766	101,848
Sales and services of auxiliary enterprises (net of scholarship allowances of \$15,791 and \$15,118, respectively)	204,676	194,862
Sales and services of the OSU Health System (net of charity care of \$196,896 and \$164,132, respectively)	1,692,532	1,578,401
Sales and services of OSU Physicians, Inc., (net of charity care of \$7,678 and \$3,182, respectively)	309,815	286,490
Other operating revenues	66,737	59,215
Total Operating Revenues	<u>3,673,583</u>	<u>3,456,691</u>
Operating Expenses:		
Educational and General:		
Instruction and departmental research	869,418	840,697
Separately budgeted research	419,982	392,033
Public service	118,585	120,015
Academic support	140,255	132,912
Student services	87,603	87,993
Institutional support	191,532	164,210
Operation and maintenance of plant	109,440	112,097
Scholarships and fellowships	104,547	69,721
Auxiliary enterprises	223,704	214,807
OSU Health System	1,483,573	1,407,701
OSU Physicians, Inc.	284,720	262,131
Depreciation	231,744	222,308
Total Operating Expenses	<u>4,265,103</u>	<u>4,026,625</u>
Operating Loss	(591,520)	(569,934)
Non-operating Revenues (Expenses):		
State share of instruction and line-item appropriations	443,337	497,601
Federal fiscal stabilization funds	59,234	-
Federal non-exchange grants	55,203	34,184
State non-exchange grants	8,086	12,783
Gifts	90,743	77,255
Net investment income (loss)	323,944	(435,898)
Interest expense on plant debt	(49,993)	(36,613)
Other non-operating revenues(expenses)	(15,560)	(7,470)
Net Non-operating Revenue (Expense)	<u>914,994</u>	<u>141,842</u>
Income (Loss) before Other Revenues, Expenses, Gains or Losses	323,474	(428,092)
State capital appropriations	33,042	47,227
Private capital gifts	15,545	18,960
Additions to permanent endowments	<u>33,363</u>	<u>35,816</u>
Increase (Decrease) in Net Assets	405,424	(326,089)
Net Assets - Beginning of Year	<u>4,315,205</u>	<u>4,641,294</u>
Net Assets - End of Year	<u>\$ 4,720,629</u>	<u>\$ 4,315,205</u>

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

**THE OHIO STATE UNIVERSITY  
CONSOLIDATED STATEMENTS OF CASH FLOWS**

Years Ended June 30, 2010 and 2009  
(in thousands)

	<u>2010</u>	<u>2009</u>
<b>Cash Flows from Operating Activities:</b>		
Tuition and fee receipts	\$ 572,719	\$ 534,269
Grant and contract receipts	612,655	626,785
Receipts for sales and services	2,338,983	2,185,979
Payments to or on behalf of employees	(2,000,832)	(1,907,124)
University employee benefit payments	(524,650)	(523,029)
Payments to vendors for supplies and services	(1,328,157)	(1,209,741)
Payments to students and fellows	(96,022)	(61,826)
Student loans issued	(7,347)	(7,188)
Student loans collected	7,961	7,946
Student loan interest and fees collected	1,119	971
Other receipts (payments)	67,294	51,524
	<u>(356,277)</u>	<u>(301,434)</u>
Net cash provided (used) by operating activities		
<b>Cash Flows from Noncapital Financing Activities:</b>		
State share of instruction and line-item appropriations	443,337	497,601
Federal fiscal stabilization funds	59,234	0
Non-exchange grant receipts	63,289	46,967
Gift receipts for current use	79,344	74,043
Additions to permanent endowments	33,363	35,816
Drawdowns of federal direct loan proceeds	386,000	338,500
Disbursements of federal direct loans to students	(399,608)	(343,000)
Disbursement of loan proceeds to related organization	(760)	0
Repayment of loans to related organization	0	1,016
Amounts received for annuity and life income funds	3,072	647
Amounts paid to annuitants and life beneficiaries	(3,866)	(4,158)
Agency funds receipts	5,781	5,354
Agency funds disbursements	(5,461)	(5,533)
	<u>663,725</u>	<u>647,253</u>
Net cash provided (used) by noncapital financing activities		
<b>Cash Flows from Capital Financing Activities:</b>		
Proceeds from capital debt	337,113	427,138
State capital appropriations	25,789	51,267
Gift receipts for capital projects	15,545	18,960
Payments for purchase or construction of capital assets	(332,448)	(394,788)
Principal payments on capital debt and leases	(320,761)	(138,935)
Interest payments on capital debt and leases	(64,745)	(45,257)
	<u>(339,507)</u>	<u>(81,615)</u>
Net cash provided (used) by capital financing activities		
<b>Cash Flows from Investing Activities:</b>		
Net (purchases) sales of temporary investments	(118,117)	39,941
Proceeds from sales and maturities of long-term investments	1,588,757	930,588
Investment income, net of related fees	65,846	73,652
Purchases of long-term investments	(1,560,616)	(982,299)
	<u>(24,130)</u>	<u>61,882</u>
Net cash provided (used) by investing activities		
<b>Net Increase (Decrease) in Cash</b>	(56,189)	326,086
Cash and Cash Equivalents - Beginning of Year	<u>712,604</u>	<u>386,518</u>
Cash and Cash Equivalents - End of Year	<u>\$ 656,415</u>	<u>\$ 712,604</u>

**THE OHIO STATE UNIVERSITY**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS, Cont'd**

**Reconciliation of Net Operating Loss to Net Cash**

<b>Provided (Used) by Operating Activities:</b>		
Operating loss	\$ (591,520)	\$ (569,934)
Adjustments to reconcile net operating loss to net cash provided (used) by operating activities:		
Depreciation expense	231,744	222,308
Changes in assets and liabilities:		
Accounts receivable, net	(12,996)	15,691
Notes receivable, net	1,820	(426)
Accrued interest receivable	(555)	(425)
Inventories and prepaid expenses	(12,298)	(260)
Accounts payable and accrued liabilities	(405)	11,383
Deposits and deferred credits	21,750	2,133
Compensated absences	5,407	6,542
Refundable advances for federal Perkins loans	(952)	(1,179)
Other noncurrent liabilities	1,728	12,733
Net cash provided (used) by operating activities	\$ <u>(356,277)</u>	\$ <u>(301,434)</u>
<b>Non Cash Transactions:</b>		
Equipment	\$ 2,150	\$ 8,032
Capital Lease	(2,150)	(8,032)

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



## Notes to Financial Statements – Years Ended June 30, 2010 and 2009

(dollars in thousands)

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### NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

#### Organization

The Ohio State University is a land grant institution created in 1870 by the Ohio General Assembly under provisions of the Morrill Act. The university is one of several state-supported universities in Ohio. It is declared by statute to be a body politic and corporate and an instrumentality of the State.

The university is governed by a Board of Trustees which is granted authority under Ohio law to do all things necessary for the proper maintenance and continual successful operation of the university. Trustees are appointed by the governor, with the advice and consent of the state Senate. In 2005, the Ohio General Assembly voted to expand the board from 11 to 17 members. The standard term for voting members of the board is nine years. However, as part of the transition to a larger board membership, the additional trustees appointed in 2005 and 2006 will serve terms ranging from four to eight years. The board also includes two non-voting student trustees who are appointed to two-year terms.

In 2009, the board appointed its first charter trustee, which expanded the board to 18 members. A maximum of three charter trustees may be appointed and removed by a vote of the board. Charter trustees, who must be non-Ohio residents, are appointed to three-year terms and do not have voting privileges.

The Board of Trustees has responsibility for all the university's financial affairs and assets. The university operates largely on a decentralized basis by delegating this authority to its academic and support departments. The Board must approve the annual budgets for unrestricted academic and support functions, departmental earnings operations and restricted funds operations, but these budgets are managed at the department level.

#### Basis of Presentation

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

The Ohio State University and its hospitals and clinics;  
The Ohio State University Foundation, a not-for-profit fundraising organization operating exclusively for the benefit of The Ohio State University;

Two separate statutory entities for which the university has special responsibility

- Ohio Agricultural Research and Development Center
- Ohio Supercomputer Center

Thirteen legally independent corporations engaged in activities related to the university

- The Ohio State University Research Foundation
- The Ohio State University Student Loan Foundation, Inc.
- Transportation Research Center of Ohio, Inc.

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- Campus Partners for Community Urban Redevelopment, Inc.
  - Reading Recovery and Early Literacy, Inc.
  - Ohio State University Retirees Association
  - OSU Managed Health Care Systems, Inc.
  - The Ohio State University Physicians, Inc.
  - Prologue Research International, Inc.
  - Oval Limited
  - Adria Kravinsky Foundation
  - Dental Faculty Practice Association, Inc.
  - OSU China Gateway, LLC

Component units (legally separate organizations for which the university is financially accountable) comprise, in part, the university's reporting entity. Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, defines financial accountability. The criteria for determining financial accountability include the following circumstances:

- Appointment of a voting majority of an organization's governing authority and the ability of the primary government (i.e. the university) to either impose its will on that organization or the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, or;
- An organization is fiscally dependent on the primary government

The legally separate organizations listed above meet the financial accountability criteria set forth in GASB Statement No. 14. In addition, these organizations provide services entirely, or almost entirely, to the university or otherwise exclusively, or almost exclusively, benefit the university. Therefore, the transactions and balances for these organizations have been blended with those of the university.

The university, as a component unit of the State of Ohio, is included as a discrete entity in the State of Ohio's Comprehensive Annual Financial Report.

### **Basis of Accounting**

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

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The university follows all GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions and Accounting Research Bulletins of the Committee on Accounting Procedures issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The university has elected not to apply FASB Statements and Interpretations issued after November 30, 1989.

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

- **Invested in capital assets, net of related debt:** Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. These balances are maintained in the plant funds in the university's detailed accounting records.
- **Restricted - nonexpendable:** Net assets subject to externally-imposed stipulations that they be maintained in perpetuity by the university. These assets primarily consist of the university's permanent endowment funds.
- **Restricted - expendable:** Net assets whose use is subject to externally-imposed stipulations that can be fulfilled by actions of the university pursuant to those stipulations or that expire by the passage of time. These resources include the current restricted funds, student loan funds, certain plant funds, annuity and life income funds, and restricted funds internally designated to function as endowments (restricted quasi-endowments).
- **Unrestricted:** Net assets that are not subject to externally-imposed stipulations. These resources include educational and general funds, auxiliary funds, hospitals funds, certain plant funds, and unrestricted quasi-endowments. Substantially all unrestricted net assets 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.

Under the university's decentralized management structure, it is the responsibility of individual departments to determine whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

For internal financial management purposes, the university classifies financial resources into funds that reflect the specific activities, objectives or restrictions of the resources.

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## **Cash and Investments**

Cash and cash equivalents consist primarily of petty cash, demand deposit accounts, money market accounts, and savings accounts and include bond proceeds restricted for capital expenditures.

Investments are carried at market value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. The fair value of private equity investments is based on estimated current values. The weighted average method is used for purposes of determining gains and losses on the sale of investments. The specific identification method is used for purposes of determining gains and losses on the sale of gifted securities.

The university holds investments in limited partnerships, private equity and other investments, which are carried at estimated fair value provided by the management of these funds. The purpose of this alternative investment class is to increase portfolio diversification and reduce risk due to the low correlation with other asset classes. Methods for determining estimated fair values include discounted cash flows and estimates provided by general partners. Because these investments are not readily marketable, the estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for the investments existed, and such differences could be material. The amount of gain or loss associated with these investments is reflected in the accompanying financial statements using the equity method of accounting. As of June 30, 2010, the university has made commitments to limited partnerships totaling \$496,000 that have not yet been funded. In the prior fiscal year, the university had made commitments to limited partnerships totaling \$368,000 that had not yet been funded as of June 30, 2009.

Investment in real estate is carried at cost, if purchased, or appraised value at the date of the gift. Holdings in real estate investment trusts (REITs) are carried at estimated fair values. The carrying and market values of real estate at June 30, 2010 are \$4,280 and \$14,627, respectively. The carrying and market values of real estate at June 30, 2009 are \$4,177 and \$14,629, respectively.

Investment income is recognized on an accrual basis. Interest and dividend income is recorded when earned.

## **Endowment Policy**

All endowments are invested in the university's Long Term Investment Pool, which consists of more than 4,400 named funds. Each named fund is assigned a number of shares in the Long Term Investment Pool based on the value of the gifts, income-to-principal transfers, or transfers of operating funds to that named fund. For donor restricted endowments, the Uniform Prudent Management of Institutional Funds Act, as adopted in Ohio, permits the university's Board of Trustees to appropriate an amount of realized and unrealized endowment appreciation as the Board deems prudent. Net realized and unrealized appreciation, after the spending rule distributions, is retained in the Long Term Investment Pool.

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

After the significant market decline in fiscal year 2009, the Board of Trustees revised the distribution policy. In fiscal year 2010, the two pools (named funds established before or after the June 30, 2004 cutoff date) were combined into one, resulting in one payout rate for all funds. The collar was eliminated and replaced with a temporary one year floor limiting the total distribution decline to 3% for any college or area. Based on these two methods, undistributed gains were transferred from the Long Term Investment Pool to current funds. These transfers total \$99,966 and \$92,050 in fiscal years 2010 and 2009, respectively.

Beginning in fiscal year 2011, annual distribution per share will equal 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, 2009, the market value of the university’s gifted endowments was \$1,094,849, which is \$44,571 below the historical dollar value of \$1,139,420, due to the unusually adverse market conditions in Fiscal year 2009. At June 30, 2010, the market value of the university’s gifted endowments was \$1,239,653, which is \$53,026 above the historical dollar value of \$1,186,627. Although the market value of the gifted endowments in total exceeds the historical cost at June 30, 2010, there are 2,790 named funds that remain underwater. The market value of these underwater funds at June 30, 2010 is \$681,138, which is \$166,892 below the historical dollar value of \$848,030.

### **Gift Pledges Receivable**

The university 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, endowment pledges are not recorded as assets until the related gift is received. It should be noted that, unlike other receivables, gift pledges are generally not considered to be legally enforceable and may be rescinded at any time by the donors.

### **Inventories**

The university’s inventories, which consist principally of publications, general stores and other goods for resale by earnings operations, are valued at the lower of moving average

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cost or market. The inventories of the hospitals, which consist principally of pharmaceuticals and operating supplies, are valued at cost on a first-in, first-out basis.

### **Capital Assets and Collections**

Capital assets are long-life assets in the service of the university and include land, buildings, improvements, equipment, software and library books. Capital assets are stated at cost or fair value at date of gift. Depreciation of capital assets (excluding land and construction in progress) is provided on a straight-line basis over the following estimated useful lives:

<b>Type of Asset</b>	<b>Estimated Useful Life</b>
Improvements other than buildings	20 years
Buildings	10 to 100 years
Moveable equipment, software and furniture	5 to 15 years
Library Books	10 years

Interest incurred during the construction of capital assets is included in the cost of the asset when capitalized. \$10,584 and \$6,916 of interest was capitalized in the years ended June 30, 2010 and 2009, respectively. The university does not capitalize works of art or historical treasures that are held for exhibition, education, research and public service. These collections are neither disposed of for financial gain nor encumbered in any way. Accordingly, such collections are not recognized or capitalized for financial statement purposes.

### **Deferred Revenues**

Deferred revenues primarily consist of receipts relating to tuition, room, board, grants, contracts and athletic events received in advance of the services to be provided. Tuition and fees relating to the summer academic quarter are recorded as revenue in the year to which they pertain. The university will recognize revenue to the extent these services are provided over the coming fiscal year.

### **Derivative Instruments and Hedging Activities**

The university accounts for all derivative instruments on the balance sheet at fair value. Changes in the fair value (i.e., gains or losses) of the university's interest rate swap derivative are recorded each period in the consolidated statement of operations and changes in net assets as a component of non-operating expense.

### **Operating and Non-Operating Revenues**

The university defines operating activities, for purposes of reporting on the Statement of Revenues, Expenses, and Other Changes in Net Assets, 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 university expenses are considered to be operating expenses. Certain significant revenue streams relied upon for operations are recorded as

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non-operating revenues, as defined by GASB Statement No. 35, including state appropriations, current-use gifts and investment income.

### **Tuition, Room and Board**

Student tuition and residence hall fees are presented net of scholarships and fellowships applied to student accounts. Stipends and other payments made directly to students are presented as scholarship and fellowship expense. Fee authorizations provided to graduate teaching, research and administrative associates as part of an employment arrangement are presented in instruction, research and other functional categories of operating expense.

### **State Support**

The university is a state-assisted institution of higher education which receives a student enrollment-based instructional subsidy from the State of Ohio. This subsidy, which is based upon a formula devised by the Ohio Board of Regents, is determined annually and is adjusted to state resources available.

The state also provides line-item appropriations which partially support the current operations of various activities, which include clinical teaching expenditures incurred at The Ohio State University Hospitals and other health sciences teaching facilities, The Ohio State University Extension, the Ohio Agricultural Research and Development Center, and the Center for Labor Research.

In addition to current operating support, the State of Ohio provides the funding for and constructs major plant facilities on the university's campuses. The funding is obtained from the issuance of revenue bonds by the Ohio Public Facilities Commission (OPFC) which, in turn, initiates the construction and subsequent lease of the facility by the Ohio Board of Regents.

Such facilities are reflected as buildings or construction in progress in the accompanying balance sheet. Neither the obligations for the revenue bonds issued by OPFC nor the annual debt service charges for principal and interest on the bonds are reflected in the university's financial statements. Debt service is funded through appropriations to the Ohio Board of Regents by the General Assembly.

These facilities are not pledged as collateral for the revenue bonds. Instead, the bonds are supported by a pledge of monies in the Higher Education Bond Service Fund and future payments to be received by such fund, which is established in the custody of the Treasurer of State.

### **Government Grants and Contracts**

Government grants and contracts normally provide for the recovery of direct and indirect costs and are subject to audit by the appropriate government agency. Federal funds are subject to an annual OMB Circular A-133 audit. Recovery of related indirect costs is generally recorded at fixed rates negotiated for a period of one to three years.

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The university generally considers grants, contracts and non-capital appropriations to be exchange transactions. Under these arrangements, the university provides a bargained-for benefit, typically in the form of instruction, research or public service programs, either directly to the funding entity or to its constituents. The overall scope and nature of these program activities is determined by the level of funding and the requirements set forth by these resource providers.

### **Hospital Revenue**

Revenue received under third-party cost reimbursement agreements (primarily the federal Medicare and Medicaid programs) are subject to examination and retroactive adjustments by the agencies administering the programs. In the normal course of business, the hospitals contest certain issues resulting from examination of prior years' reimbursement reports. The accompanying financial statements include provisions for estimated retroactive adjustments arising from such examinations and contested issues. The hospitals recognize settlements of protested adjustments or appeals upon resolution of the matters.

### **OSU Physicians Revenue**

Net patient service revenue represents amounts received and the estimated net realizable amounts due from patients and third-party payers for services rendered. OSU Physicians provides care to patients under various reimbursable agreements, including Medicare and Medicaid. These arrangements provide for payment for covered services at agreed-upon rates and under certain fee schedules and various discounts from charges. Provisions have been made in the consolidated financial statements for estimated contractual adjustments, representing the difference between the customary charges for services rendered and related reimbursement.

### **Management Estimates**

The preparation of financial statements in conformity with accounting principles, generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenditures during the reporting period. Disclosure of contingent assets and liabilities at the date of the financial statements may also be affected. Actual results could differ from those estimates.

### **Implementation of GASB No. 51, Intangible Assets**

The university adopted GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. As a result of the implementation of GASB No. 51, the university recorded internally generated computer software as capital assets. Beginning net assets and capital assets were restated to report retroactively intangible assets created prior to July 1, 2009. Changes to Net Assets – Beginning of Year are as follows:



	<u>July 1, 2008</u>
Net Assets – Beginning of Year, as previously reported	\$ 4,625,701
Effect of GASB 51 implementation	15,593
Net Assets – Beginning of Year, as restated	<u>\$ 4,641,294</u>

In addition, the university's financial statements as of and for the year ended June 30, 2009 have been restated as follows:

<b>Consolidated Statements of Net Assets</b>			
	<b>As Previously Reported</b>	<b>Adjustment</b>	<b>As Currently Reported</b>
<b>Assets</b>			
Capital assets not being depreciated	\$ 432,492	\$ 27,810	\$ 460,302
Capital assets being depreciated, net	2,658,176	1,450	2,659,626
<b>Liabilities and Net Assets</b>			
Invested in capital assets, net of related debt	1,730,423	29,260	1,759,683

<b>Consolidated Statements of Revenues, Expenses, and Other Changes in Net Assets</b>			
	<b>As Previously Reported</b>	<b>Adjustment</b>	<b>As Currently Reported</b>
<b>Operating Expenses</b>			
Academic support	\$ 133,655	\$ (743)	\$ 132,912
Institutional support	177,548	(13,338)	164,210
Depreciation	221,894	414	222,308

<b>Consolidated Statements of Cash Flows</b>			
	<b>As Previously Reported</b>	<b>Adjustment</b>	<b>As Currently Reported</b>
<b>Cash Flows from Operating Activities</b>			
Payments to or on behalf of employees	\$ (1,910,303)	\$ 3,179	\$ (1,907,124)
Payments to vendors for supplies and services	(1,220,643)	10,902	(1,209,741)
<b>Cash Flows from Capital Financing Activities</b>			
Payments for purchase or construction of capital assets	(380,707)	(14,081)	(394,788)
<b>Reconciliation of Net Operating Loss to Net Cash Provided (Used) by Operating Activities</b>			
Operating loss	(583,601)	13,667	(569,934)
Depreciation expense	221,894	414	222,308

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## **Newly Issued Accounting Pronouncements**

In December 2009, GASB issued Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. This Statement amends provisions in Statements No. 45 and 43 related to measurement and actuarial valuation of other post employment benefits. In addition, this Statement clarifies that when actuarially determined OPEB measures are reported by an agent multiple-employer OPEB plan and its participating employers. The provisions of Statement No. 57 related to the use and reporting of the alternative measurement method are effective immediately. The provisions related to the frequency and timing of measurements are effective for actuarial valuations first used to report funded status information in OPEB plan financial statements for periods beginning after June 15, 2011.

In June 2010, GASB issued Statement No. 59, *Financial Instruments Omnibus*. This Statement amends existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2010.

University management has not yet determined the impact that implementation of GASB Statements No. 57 and 59 will have on the university's financial statements.

## **Other**

The university is exempt from income taxes as a non-profit organization under Internal Revenue Code §115 and Internal Revenue Service regulations. Any unrelated business income is taxable.

## **NOTE 2 — CASH AND CASH EQUIVALENTS**

At June 30, 2010, the carrying amount of the university's cash and cash equivalents for all funds is \$656,415 as compared to bank balances of \$803,024. The differences in carrying amount and bank balances are caused by outstanding checks and deposits in transit. Of the bank balances, \$7,504 is covered by federal deposit insurance and \$795,520 is uninsured but collateralized by pools of securities pledged by the depository banks and held in the name of the respective banks.

## **NOTE 3 — INVESTMENTS**

University investments are grouped into three major categories for financial reporting purposes: Temporary Investments, the Long-Term Investment Pool and Other Long-Term Investments.

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Temporary Investments are funds available for current operating expenses and capital projects. Under the university's investment policies, Temporary Investment funds may be invested in the following instruments:

- Obligations of the U. S. Treasury and other federal agencies and instrumentalities
- Municipal and state bonds
- Certificates of deposit
- Repurchase agreements
- Mutual funds and mutual fund pools
- Money market funds

The Long-Term Investment Pool is a unitized investment pool consisting of gifted endowment funds of the university, gifted endowment funds of the OSU Foundation, and operating funds which have been internally designated to function as endowments (referred to below as the Operating Endowment). The Long-Term Investment Pool operates with a long-term investment goal of preserving and maintaining the real purchasing power of the principal while allowing for an annual distribution. In April 2009, the university's Board of Trustees approved the following thematic asset classes, allocation ranges and benchmarks for the Long-Term Investment Pool:

<b>Asset Class</b>	<b>Range</b>	<b>Benchmark</b>
Market Exposure	10-50%	50%(Russell 3000) + 50%(EAFE)
Risk Reducers	25-50%	90 Day T-Bill + 4%
Return Enhancers	10-25%	120%(80% Russell 3000 + 20% EM Index)
Inflation Hedges	10-25%	75%(CPI+4%) + 25%(NACREIF Real Estate Index)

The Market Exposure category includes domestic equities, international equities and long biased long/short managers. The Risk Reducers category includes fixed income and low volatility absolute return managers. The Return Enhancers category includes private equities, higher volatility hedge funds and emerging market equities. The Inflation Hedges category includes real estate, timber, energy, TIPS, agriculture, commodities and infrastructure.

Mutual funds held by the university include a wide range of investments, including hedge funds. These hedge funds may include, but are not limited to, investments in equity securities, mutual funds, limited and general partnerships, foreign securities, short sales positions, distressed securities, fixed income securities, options, currencies, commodities, futures and derivatives. The university's objective for investing in these hedge funds is to provide stable, absolute returns that are uncorrelated to fluctuations in the stock and bond markets.

Other Long-Term Investments are non-unitized investments that relate primarily to gift arrangements between donors and the OSU Foundation. Included in this category are charitable remainder trust assets invested in mutual funds, OSU Foundation interests in

unitrust, annuity trust and pooled income agreements, life insurance policies for which the OSU Foundation has been named owner and beneficiary, and certain real estate investments. Also included in this category are investments in certain organizations that are affiliated with the OSU Health System.

U. S. Government and Agency securities are invested through trust agreements with banks who keep the securities in their safekeeping accounts at the Federal Reserve Bank in "book entry" form. The banks internally designate the securities as owned by or pledged to the university. Common stocks, corporate bonds, money market instruments, mutual funds and other investments are invested through trust agreements with banks who keep the investments in their safekeeping accounts at the Depository Trust Company, JPMorgan Chase or State Street in "book entry" form. The banks internally designate the securities as owned by or pledged to the university.

Total university investments by major category at June 30, 2010 and 2009 are as follows:

	2010	2009
Temporary Investments	\$ 587,528	\$ 460,292
Long-Term Investment Pool:		
Gifted Endowment - university	828,833	746,456
Gifted Endowment – OSU Foundation	410,820	348,393
Operating Endowment	647,915	567,880
Total Long-Term Investment Pool	1,887,568	1,662,729
Other Long-Term Investments	64,232	69,894
Total Investments	<u>\$ 2,539,328</u>	<u>\$ 2,192,915</u>

Total university investments by investment type at June 30, 2010 are as follows:

	Temporary Investments	Long-Term Investment Pool	Other Long-Term Investments	Total
Common stock	\$ 21	\$ 312,446	\$ 53	\$ 312,520
Equity mutual funds	40,959	47,361	19,277	107,597
U. S. government obligations	76,338	6,451	3,968	86,757
U. S. government agency obligations	96,552	594	-	97,146
Repurchase agreements	87,996	1,000	-	88,996
Corporate bonds and notes	146,887	76,973	286	224,146
Bond mutual funds	119,811	119,852	22,218	261,881
International bonds	11	555	-	566
Real estate	146	-	3,899	4,045
Partnerships and hedge funds	-	1,242,427	-	1,242,427
Cash and cash equivalents	-	79,909	-	79,909
Other	18,807	-	14,531	33,338
Total	<u>\$ 587,528</u>	<u>\$ 1,887,568</u>	<u>\$ 64,232</u>	<u>\$ 2,539,328</u>

Total university investments by investment type at June 30, 2009 are as follows:

	Temporary Investments	Long-Term Investment Pool	Other Long-Term Investments	Total
Common stock	\$ 5	\$ 236,362	\$ 90	\$ 236,457
Equity mutual funds	31,696	251,912	19,013	302,621
U. S. government obligations	25,067	21,366	4,074	50,507
U. S. government agency obligations	107,450	44,867	-	152,317
Repurchase agreements	75,942	-	-	75,942
Corporate bonds and notes	80,295	97,300	274	177,869
Bond mutual funds	116,134	138,772	21,533	276,439
International bonds	7	507	-	514
Real estate	146	-	4,031	4,177
Partnerships and hedge funds	-	723,100	-	723,100
Cash and cash equivalents	-	148,543	-	148,543
Other	23,550	-	20,879	44,429
<b>Total</b>	<b>\$ 460,292</b>	<b>\$ 1,662,729</b>	<b>\$ 69,894</b>	<b>\$ 2,192,915</b>

Net appreciation in the fair value of investments includes both realized and unrealized gains and losses on investments. During the year ended June 30, 2010, the university realized a net gain of \$123,540 from the sale of investments. The calculation of realized gains and losses is independent of the net appreciation in the fair value of investments held at year-end. Realized gains and losses on investments that had been held for more than one fiscal year and sold in the current year were included as a change in the fair value of investments reported in the prior year and the current year. The net appreciation in the fair value of investments during the year ended June 30, 2010, was \$256,843. This amount includes all changes in fair value, both realized and unrealized, that occurred during the year. The unrealized appreciation during the year on investments was \$133,303.

The components of the net investment income (loss) are as follows:

	Interest and Dividends (net)	Net Appreciation (Depreciation) in Market Value of Investments	Net Investment Income (Loss)
Temporary Investments	\$ 21,218	\$ 9,118	\$ 30,336
Long-Term Investment Pool	45,690	245,919	291,609
Other Long-Term Investments	193	1,806	1,999
<b>Total 2010</b>	<b>\$ 67,101</b>	<b>\$ 256,843</b>	<b>\$ 323,944</b>
<b>Total 2009</b>	<b>\$ 71,203</b>	<b>\$ (507,101)</b>	<b>\$ (435,898)</b>

## Additional Risk Disclosures for Investments

Statement Nos. 3 and 40 of the Governmental Accounting Standards Board require certain additional disclosures related to the interest-rate, credit and foreign currency risks associated with deposits and investments.

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

The maturities of the university's interest-bearing investments at June 30, 2010 are as follows:

	Fair Value	Investment Maturities (in years)			
		Less than 1	1 to 5	6 to 10	More than 10
U. S. government obligations	\$ 86,757	\$ 21,041	\$ 57,516	\$ 1,750	\$ 6,450
U. S. agency obligations	97,146	12,172	61,079	15,697	8,198
Repurchase agreements	88,996	88,996	-	-	-
Corporate bonds	224,146	21,937	136,166	54,459	11,584
Bond mutual funds	261,881	67,191	103,534	68,266	22,890
International bonds	566	-	11	555	-
Total	\$ 759,492	\$ 211,337	\$ 358,306	\$ 140,727	\$ 49,122

The maturities of the university's interest-bearing investments at June 30, 2009 are as follows:

	Fair Value	Investment Maturities (in years)			
		Less than 1	1 to 5	6 to 10	More than 10
U. S. government obligations	\$ 50,507	\$ 22,399	\$ 12,030	\$ 9,075	\$ 7,003
U. S. agency obligations	152,317	13,412	70,888	34,210	33,807
Repurchase agreements	75,942	75,942	-	-	-
Corporate bonds	177,869	3,400	96,700	67,841	9,928
Bond mutual funds	276,439	55,418	107,787	88,376	24,858
International bonds	514	-	7	507	-
Total	\$ 733,588	\$ 170,571	\$ 287,412	\$ 200,009	\$ 75,596

**Credit risk** – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit quality information – as commonly expressed in terms of the credit ratings issued by nationally recognized statistical rating organizations such as Moody's

Investors Service, Standard & Poor's, or Fitch Ratings – provides a current depiction of potential variable cash flows and credit risk.

The credit ratings of the university's interest-bearing investments at June 30, 2010 are as follows:

Credit Rating (S&P)	U. S.					International Bonds
	Total	Government and Agency Obligations	Repurchase Agreements	Corporate Bonds	Bond Mutual Funds	
AAA	\$ 473,610	\$ 183,709	\$ 88,996	\$ 43,619	\$ 157,286	-
AA	50,390	-	-	36,331	14,059	-
A	159,440	-	-	90,350	69,090	-
BBB	69,248	194	-	51,156	17,343	\$ 555
BB	3,489	-	-	1,467	2,022	-
B	426	-	-	195	231	-
CCC	1,314	-	-	-	1,314	-
CC	-	-	-	-	-	-
C	-	-	-	-	-	-
Not Rated	1,575	-	-	1,028	536	11
<b>Total</b>	<b>\$ 759,492</b>	<b>\$ 183,903</b>	<b>\$ 88,996</b>	<b>\$ 224,146</b>	<b>\$ 261,881</b>	<b>\$ 566</b>

The credit ratings of the university's interest-bearing investments at June 30, 2009 are as follows:

Credit Rating (S&P)	U. S.					International Bonds
	Total	Government and Agency Obligations	Repurchase Agreements	Corporate Bonds	Bond Mutual Funds	
AAA	\$ 526,127	\$ 202,824	\$ 75,942	\$ 32,712	\$ 214,649	-
AA	50,146	-	-	28,948	21,198	-
A	107,529	-	-	78,486	29,043	-
BBB	42,011	-	-	34,870	6,634	\$ 507
BB	4,659	-	-	2,824	1,835	-
B	1,019	-	-	-	1,019	-
CCC	1,777	-	-	-	1,777	-
CC	-	-	-	-	-	-
C	-	-	-	-	-	-
Not Rated	320	-	-	29	284	7
<b>Total</b>	<b>\$ 733,588</b>	<b>\$ 202,824</b>	<b>\$ 75,942</b>	<b>\$ 177,869</b>	<b>\$ 276,439</b>	<b>\$ 514</b>

**Foreign currency risk** – Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit.

At June 30, 2010, the university's exposure to foreign currency risk is as follows:

Currency	Common Stock	Equity Mutual Funds	Bond Mutual Funds	Corporate Bonds	International Bonds	Private Equity
Australian dollar	\$ 2,339	\$ 928	\$ 522	\$ 1,311	-	\$ 21,917
Brazilian real	5,195	591	8,985	1	-	-
Canadian dollar	8,621	772	8,179	-	-	-
Chilean peso	-	60	-	-	-	-
Chinese yuan	-	708	-	-	-	-
Columbian peso	-	7	-	-	-	-
Czech Republic koruna	811	15	-	-	-	-
Danish krone	966	129	-	-	-	-
Egyptian pound	806	7	-	-	-	-
Euro	31,153	3,503	14,614	-	-	12,632
Great Britain pound sterling	17,570	2,370	4,606	-	-	-
Hong Kong dollar	6,073	335	-	-	-	-
Hungarian forint	172	15	-	-	-	-
Indian rupee	2,600	367	-	-	-	-
Indonesian rupiah	3,489	90	-	-	-	-
Israeli shekel	524	103	-	-	\$ 11	-
Japanese yen	20,037	2,585	2,840	-	-	-
Jordanian dinar	-	-	-	-	-	-
Malaysian ringgit	192	128	-	-	-	-
Mexican peso	1,011	174	3,438	-	555	-
Moroccan dirham	-	1	-	-	-	-
New Taiwan dollar	5,947	391	-	-	-	-
New Zealand dollar	183	17	-	-	-	-
Norwegian krone	1,377	90	-	-	-	-
Peruvian nuevo sol	-	21	-	-	-	-
Phillippine peso	-	15	-	-	-	-
Polish zloty	159	45	225	-	-	-
Russian ruble	-	247	-	-	-	-
Singapore dollar	945	210	-	-	-	-
South African rand	7,266	287	-	-	-	-
South Korean won	11,744	516	-	-	-	-
Swedish krona	3,240	329	-	-	-	-
Swiss franc	4,289	908	-	-	-	-
Thailand bhat	1,828	51	-	-	-	-
Turkish lira	1,273	52	-	-	-	-
Other currencies	-	-	-	-	-	-
<b>Total</b>	<b>\$ 139,810</b>	<b>\$ 16,067</b>	<b>\$ 43,409</b>	<b>\$ 1,312</b>	<b>\$ 566</b>	<b>\$ 34,549</b>



At June 30, 2009, the university's exposure to foreign currency risk is as follows:

Currency	Common Stock	Equity Mutual Funds	Bond Mutual Funds	Corporate Bonds	International Bonds
Australian dollar	\$ 2,942	\$ 6,178	\$ 141	-	-
Brazilian real	2,288	2,622	1,126	-	-
Canadian dollar	7,528	8,049	559	-	-
Chilean peso	-	284	-	-	-
Chinese yuan	-	3,438	-	-	-
Colombian peso	-	79	-	-	-
Czech Republic koruna	-	84	-	-	-
Danish krone	773	734	200	-	-
Egyptian pound	-	100	-	-	-
Euro	39,674	27,253	17,398	\$ 271	-
Great Britain pound sterling	22,074	17,549	1,882	-	-
Hong Kong dollar	7,360	2,033	-	-	-
Hungarian forint	277	108	-	-	-
Indian rupee	-	1,314	-	-	-
Indonesian rupiah	171	290	-	-	-
Israeli shekel	108	534	-	-	-
Japanese yen	26,612	20,351	10,932	-	-
Jordanian dinar	-	-	-	-	-
Malaysian ringgit	334	534	-	-	-
Mexican peso	394	795	-	-	\$ 507
Moroccan dirham	-	71	-	-	-
New Taiwan dollar	3,008	2,077	-	-	-
New Zealand dollar	455	115	1	-	-
Norwegian krone	2,122	620	61	-	-
Peruvian nuevo sol	-	100	-	-	-
Phillippine peso	-	84	-	-	-
Polish zloty	181	216	194	-	-
Russian ruble	-	1,116	-	-	-
Singapore dollar	1,559	1,181	-	-	-
South African rand	2,520	1,306	-	-	-
South Korean won	6,027	2,217	-	-	-
Swedish krona	2,695	2,081	157	-	-
Swiss franc	4,668	6,358	168	-	-
Thailand bhat	1,558	261	-	-	-
Turkish lira	-	245	-	-	-
Other currencies	-	-	-	-	-
<b>Total</b>	<b>\$ 135,328</b>	<b>\$ 110,377</b>	<b>\$ 32,819</b>	<b>\$ 271</b>	<b>\$ 507</b>

## NOTE 4 — ACCOUNTS, NOTES AND PLEDGES RECEIVABLE

Accounts receivable at June 30, 2010 and 2009 consist of the following:

	2010	2009
Patient receivables – OSU Health System	\$ 702,655	\$ 714,857
Patient receivables – OSU Physicians, Inc.	96,309	87,318
Grant and contract receivables	75,786	67,734
Tuition and fees receivable	42,464	39,713
Receivables for departmental and auxiliary sales and services	81,441	64,309
State and federal receivables	27,958	7,098
Other receivables	1,241	-
	1,027,854	981,029
Less: Allowances for doubtful accounts	586,386	572,490
	<u>\$ 441,468</u>	<u>\$ 408,539</u>

Notes receivable consist primarily of Perkins Loans and are net of an allowance for doubtful accounts of \$18,050 at June 30, 2010 and \$17,450 at June 30, 2009. Federal capital contributions to the Perkins loan programs represent advances which are ultimately refundable to the federal government.

In accordance with GASB Statement No. 33, *Accounting and Reporting for Non-exchange Transactions*, the university has recorded \$54,464 in non-endowment pledges receivable at June 30, 2010 and a related allowance for doubtful accounts of \$8,112. The university recorded \$41,044 in non-endowment pledges receivable and a related allowance for doubtful accounts of \$6,091 at June 30, 2009.

## NOTE 5 — CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2010 is summarized as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets not being depreciated:				
Land	\$ 74,118	\$ 70	\$ 262	\$ 73,926
Construction in progress	386,184	(112,958)	-	273,226
Total non depreciable assets	460,302	(112,888)	262	347,152
Capital assets being depreciated:				
Improvements other than buildings	279,732	2,416	152	281,996
Buildings and fixed equipment	3,607,824	333,440	2,105	3,939,159
Movable equipment, furniture and software	900,585	137,173	115,039	922,719
Library books	162,335	2,449	1,772	163,012
Total	4,950,476	475,478	119,068	5,306,886
Less: Accumulated depreciation	2,290,850	231,744	99,690	2,422,904
Total depreciable assets, net	2,659,626	243,734	19,378	2,883,982
Capital assets, net	<u>\$ 3,119,928</u>	<u>\$ 130,846</u>	<u>\$ 19,640</u>	<u>\$ 3,231,134</u>

Capital assets activity for the year ended June 30, 2009 is summarized as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets not being depreciated:				
Land	\$ 48,877	\$ 26,077	\$ 836	\$ 74,118
Construction in progress	307,358	78,826	-	386,184
Total non depreciable assets	356,235	104,903	836	460,302
Capital assets being depreciated:				
Improvements other than buildings	269,802	9,930	-	279,732
Buildings and fixed equipment	3,448,422	178,140	18,738	3,607,824
Movable equipment, furniture and software	847,356	116,039	62,810	900,585
Library books	164,543	3,155	5,363	162,335
Total	4,730,123	307,264	86,911	4,950,476
Less: Accumulated depreciation	2,146,732	222,308	78,190	2,290,850
Total depreciable assets, net	2,583,391	84,956	8,721	2,659,626
Capital assets, net	\$ 2,939,626	\$ 189,859	\$ 9,557	\$ 3,119,928

In the above tables, additions to construction in progress represent expenditures for new projects, net of the amount of capital assets placed in service.

## NOTE 6 – ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses at June 30, 2010 and 2009 consist of the following:

	2010	2009
Payables to vendors for supplies and services	\$ 194,017	\$ 175,491
Accrued compensation and benefits	127,462	118,204
Retirement system contributions payable	38,131	47,514
Self-insurance accruals:		
Medical malpractice	118,863	125,938
Employee health insurance	25,950	22,539
Current portion of amounts due to third-party payers – OSU Health System	18,278	21,988
Other accrued expenses	16,859	19,176
	\$ 539,560	\$ 530,850

### Self-Insurance Programs

The Hospitals have established trusted self-insurance funds for professional medical malpractice liability claims with a \$4 million limit per occurrence with no annual aggregate. The university self-insurance funds have insurance in excess of \$4 million per occurrence through Oval Limited, a blended component unit of the university. Oval Limited provides coverage with limits of \$55 million per occurrence and in the aggregate. Previous coverage levels for Oval Limited are as follows:

<b>Accident Period for Oval</b>	<b>Gross Oval Limit (Occurrence and Annual Aggregate)</b>
7/1/06 – 6/30/08	\$40,000,000
7/1/05 – 6/30/06	\$35,000,000
7/1/02– 6/30/05	\$25,000,000
7/1/97 – 6/30/02	\$15,000,000
9/30/94 – 6/30/97	\$10,000,000

The limits are in excess of underlying policies with limits ranging from \$4 million to \$10 million. A portion of the risks written by Oval Limited to date is reinsured by two reinsurance companies. Oval Limited retains 50% of the first \$15 million of risk and cedes the remainder plus the second \$15 million to Berkley Medical Excess Underwriters (rated A+ by A.M. Best). Above that, Oval Limited cedes the remaining \$20 million of risk to Endurance Specialty Insurance Ltd. (rated A by A.M. Best). The estimated liability and the related contributions to the fund are based upon an independent actuarial determination as of June 30, 2010. OSU Physicians, Inc. participates in the university self-insurance fund for professional medical malpractice liability claims. OSU Physicians premiums incurred and paid to the university were \$5,443 and \$7,458 during the years ended June 30, 2010 and 2009, respectively.

The Hospitals' estimate of professional malpractice liability includes provisions for known claims and actuarially determined estimates of incurred but not reported claims and incidents. This liability at June 30, 2010 of the anticipated future payments on gross claims is estimated at its present value of \$81,770 discounted at an estimated rate of 3.0% (university funds) and an additional \$37,093 discounted at an estimated rate of 3.0% (Oval Limited).

Although actual experience upon the ultimate disposition of the claims may vary from this estimate, the self-insurance fund assets of \$159,327 are more than the recorded liability at June 30, 2010, and the surplus of \$40,464 is included in unrestricted net assets.

The university is also self-insured for employee health insurance. As of June 30, 2010, \$25,950 is recorded as a liability relating to both claims received but not paid and estimates of claims incurred but not yet reported.

Changes in the reported liabilities since June 30, 2008 result from the following activities:

	<b>Malpractice</b>		<b>Health</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
Liability at beginning of fiscal year	\$ 125,938	\$ 116,776	\$ 22,539	\$ 22,318
Current year claims, changes in estimates	(3,939)	11,777	214,048	206,301
Claim payments	(3,136)	(2,615)	(210,637)	(206,080)
Balance at fiscal year end	<u>\$ 118,863</u>	<u>\$ 125,938</u>	<u>\$ 25,950</u>	<u>\$ 22,539</u>

## NOTE 7 — DEBT

The university may finance the construction, renovation and acquisition of certain facilities through the issuance of debt obligations which may include general receipts bonds, certificates of participation, commercial paper, capital lease obligations and other borrowings.

Debt activity for the year ended June 30, 2010 is as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Current Portion</b>
<b>Commercial Paper:</b>					
Series I	\$50,000	-	\$50,000	-	-
Series J	-	\$121,000	-	\$121,000	\$121,000
<b>Notes:</b>					
Transportation Research Center - Capital One Funding Corporation, due through 2014	1,453	-	252	1,201	252
OSU Physicians - Fifth Third Note, due through 2012	1,792	-	182	1,610	196
OSU Physicians – Fifth Third Note, due through 2039	15,389	3,154	18,543	-	-
OSU Physicians – Fifth Third Note, due through 2035	-	17,636	196	17,440	410
Campus Partners - ESIC	11,233	-	400	10,833	400
Campus Partners - UDCDE Note A	22,603	-	230	22,373	249
Campus Partners - UDCDE Note B	10,376	-	-	10,376	-
Campus Partners – Mortgage Payable	424	-	13	411	13
Campus Partners – CCF Loan, City of Columbus	125	-	-	125	-
Adria Kravinsky Foundation – Notes Payable	698	-	698	-	-
Clifton Holding LLC	1,726	-	820	906	906
<b>General Receipts Bonds – Fixed Rate:</b>					
1999A, due serially through 2029	2,920	-	2,920	-	-
2002A, due serially through 2031	105,855	-	39,755	66,100	8,190
2003B, due serially through 2033	149,210	-	60,330	88,880	6,860
2005A, due serially through 2035	229,370	-	13,730	215,640	17,385
2008A, due serially through 2028	217,595	-	12,090	205,505	12,400
2010A, due serially through 2020	-	241,170	-	241,170	2,080
<b>General Receipts Bonds – Variable Rate:</b>					
1997, due serially through 2027	29,760	-	11,350	18,410	18,410
1999B1, due serially through 2029	45,200	-	29,700	15,500	15,500
2001, due serially through 2032	76,950	-	20,410	56,540	56,540
2003C, due serially through 2031	101,530	-	43,925	57,605	57,605
2005B, due serially through 2035	129,990	-	51,255	78,735	78,735
2008B, due serially through 2028	127,770	-	25,535	102,235	102,235
<b>Capital Lease Obligations</b>	<b>28,276</b>	<b>2,150</b>	<b>8,762</b>	<b>21,664</b>	<b>6,476</b>
	<b>\$1,360,245</b>	<b>\$385,110</b>	<b>\$381,096</b>	<b>\$1,354,259</b>	<b>\$505,842</b>

Debt activity for the year ended June 30, 2009 is as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Current Portion</b>
<b>Commercial Paper:</b>					
Series H	\$80,900	-	\$80,900	-	-
Series I		\$50,000	-	\$50,000	\$50,000
<b>Notes:</b>					
Transportation Research Center - Capital One Funding Corporation, due through 2014	1,687	-	234	1,453	252
OSU Physicians - Fifth Third Note, due through 2008	5,361	-	3,569	1,792	182
OSU Physicians – Fifth Third Note, due through 2019	-	17,964	2,575	15,389	15,389
Campus Partners - ESIC	11,633	-	400	11,233	400
Campus Partners - UDCDE Note A	22,816	-	213	22,603	229
Campus Partners - UDCDE Note B	10,376	-	-	10,376	-
Campus Partners – Mortgage Payable	436	-	12	424	13
Campus Partners – CCF Loan, City of Columbus	125	-	-	125	-
Adria Kravinsky Foundation – Notes Payable	2,540	-	1,842	698	65
Clifton Holding LLC	1,554	172	-	1,726	1,726
<b>General Receipts Bonds – Fixed Rate:</b>					
1999A, due serially through 2029	5,700	-	2,780	2,920	2,920
2002A, due serially through 2031	113,225	-	7,370	105,855	7,745
2003B, due serially through 2033	156,805	-	7,595	149,210	7,695
2005A, due serially through 2035	242,540	-	13,170	229,370	13,730
2008A, due serially through 2028	-	217,595	-	217,595	12,090
<b>General Receipts Bonds – Variable Rate:</b>					
1997, due serially through 2027	30,860	-	1,100	29,760	29,760
1999B1, due serially through 2029	48,900	-	3,700	45,200	45,200
2001, due serially through 2032	76,950	-	-	76,950	76,950
2003C, due serially through 2031	105,615	-	4,085	101,530	101,530
2005B, due serially through 2035	129,990	-	-	129,990	129,990
2008B, due serially through 2028	-	127,770	-	127,770	127,770
<b>Capital Lease Obligations</b>	<b>28,084</b>	<b>8,033</b>	<b>7,841</b>	<b>28,276</b>	<b>7,968</b>
	<b>\$1,076,097</b>	<b>\$421,534</b>	<b>\$137,386</b>	<b>\$1,360,245</b>	<b>\$631,604</b>

Debt obligations are generally callable by the university, bear interest at fixed and variable rates ranging from 0% to 6% and mature at various dates through 2036. Maturities and interest on debt obligations for the next five years and in five-year periods are as follows:

	<b>Commercial Paper, Bonds and Notes Payable</b>		<b>Capital Leases and Certificates of Participation</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2011	\$ 499,366	\$ 40,446	\$ 6,476	\$ 821
2012	67,196	37,851	5,623	576
2013	77,046	33,848	4,387	367
2014	57,792	30,751	2,441	208
2015	59,740	28,003	845	117
2016-2020	270,955	99,365	1,892	140
2021-2025	159,770	52,306	-	-
2026-2030	103,420	19,802	-	-
2031-2035	26,530	2,639	-	-
2034-2039	10,780	15	-	-
	<b>\$1,332,595</b>	<b>\$ 345,026</b>	<b>\$ 21,664</b>	<b>\$ 2,229</b>

General receipts bonds are backed by the unrestricted receipts of the university, excluding certain items as described in the bond indentures.

The outstanding bond indentures do not require mandatory reserves for future payment of principal and interest. However, the university has set aside \$136,500 for future debt service which is included in unrestricted net assets.

#### **Variable Rate Demand Bonds**

Series 1997, 1999B1, 2001, 2003C, 2005B and 2008B variable rate demand bonds bear interest at rates based upon yield evaluations at par of comparable securities. The maximum interest rate allowable and the effective average interest rate from issue date to June 30, 2010 are as follows:

<b>Series:</b>	<b>Interest Rate Not to Exceed</b>	<b>Effective Average Interest Rate</b>
1997	12%	2.231%
1999 B1	12%	2.006%
2001	12%	1.789%
2003 C	12%	1.995%
2005 B	12%	2.099%
2008 B	12%	0.808%

At the discretion of the university, the interest rate on the bonds can be converted to a fixed rate. The bonds may be redeemed by the university or sold by the bondholders to a remarketing agent appointed by the university at any time prior to conversion to a fixed rate at a price equal to the principal amount plus accrued interest.

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The university's variable rate demand bonds mature at various dates through 2035. GASB Interpretation No. 1, *Demand Bonds Issued by State and Local Governmental Entities*, provides guidance on the balance sheet classification of these bonds. Under GASB Interpretation No. 1, outstanding principal balances on variable rate demand bonds may be classified as non-current liabilities if the issuer has entered into a "take-out agreement" to convert bonds "put" but not resold into some other form of long-term obligation. In the absence of such an agreement, the total outstanding principal balances for these bonds are required to be classified as current liabilities.

Although it is the university's intent to repay its variable rate demand bonds in accordance with the maturities set forth in the bond offering circulars, the university does not have "take-out agreements" in place per the GASB Interpretation No. 1 requirements. Accordingly, the university has classified the total outstanding principal balances on its variable rate demand bonds as current liabilities. The obligations totaled \$329,025 and \$511,200 at June 30, 2010 and 2009, respectively.

### **Commercial Paper**

The General Receipts Commercial Paper Notes (the "Notes") are limited obligations of the university secured by a pledge of the General Receipts of the university. The Notes are not debts or bonded indebtedness of the State of Ohio and are not general obligations of the State of Ohio or the university, and neither the full faith and credit of the State of Ohio nor the university are pledged to the payment of the Notes. The Notes have been issued to provide for interim financing of various projects approved by the Board of Trustees. It is the university's intention to roll each maturity into new Notes as they mature and to issue additional Notes as project expenditures are incurred. It is the university's intention ultimately to roll the Notes into permanent tax exempt bonds.

### **Capital Lease Obligations**

Some university equipment items and vehicles are financed as capital leases. The original cost and lease obligations related to these capital leases as of June 30, 2010 are \$53,932 and \$21,664 respectively. The original cost and lease obligations related to these capital leases as of June 30, 2009 are \$61,074 and \$28,275 respectively.

### **Interest Rate Swap Agreement**

On January 6, 2009, OSU Physicians, Inc. (OSUP) entered into an interest rate swap (the "swap") agreement. The swap is used to offset the variable interest rate on a portion of the 2010 bond financing obtained for the ambulatory facility in the amount of \$17,440. Under the agreement, OSUP pays a fixed rate of 4.09% to the bank and receives 30-day BMA rate in effect at the beginning of the month. The transaction is designed to manage OSUP's interest costs and risks associated with the variable interest rate debt. OSUP settles with the bank monthly for the difference between the 4.09% and the 30-day BMA rate in effect at the beginning of the month. The estimated fair value of this agreement, based on various factors contained in the related interest rate swap agreement and interest rates including the notional amount of \$14,966, represents an unrealized loss of \$1,800 included in other liabilities as of June 30, 2010. OSUP records changes in fair value of the swap each quarter



through the statements of operations and changes in net assets (\$517 for fiscal year 2010). The swap is settled monthly with net payments or receipts under the swap agreement being reflected as interest expense. The termination date of the swap is September 1, 2018.

On March 2, 2007, OSU Internal Medicine, LLC (OSUIM) entered into an interest rate swap (the “swap”) agreement fixing the interest rate on a \$2,169 Term Loan which was used to fund a 40% interest in the Fresenius Partnership. Under the agreement OSUIM pays a fixed rate of 5.29% to the bank and receives 30-day Libor rate in effect at the beginning of the month. The transaction is designed to manage OSUIM’s interest costs and risks associated with the variable interest rate debt. OSUIM settles with the bank monthly for the difference between the 5.29% and the 30-day Libor rate in effect at the beginning of the month. The estimated fair value of this agreement, based on various factors contained in the related interest rate swap agreement and interest rates including the notional amount of \$1,610, represents an unrealized loss of \$112 included in other liabilities as of June 30, 2010. OSUIM records changes in fair value of the swap each quarter through the statements of operations and changes in net assets (\$112 for fiscal year 2010). The swap is settled monthly with net payments or receipts under the swap agreement being reflected as interest expense. The termination date of the swap is February 28, 2012.

OSUP did not hold any other position in a derivative instrument and did not have any other hedges outstanding in the current year. OSUP believes the swap value represents fair value under GASB Statement No. 53.

**NOTE 8 — OPERATING LEASES**

The university 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 was \$32,802 and \$30,818 for the years ended June 30, 2010 and 2009, respectively.

Future minimum payments for all significant operating leases with initial or remaining terms in excess of one year as of June 30, 2010 are as follows:

Year Ending June 30,	
2011	\$ 21,382
2012	17,204
2013	13,326
2014	10,156
2015	6,735
2016-2020	17,456
2021-2025	3,190
2026-2030	222
2031-2035	14
2036-2040	14
2041-2045	14
2046-2050	5
Total minimum lease payments	<u>\$ 89,718</u>

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## NOTE 9 — COMPENSATED ABSENCES

University 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.

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 service with the state. 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.

The university 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, the university calculates a ratio, Sick Leave Termination Cost per Year Worked, that 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 employees.

Certain employees of the university (mostly classified civil service employees) receive comp time in lieu of overtime pay. Any unused comp time must be paid to the employee at termination or retirement.

## NOTE 10 — NONCURRENT LIABILITIES

Non-current liability activity for the year ended June 30, 2010 is as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
Compensated absences	\$ 103,581	\$ 13,195	\$ 7,788	\$ 108,988
Obligations under annuity and life income agreements	38,844	3,071	3,865	38,050
Refundable advances for Federal Perkins loans	29,907	-	952	28,955
Other non-current liabilities	55,501	26,216	-	81,717
	<u>227,833</u>	<u>\$ 42,482</u>	<u>\$ 12,605</u>	<u>257,710</u>
Less: Current portion	9,828			11,575
	<u>\$ 218,005</u>			<u>\$ 246,135</u>

Non-current liability activity for the year ended June 30, 2009 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Compensated absences	\$ 97,039	\$ 13,067	\$ 6,525	\$ 103,581
Obligations under annuity and life income agreements	48,898	-	10,054	38,844
Refundable advances for Federal Perkins loans	31,086	-	1,179	29,907
Other non-current liabilities	30,681	24,820	-	55,501
	207,704	\$ 37,887	\$ 17,758	227,833
Less: Current portion	10,933			9,828
	<u>\$ 196,771</u>			<u>\$ 218,005</u>

Other non-current liabilities at June 30, 2010 and 2009 consist of the following:

	2010	2009
Amounts due to third-party payers - OSU Health System	\$ 26,416	\$ 22,418
Advance payments under exclusivity agreement	5,475	6,425
Interest rate swap - OSU Physicians	1,912	1,320
Bond premium	47,914	25,338
	<u>\$ 81,717</u>	<u>\$ 55,501</u>

#### NOTE 11 — UNRESTRICTED AND RESTRICTED-EXPENDABLE NET ASSETS

Substantially all unrestricted net assets 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. Major components of unrestricted net assets at June 30, 2010 and 2009 are as follows:

	2010	2009
Educational and general	\$ 638,513	\$ 606,937
Auxiliary enterprises	13,298	11,366
OSU Health System	427,647	363,328
Loan funds	3,179	2,235
Unrestricted quasi-endowments	31,277	31,515
Plant	151,676	203,553
	<u>\$ 1,265,590</u>	<u>\$ 1,218,934</u>

Restricted expendable net assets are subject to various purpose or time-based restrictions set forth by donors or granting agencies. Major components of restricted-expendable net assets at June 30, 2010 and 2009 are as follows:

	<b>2010</b>	<b>2009</b>
Current operations	\$ 337,356	\$ 312,157
Loan funds	44,977	43,592
Restricted quasi-endowments	95,721	110,441
Plant	9,183	1,932
	<u>\$ 487,237</u>	<u>\$ 468,122</u>

#### **NOTE 12 – RENTALS UNDER OPERATING LEASES**

The university is the lessor of certain land, buildings, office and retail space under operating lease agreements. Future minimum rental income from non-cancelable operating leases is as follows:

Year Ending June 30,	
2011	\$ 3,011
2012	1,758
2013	1,558
2014	1,215
2015	714
2016-2020	2,196
2021-2025	1,495
2026-2030	1,310
2031-2035	434
Total minimum future rentals	<u>\$ 13,691</u>

#### **NOTE 13 – OPERATING EXPENSES BY OBJECT**

In accordance with requirements set forth by the Ohio Board of Regents, the university reports operating expenses by functional classification on the Statement of Revenues, Expenses and Other Changes in Net Assets. Operating expenses by object for the years ended June 30, 2010 and 2009 are summarized as follows:

**Year Ended June 30, 2010**

	<b>Compensation and Benefits</b>	<b>Supplies and Services</b>	<b>Scholarships and Fellowships</b>	<b>Depreciation</b>	<b>Total</b>
Instruction	\$ 748,265	\$ 121,153	-	-	\$ 869,418
Separately budgeted research	277,060	142,922	-	-	419,982
Public service	84,256	34,329	-	-	118,585
Academic support	115,780	24,475	-	-	140,255
Student services	65,902	21,701	-	-	87,603
Institutional support	102,556	88,976	-	-	191,532
Operation and maintenance of plant	42,965	66,475	-	-	109,440
Scholarships and fellowships	5,028	3,497	\$96,022	-	104,547
Auxiliary enterprises	122,905	100,799	-	-	223,704
OSU Health System	849,363	634,210	-	-	1,483,573
OSU Physicians, Inc.	208,462	76,258	-	-	284,720
Depreciation	-	-	-	\$ 231,744	231,744
Total operating expenses	<b>\$ 2,622,542</b>	<b>\$ 1,314,795</b>	<b>\$ 96,022</b>	<b>\$ 231,744</b>	<b>\$ 4,265,103</b>

**Year Ended June 30, 2009**

	<b>Compensation and Benefits</b>	<b>Supplies and Services</b>	<b>Scholarships and Fellowships</b>	<b>Depreciation</b>	<b>Total</b>
Instruction	\$ 724,179	\$ 116,518	-	-	\$ 840,697
Separately budgeted research	265,102	126,931	-	-	392,033
Public service	84,250	35,765	-	-	120,015
Academic support	112,803	20,109	-	-	132,912
Student services	62,685	25,308	-	-	87,993
Institutional support	110,825	53,385	-	-	164,210
Operation and maintenance of plant	44,875	67,222	-	-	112,097
Scholarships and fellowships	4,896	2,999	\$ 61,826	-	69,721
Auxiliary enterprises	116,089	98,718	-	-	214,807
OSU Health System	801,357	606,344	-	-	1,407,701
OSU Physicians, Inc.	188,245	73,886	-	-	262,131
Depreciation	-	-	-	\$ 222,308	222,308
Total operating expenses	<b>\$ 2,515,306</b>	<b>\$ 1,227,185</b>	<b>\$ 61,826</b>	<b>\$ 222,308</b>	<b>\$ 4,026,625</b>

**NOTE 14 — 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.

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## 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](http://www.strsoh.org)

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

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

OPERS currently provides postemployment 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 Ohio Revised Code (ORC), funding for medical costs paid from the funds of OPERS is included in the employer contribution rate. For the fiscal year ended December 31, 2009, OPERS allocated 7.0% (January 1 through March 31, 2009) and 5.5% (April 1 through December 31, 2009) of the employer contribution rate to fund the health care program for retirees.

The actuarial value of assets available for these benefits at December 31, 2008 (the date of the system's latest actuarial review) was \$10.7 billion. The actuarial accrued liability and the unfunded actuarially accrued liability for these benefits at December 31, 2008 is \$29.6 billion and \$18.9 billion, respectively. There were 357,584 active contributing participants in the OPERS Traditional Pension and Combined Pension plans (i.e. OPERS plans with post employment health coverage) as of December 31, 2009 and 356,388 active contributing participants used in the December 31, 2008 actuarial valuation.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. In response to skyrocketing health care costs, the HCPP restructured OPERS' health care coverage to improve the financial solvency of the fund by creating a separate investment pool for health care assets.

Under the HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service at retirement. HCPP incorporates a cafeteria approach, offering a broad range of health care options which allows benefit recipients to use

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their monthly allocation to purchase health care coverage customized to meet their individual needs. If the monthly allocation exceeds the cost of the options selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses.

STRS Ohio currently provides access to health care coverage to retirees who participated in the deferred benefit or combined plans and their dependents. Coverage under the current 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, 2009, STRS Ohio allocated employer contributions equal to 1.0% of covered payroll to a Health Care Stabilization Fund (HCSF) from which payments for health care benefits are paid. The balance in the HCSF was \$2.7 billion at June 30, 2009.

STRS Ohio expenditures for postemployment health care benefits during the year ended June 30, 2009 were \$298,110. There were 129,659 benefit recipients eligible for postemployment benefits at that date.

Postemployment 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, postretirement health care benefits or death benefits to plan members and beneficiaries. Benefits are entirely dependent on the sum of contributions and investment returns earned by each participant's choice of investment options.

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

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

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## 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 postretirement 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 postretirement health care benefits. OPERS provides retirement, disability, survivor and postretirement health benefits to qualifying members of the combined plan.

## 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)	10.00%		10.00%
university (entire year)	14.00%		14.00%*
Staff:			
Plan member (entire year)		10.00%	10.00%
university (entire year)		14.00%	14.00%**
Law enforcement staff:			
Plan member (entire year)		10.10%	10.10%
university (entire year)		17.40%	17.40%

\* Employer contributions include 3.5% paid to STRS Ohio.

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

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



The university's contributions, which represent 100% of required employer contributions, for the year ended June 30, 2010 and for each of the two preceding years are as follows:

Year Ended June 30,	STRS Ohio Annual Required Contribution	OPERS Annual Required Contribution	ARP Annual Required Contribution
2008	\$ 47,516	\$ 122,139	\$ 34,830
2009	\$ 50,227	\$ 132,620	\$ 36,924
2010	\$ 52,500	\$ 141,815	\$ 39,014

### OSU Physicians Retirement Plan

Retirement benefits are provided for the employees of OSU Physicians (OSUP) through a tax-sheltered 403(b) and 401(a) program administered by an insurance company. OSUP is required to make nondiscretionary contributions of no less than 7.5% under the Interim Retirement Plan; however, some subsidiaries make an additional discretionary contribution of up to 17.5%, for a range of total employer contributions of 7.5% to 25%. Employees are allowed, but not required, to make contributions to the 403(b) plan. OSUP's share of the cost of these benefits was \$14,960 and \$15,598 for the years ended June 30, 2010 and 2009, respectively.

### NOTE 15 — CAPITAL PROJECT COMMITMENTS

At June 30, 2010, the university is committed to future contractual obligations for capital expenditures of approximately \$270,161.

These projects are funded by the following sources:

State appropriations	\$ 86,657
Internal and other sources	183,504
Total	<u>\$ 270,161</u>

### NOTE 16 — CONTINGENCIES AND RISK MANAGEMENT

The university is a party in a number of legal actions. While the final outcome cannot be determined at this time, management is of the opinion that the liability, if any, for these legal actions will not have a material adverse effect on the university's financial position.

The university is self-insured for Hospitals professional malpractice liability, employee health benefits, and employee life, accidental death and dismemberment benefits. Additional details regarding these self-insurance arrangements are provided in Note 6. The university also carries commercial insurance policies for various property, casualty and excess liability

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risks. Over the past three years, settlement amounts related to these insured risks have not exceeded the university's coverage amounts.

Under the terms of federal grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursements to the grantor agencies. While questioned costs may occur, ultimate repayments required of the university have been infrequent in prior years.

#### **NOTE 17 — FUNDS HELD IN TRUST BY OTHERS**

The university is the beneficiary of and annually receives income from funds held in trust by other trustees. These funds are administered by outside trustees and are neither in the possession nor under the control of the university. The principal amount of these funds is not determinable at the present time.

#### **NOTE 18 — SUBSEQUENT EVENTS**

##### **Bond Issues**

On September 15, 2010, the university issued an offering statement for \$654,785 in Fixed Rate General Receipts Bonds, Series 2010C, and \$88,335 in General Receipts Bonds, Series 2010D. The Series 2010C bonds are federally taxable Build America Bonds and will be used to fund capital projects. The Series 2010C bonds mature on June 1, 2040 and have an interest rate of 4.91%. The federal government will provide a subsidy payment on the Build America Bonds equal to 35% of the interest, reducing the university's effective interest rate on the bonds to 3.19%. The Series 2010D bonds are tax-exempt and will be used to refund existing bond obligations. The Series 2010D bonds will have semi-annual principal payments until final maturity on December 1, 2032, with interest rates ranging from 3.25% to 5.00%.

On October 5, 2010, the university issued a preliminary offering statement for \$150,000 of Variable Rate Demand General Receipts Bonds, Series 2010E. The bond proceeds will be used to fund capital projects and to refund existing commercial paper obligations. The Series 2010E bonds are subject to mandatory sinking fund redemption and payment prior to maturity on June 1, 2030 for \$75,000 of the principal balance. The remaining \$75,000 principal balance is payable at maturity on June 1, 2035.

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### **Tornado Damage at the Ohio Agricultural Research and Development Center**

On September 16, 2010, a tornado hit the Ohio Agricultural Research and Development Center in Wooster. Although only one minor injury was reported, the campus sustained significant damage to its buildings and grounds. Affected buildings include the Research Services Building, Agricultural Engineering Building, Research Operations Building, Simon Rice House (Police Station) and Barnhardt Rice House (Stone House). Damage assessment and initial clean-up activities are underway, but at this time, university management has not fully determined the financial statement impact of this event.

**THE OHIO STATE UNIVERSITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

Federal Agency Sponsor	CFDA Number	Sponsor ID Number	Expenditures
Research and Development Cluster - Funds received directly from the following agencies			
Smithsonian Astrophysical Observatory	43.002	30060200	\$ 5,160
Appalachian Regional Commission	23.011	30070100	66,150
Veterans Affairs	64.30170000	30170000	52,803
	77.006	30220000	25,870
Nuclear Regulatory Commission	77.008	30220000	422,849
Nuclear Regulatory Commission	81.30220000	30220000	28,338
Nuclear Regulatory Commission	13.30350100	30350100	18,216
Central Intelligence Agency	47.31020100	31020100	16,500
National Research Council	18.31050100	31050100	40,639
Federal Reserve Bank of Cleveland	18.31050200	31050200	1,453
Federal Reserve Bank of Boston	66.034	32000000	60,316
Environmental Protection Agency	66.32000000	32000000	(15,475)
Environmental Protection Agency	66.439	32000000	87,334
Environmental Protection Agency	66.469	32000000	97,974
Environmental Protection Agency	66.509	32000000	140,677
Environmental Protection Agency	66.512	32000000	41,413
Environmental Protection Agency	66.516	32000000	10,023
Environmental Protection Agency	66.808	32000000	10,289
Environmental Protection Agency	43.001	33000000	26,896
Nat Aeronautics & Space Admin	43.002	33000000	228,453
Nat Aeronautics & Space Admin	43.AAA	33000000	51,517
Langley Research Center	43.002	33000102	153,989
John Glenn Research Center-Lewis Field	43.002	33000104	349,717
John Glenn Research Center-Lewis Field	43.33000104	33000104	1,108,487
NASA Headquarters	43.001	33000105	65,107
NASA Headquarters	43.002	33000105	881,985
NASA Headquarters	43.33000105	33000105	2,310
NASA Headquarters	43.AAA	33000105	556,231
Johnson Space Center	43.002	33000202	103,210
Goddard Space Flight Center	43.001	33000301	22,953
Goddard Space Flight Center	43.002	33000301	720,279
Goddard Space Flight Center	43.33000301	33000301	11,970
Jet Propulsion Lab	43.002	33000303	168,785
Jet Propulsion Lab	43.33000303	33000303	1,350
National Space Biomedical Research Inst	43.33000305	33000305	371,235
National Endowment For The Humanities	06.149	34000100	312

(Continued)

# THE OHIO STATE UNIVERSITY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2010

Federal Agency Sponsor	CFDA Number	Sponsor ID Number	Expenditures
National Endowment For The Humanities	06.163	34000100	\$ 51,363
National Endowment For The Humanities	06.169	34000100	22,868
Nat Science Foundation	47.014	35000000	(2,132)
Nat Science Foundation	47.041	35000000	398,651
Nat Science Foundation	47.049	35000000	2,924,364
Nat Science Foundation	47.050	35000000	249,469
Nat Science Foundation	47.070	35000000	222,268
Nat Science Foundation	47.074	35000000	843,864
Nat Science Foundation	47.076	35000000	37,941
Nat Science Foundation	47.078	35000000	421,836
Nat Science Foundation	47.35000000	35000000	1,382
NSF Biological Sciences	47.074	35000100	691,495
NSF Biological Instrumentation & Resources	47.074	35000101	(21,167)
ARRA NSF Integrative Organismal Biology	47.082	35000102	418,417
NSF Integrative Organismal Biology	47.074	35000102	910,386
ARRA NSF Molecular & Cellular Biosciences	47.082	35000103	476,830
NSF Molecular & Cellular Biosciences	47.047	35000103	181,801
NSF Molecular & Cellular Biosciences	47.074	35000103	1,231,078
ARRA NSF Environmental Biology	47.082	35000104	122,957
NSF Environmental Biology	47.074	35000104	186,782
NSF Social & Economic Sciences	47.075	35000106	149,327
ARRA NSF Biological Infrastructure	47.082	35000107	57,591
NSF Biological Infrastructure	47.074	35000107	1,892,284
NSF Div Emerging Frontiers	47.074	35000108	70,509
NSF Computer & Info Sciences & Eng	47.070	35000200	795,408
NSF Computer & Info Sciences & Eng	47.080	35000200	23,400
ARRA NSF Div Info Robotics & Intelligent Systems	47.082	35000203	61,733
NSF Div Info Robotics & Intelligent Systems	47.070	35000203	668,597
ARRA NSF Div of Computer & Network Systems	47.082	35000207	146,604
NSF Div of Computer & Network Systems	47.070	35000207	1,000,609
NSF Div Computing & Communication Fdn	47.070	35000208	1,458,087
NSF Engineering	47.041	35000300	284,169
NSF Div Engineering Education & Centers	47.041	35000302	3,092,249
NSF Div Chemical & Transport Systems	47.041	35000303	(9,421)
ARRA NSF DIV Elect, Comm, & CyberSystems	47.082	35000305	162,495
NSF DIV Elect, Comm, & CyberSystems	47.041	35000305	453,926
NSF Div Design & Manufacturing Innovation	47.041	35000306	199,022
NSF Div Bioengineering & Environmental	47.041	35000307	163,424
ARRA NSF Div Chem, Bioeng, Environ, & Tmosp S	47.082	35000309	319,232

(Continued)

# THE OHIO STATE UNIVERSITY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2010

Federal Agency Sponsor	CFDA Number	Sponsor ID Number	Expenditures
NSF Div Chem, Bioeng, Environ, & Trnsp S	47.041	35000309	\$ 679,609
ARRA NSF Div Civil, Mechanical & Manufact Imv	47.082	35000310	142,947
NSF Div Civil, Mechanical & Manufact Imv	47.041	35000310	1,114,799
NSF Industrial Innovation & Partnerships	47.041	35000311	101,506
NSF Geosciences	47.050	35000400	11,791
ARRA NSF Div Atmospheric Sciences	47.082	35000401	72,882
NSF Div Atmospheric Sciences	47.050	35000401	581,355
ARRA NSF Div Earth Sciences	47.082	35000402	327,063
NSF Div Earth Sciences	47.050	35000402	455,535
NSF Div Earth Sciences	47.074	35000402	16,865
NSF Div Earth Sciences	47.050	35000402	11,332
NSF DIV Ocean Sciences	47.050	35000403	133,081
ARRA NSF Ofc Polar Programs	47.082	35000404	33,360
NSF Office Polar Programs	47.078	35000404	1,433,187
NSF Div Mathematical Sciences	47.049	35000501	3,199,315
NSF Div Physics	47.049	35000502	957,801
ARRA NSF Div Chemistry	47.082	35000503	395,418
NSF Div Chemistry	47.049	35000503	1,140,515
NSF Div Chemistry	47.050	35000503	62,938
ARRA NSF Div Materials Research	47.082	35000504	29,611
NSF Div Materials Research	47.049	35000504	3,986,930
ARRA NSF DIV Astronomical Sciences	47.35000504	35000504	147,221
NSF Div Materials Research	47.082	35000505	131,982
NSF DIV Astronomical Sciences	47.049	35000505	1,219,275
NSF Education & Human Resources	47.076	35000600	932,603
NSF Div of Research Career Development	47.070	35000604	5,896
NSF Div Undergraduate Education	47.076	35000605	1,796,377
NSF Div Human Resource Development	47.076	35000606	1,138,194
NSF Div Graduate Educ & Res Development	47.076	35000611	1,433,247
NSF Div of Research on Learning	47.076	35000613	131,457
ARRA NSF Social, Behavioral & Economic Res	47.082	35000801	282,079
NSF Social, Behavioral & Economic Res	47.075	35000801	1,907,306
NSF Office of International Science & Eng	47.075	35000803	9,329
NSF Behavioral & Cognitive Sciences	47.075	35000804	195,771
ARRA NSF Office of Cyberinfrastructure	47.082	35001000	263,907
NSF Office of Cyberinfrastructure	47.041	35001000	283,849
NSF Office of Cyberinfrastructure	47.080	35001000	270,677
US Department of Agriculture	10.219	40000000	87,450
USDA Forest Service	10.001	40020000	65,624

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# THE OHIO STATE UNIVERSITY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2010

	Federal Agency Sponsor	CFDA Number	Sponsor ID Number	Expenditures
USDA Forest Service		10.40020000	40020000	\$ 161,490
USDA Forest Service		10.652	40020000	286,075
USDA Forest Service		10.664	40020000	21,945
USDA Forest Service		10.680	40020000	20,294
USDA Forest Service		15.232	40020000	24,323
Agricultural Marketing Service		10.168	40030000	42,590
National Institute of Food & Agriculture		10.001	40040100	5,373
National Institute of Food & Agriculture		10.200	40040100	2,532,644
National Institute of Food & Agriculture		10.206	40040100	2,551,572
National Institute of Food & Agriculture		10.207	40040100	26,761
National Institute of Food & Agriculture		10.210	40040100	187,078
National Institute of Food & Agriculture		10.217	40040100	4,603
National Institute of Food & Agriculture		10.220	40040100	30,735
National Institute of Food & Agriculture		10.226	40040100	6,307
National Institute of Food & Agriculture		10.303	40040100	1,371,091
National Institute of Food & Agriculture		10.305	40040100	30,019
National Institute of Food & Agriculture		10.307	40040100	288,981
National Institute of Food & Agriculture		10.309	40040100	276,767
National Institute of Food & Agriculture		10.310	40040100	105,014
National Institute of Food & Agriculture		10.500	40040100	26,213
Nat Res Init Competitive Grants Program		10.206	40040103	533,437
USDA Agricultural Res Service		10.001	40040200	718,726
Natural Resources Conservation Service		10.001	40060000	863,189
Natural Resources Conservation Service		10.212	40060000	15,901
Natural Resources Conservation Service		10.902	40060000	(4)
Natural Resources Conservation Service		10.912	40060000	(5,408)
Animal & Plant Health Inspection Service		10.025	40070000	8,206
Economic Research Service		10.250	40120000	135,744
Economic Research Service		10.253	40120000	19,530
USDA Rural Development		10.771	40190000	69,183
USDA Foreign Ag Service		10.960	40200000	197,677
USDA Foreign Ag Service		10.961	40200000	21,825
USDA Foreign Ag Service		10.962	40200000	99,695
Nat Oceanic & Atmospheric Admin		11.417	42020000	19,650
Nat Oceanic & Atmospheric Admin		11.420	42020000	1,283,005
Nat Oceanic & Atmospheric Admin		11.431	42020000	20,011
Nat Oceanic & Atmospheric Admin		11.440	42020000	192,880
Nat Inst of Standards & Tech		11.609	42040000	93,528

(Continued)

# THE OHIO STATE UNIVERSITY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2010

Federal Agency Sponsor	CFDA Number	Sponsor ID Number	Expenditures
Bureau of Census	11.42060000	42060000	\$ 6,060
US Department of Defense	12.420	50000000	519,357
Air Force Materiel Command	12.50010100	50010100	399,477
Air Force Office of Scientific Research	12.300	50010105	280,049
Air Force Office of Scientific Research	12.630	50010105	542,010
Air Force Office of Scientific Research	12.800	50010105	5,678,059
Air Force Research Laboratory	12.50010126	50010126	2,054,498
Air Force Institute of Technology	12.50010201	50010201	57,930
Air Force Academy	12.800	50010300	51,600
Army	12.420	50020000	285,031
Army Corps of Engineers	12.50020100	50020100	404,668
Army Corps of Engineers	84.031	50020100	110,402
Humphreys Engineer Ctr Support Activity	12.50020106	50020106	649,911
Army Aviation Applied Tech Directorate	12.630	50020218	296,033
Army Research, Development and Eng Cmd	12.50020219	50020219	3,815
ARMY Contracting Command	12.50020220	50020220	220,604
Army Medical Res & Materiel Command	12.420	50020301	146,249
Army Medical Res & Materiel Command	12.50020301	50020301	55,176
Walter Reed Army Institute of Research	12.50020303	50020303	3,686
Army Research Office	12.300	50020400	(42,990)
Army Research Office	12.431	50020400	1,688,106
Army Yuma Proving Ground	12.50022600	50022600	6,739
Army Medical Res Acquisition Activity	12.420	50022700	1,720,047
Navy	12.50040000	50040000	209,256
Office of Naval Research	12.300	50040300	3,161,682
Office of Naval Research	12.300	50040300	20,428
Navy Research Lab	12.300	50040301	31,210
Naval Medical Center San Diego	12.50040600	50040600	64,542
Defense Advanced Res Projects Agency	12.91	50060000	95,404
Nat Geospatial-Intelligence Agency	12.630	50080000	136,169
Nat Geospatial-Intelligence Agency	12.50130000	50130000	765,615
Defense Logistics Agency	12.901	50130000	3,711
Nat Security Agency	12.50140000	50140000	101,289
National Security Agency	12.750	50140000	142,983
Uniformed Services Univ Health Sciences	12.351	50190000	233,191
Defense Threat Reduction Agency	84.031	50220000	578,331
US Department of Education	84.047	53000000	394,164
US Department of Education	84.224	53000000	547,496
US Department of Education		53000000	538,848

(Continued)



**THE OHIO STATE UNIVERSITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

Federal Agency Sponsor	CFDA Number	Sponsor ID Number	Expenditures
US Department of Education	84.305	530000000	\$ 332,746
US Department of Education	84.324	530000000	1,168,026
US Department of Education	84.325	530000000	76,673
US Department of Education	84.327	530000000	389,732
US Department of Education	84.336	530000000	733,003
Institute of Education Sciences	84.305	530200000	1,501,966
Institute of Education Sciences	84.324	530200000	142,240
Institute of Education Sciences	84.530200000	530200000	(55,086)
Ofc of Postsecondary Education	84.015	530400000	757,412
Ofc of Postsecondary Education	84.047	530400000	263,645
Ofc of Postsecondary Education	84.220	530400000	359,046
Ofc of Postsecondary Education	84.229	530400000	307,087
Ofc of Postsecondary Education	84.325	530500000	202,054
Ofc of Special Ed & Rehabilitative Services	84.327	530500000	173,324
Ofc of Special Ed & Rehabilitative Services	84.324	530501000	36,934
Office of Special Education Programs	84.133	530503000	415,941
Nat Inst Disability & Rehabilitation Research	84.224	530503000	(20,019)
Nat Inst Disability & Rehabilitation Research	81.049	550000000	5,387
ARRA US Department of Energy	81.087	550000000	50,424
ARRA US Department of Energy	81.049	550000000	7,203,680
US Department of Energy	81.086	550000000	354,410
US Department of Energy	81.087	550000000	689,564
US Department of Energy	81.089	550000000	358,173
US Department of Energy	81.117	550000000	357,837
US Department of Energy	81.121	550000000	105,360
US Department of Energy	81.550	550000000	332,377
Oak Ridge Nat Lab	81.086	551100000	29,977
ARRA Nat Energy Tech Lab	81.122	551300000	9,172
ARRA Nat Energy Tech Lab	81.133	551300000	74,800
Nat Energy Tech Lab	81.057	551300000	54,051
Nat Energy Tech Lab	81.089	551300000	1,387,406
Nat Energy Tech Lab	81.117	551300000	98,768
ARRA Advanced Res Projects Agency-Energy	81.135	551700000	65,699
US Department of Health & Human Services	93.887	600000000	219,618
Food and Drug Administration	93.620000000	620000000	582
National Institutes of Health	93.113	640000000	88,709
National Institutes of Health	93.173	640000000	79,403
National Institutes of Health	93.242	640000000	245,371
National Institutes of Health	93.395	640000000	436,748

(Continued)

# THE OHIO STATE UNIVERSITY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2010

Federal Agency Sponsor	CFDA Number	Sponsor ID Number	Expenditures
National Institutes of Health	93.398	64000000	\$ 37,943
National Institutes of Health	93.853	64000000	(34,994)
National Institutes of Health	93.855	64000000	398,714
National Institutes of Health	93.859	64000000	343,114
ARRA National Cancer Institute	93.64000002	64000000	229,870
ARRA National Cancer Institute	93.701	64000002	3,217,054
National Cancer Institute	93.369	64000002	46,485
National Cancer Institute	93.393	64000002	7,224,721
National Cancer Institute	93.394	64000002	1,390,619
National Cancer Institute	93.395	64000002	15,219,137
National Cancer Institute	93.396	64000002	8,567,730
National Cancer Institute	93.397	64000002	6,744,687
National Cancer Institute	93.398	64000002	2,918,063
National Cancer Institute	93.399	64000002	1,246,641
National Cancer Institute	93.64000002	64000002	2,436,013
National Cancer Institute	93.941	64000002	135,576
National Cancer Institute	93.981	64000002	108,962
ARRA National Heart, Lung, and Blood Inst	93.701	64000003	2,348,463
National Heart, Lung, and Blood Inst	93.233	64000003	141,063
National Heart, Lung, and Blood Inst	93.387	64000003	86,173
National Heart, Lung, and Blood Inst	93.837	64000003	2,155,490
National Heart, Lung, and Blood Inst	93.838	64000003	7,635,416
National Heart, Lung, and Blood Inst	93.839	64000003	3,909,518
National Heart, Lung, and Blood Inst	93.701	64000004	1,034,116
ARRA Nat Inst of Allergy & Infectious Diseases	93.64000004	64000004	2,805,220
Nat Inst of Allergy & Infectious Diseases	93.855	64000004	13,410
Nat Inst of Allergy & Infectious Diseases	93.856	64000004	10,043,761
ARRA Nat In Diabetes & Digestive & Kidney Diseases	93.701	64000005	640,212
Nat In Diabetes & Digestive & Kidney Diseases	93.847	64000005	636,701
Nat In Diabetes & Digestive & Kidney Diseases	93.848	64000005	871
Nat In Diabetes & Digestive & Kidney Diseases	93.849	64000005	1,531,581
Nat In Diabetes & Digestive & Kidney Diseases	93.701	64000006	702,908
ARRA Nat Inst Child Health & HumanDevelopment	93.864	64000006	626,929
Nat Inst Child Health & HumanDevelopment	93.865	64000006	1,054,290
Nat Inst Child Health & HumanDevelopment	93.701	64000007	1,905,829
ARRA Nat Inst Gen Medical Sciences	93.821	64000007	2,433,677
Nat Inst Gen Medical Sciences	93.859	64000007	1,670,104
Nat Inst Gen Medical Sciences	93.859	64000007	113,899
Nat Inst Gen Medical Sciences	93.859	64000007	8,951,782

(Continued)

# THE OHIO STATE UNIVERSITY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2010

Federal Agency Sponsor	CFDA Number	Sponsor ID Number	Expenditures
Nat Inst Gen Medical Sciences	93.862	64000007	\$ 203,591
ARRA Nat Inst Neurological Disorders & Stroke	93.701	64000008	2,373,861
Nat Inst Neurological Disorders & Stroke	93.310	64000008	16,686
Nat Inst Neurological Disorders & Stroke	93.64000008	64000008	974,766
Nat Inst Neurological Disorders & Stroke	93.853	64000008	6,953,122
Nat Inst Neurological Disorders & Stroke	93.875	64000008	60,834
ARRA National Library of Medicine	93.701	64000009	592,265
ARRA Nat Center for Research Resources	93.701	64000010	1,241,826
Nat Center for Research Resources	93.306	64000010	94,175
Nat Center for Research Resources	93.389	64000010	7,946,492
Nat Center for Research Resources	93.64000010	64000010	96,972
ARRA National Eye Institute	93.865	64000010	(7,657)
National Eye Institute	93.701	64000011	442,056
National Eye Institute	93.64000011	64000011	58,667
Nat Inst of Dental & Craniofacial Research	93.867	64000011	3,085,737
ARRA Nat Inst of Environ Health Sciences	93.121	64000012	2,039,829
Nat Inst of Environ Health Sciences	93.701	64000014	183,966
ARRA National Institute on Aging	93.113	64000014	2,352,510
National Institute on Aging	93.701	64000015	606,761
National Institute on Aging	93.64000015	64000015	43,281
John F Fogarty International Center	93.866	64000015	2,217,989
National Institute of Nursing Research	93.989	64000017	103,492
National Institute of Nursing Research	93.361	64000018	656,353
ARRA Nat In Arthritis & Musculoskeletal & Skin Diseases	93.701	64000018	449
Nat In Arthritis & Musculoskeletal & Skin Diseases	93.701	64000019	303,746
Nat In Arthritis & Musculoskeletal & Skin Diseases	93.64000019	64000019	163,294
ARRA Nat In Deafness & Other Commcnctn Disorders	93.846	64000019	2,093,707
Nat In Deafness & Other Commcnctn Disorders	93.701	64000020	138,237
National Institute of Mental Health	93.173	64000020	2,823,754
National Institute of Mental Health	93.242	64000021	3,724,805
ARRA National Institute on Drug Abuse	93.64000021	64000021	947
National Institute on Drug Abuse	93.701	64000022	543,178
Nat Inst on Alcohol Abuse & Alcoholism	93.279	64000022	3,545,783
ARRA Nat Ctr Complementary & Alternative Med	93.273	64000023	262,847
Nat Ctr Complementary & Alternative Med	93.701	64000027	245,537
ARRA Nat In Biomedical Imaging & Bioengineering	93.213	64000027	979,754
Nat In Biomedical Imaging & Bioengineering	93.701	64000028	204,971
Nat Ctr Minority Hlth & Hlth Disparities	93.286	64000028	2,347,593
Health Resources & Services Admin	93.307	64000029	808,089
	93.127	65000000	200,430

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# THE OHIO STATE UNIVERSITY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2010

Federal Agency Sponsor	CFDA Number	Sponsor ID Number	Expenditures
Health Resources & Services Admin	93.247	65000000	\$ 94,326
Health Resources & Services Admin	93.887	65000000	761,486
Health Resources & Services Admin	93.964	65000000	24,240
Maternal & Child Health Bureau	93.110	65000005	536,506
Centers for Disease Control & Prevention	93.135	66000000	191,987
Centers for Disease Control & Prevention	93.262	66000000	489,701
Centers for Disease Control & Prevention	93.283	66000000	480,891
Nat Inst Occupational Safety & Health	93.262	66000001	405,469
Nat Inst Occupational Safety & Health	93.66000001	66000001	18,902
Admin Developmental Disabilities	93.632	67000500	528,338
Dept of Housing & Urban Dev	14.520	70000000	(1,464)
US Department of the Interior	15.720	72000000	17,217
US Fish and Wildlife Service	15.228	72030000	39,812
US Fish and Wildlife Service	15.608	72030000	19,776
US Fish and Wildlife Service	15.642	72030000	206
US Fish and Wildlife Service	15.650	72030000	8,436
US Fish and Wildlife Service	15.655	72030000	33,593
US Fish and Wildlife Service	15.805	72040000	75,127
US Geological Survey	15.923	72070000	18,092
National Park Service	16.560	74040100	252
National Institute of Justice	20.82000000	82000000	416,046
US Department of Transportation	20.215	82010000	62,531
Federal Highway Administration	20.514	82020000	387,806
Federal Transit Administration	20.108	82030000	644,741
Federal Aviation Administration	20.82040000	82040000	(4,290)
Nat Highway Traffic Safety Admin	20.931	82040000	443,042
Nat Highway Traffic Safety Admin	97.077	86000000	88,310
US Department of Homeland Security			

Subtotal of Research and Development Cluster funds received directly from federal agencies

262,142,345

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# THE OHIO STATE UNIVERSITY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2010

Federal Agency Sponsor	Pass-Through Sponsor	CFDA Number	Sponsor ID Number	Pass-Through ID Number	Expenditures
Research and Development Cluster -- Pass-through from other sources					
Air Force Research Laboratory	Boeing Co. The	12.50010126	50010126	10010013	\$ 126,627
Air Force Research Laboratory	Lockheed Martin Corp	12.50010126	50010126	10010042	122,016
US Department of Energy	Eaton Corp	81.55000000	55000000	10010658	175,795
Nuclear Regulatory Commission	Edison Welding Inst Inc	77.006	30220000	10011218	77,177
Nuclear Regulatory Commission	Edison Welding Inst Inc	81.30220000	30220000	10011218	2,474
US Department of Defense	Edison Welding Inst Inc	12.50000000	50000000	10011218	25,173
Office of Naval Research	Edison Welding Inst Inc	12.50040300	50040300	10011218	5,039
DOE Nat Inst for Climatic Change Research	Edison Welding Inst Inc	81.55140000	55140000	10011218	30,210
Defense Advanced Res Projects Agency	AT&T Inc	12.910	50060000	10011298	12,700
Agency for Intl Development	Development Alternatives Inc	98.30300100	30300100	10011316	(4,458)
Air Force Research Laboratory	SAIC, Inc	12.50010126	50010126	10011324	9,536
Army	SAIC, Inc		50020000	10011324	(3,459)
National Cancer Institute	SAIC, Inc	93.64000002	64000002	10011324	1,390,034
Air Force	Universal Tech Corp	12.50010000	50010000	10011471	546,022
Air Force Research Laboratory	Universal Tech Corp	12.50010126	50010126	10011471	37,809
Army Aviation Applied Tech Directorate	Honeywell International Inc	12.630	50020218	10011512	176,666
US Department of Energy	Honeywell International Inc	81.55000000	55000000	10011512	5,474
US Department of Energy	Edison Materials Technology Center	81.087	55000000	10011518	(105)
US Department of Energy	Edison Materials Technology Center	12.800	55000000	10011518	(1,788)
Air Force Research Laboratory	Northrop Grumman Corp	12.50010126	50010126	10011657	9,635
Nat Reconnaissance Office	Northrop Grumman Corp	12.50200000	50200000	10011657	57,078
Nat Inst of Standards & Tech	Ford Motor Company	11.42040000	42040000	10011724	(1,817)
Air Force	General Electric Aircraft Engines	12.50010000	50010000	10011756	142,206
Air Force Research Laboratory	General Electric Aircraft Engines	12.50010126	50010126	10011756	33,329
National Institutes of Health	Mount Sinai Medical Center	93.395	64000000	10011783	15,741
Nat Inst Neurological Disorders & Stroke	Mount Sinai Medical Center	93.853	64000008	10011783	102,299
Nat Ctr Complementary & Alternative Med	Mount Sinai Medical Center	93.64000027	64000027	10011783	584
US Department of Defense	Infocitex Corporation	12.50000000	50000000	10011833	(1)
Army	Infocitex Corporation	12.50020000	50020000	10011833	322
Army Natick Res, Dev & Eng Center	Infocitex Corporation	12.50020213	50020213	10011833	57,788
Army	Raytheon Co	12.50020000	50020000	10011847	155,418
National Cancer Institute	Booz Allen Hamilton Inc	93.64000002	64000002	10011980	34,538
Nat Inst of Allergy & Infectious Diseases	Social & Scientific Systems, Inc	93.64000004	64000004	10012044	100,541
Naval Air Warfare Ctr Aircraft Div	Southwest Sciences, Inc	12.50041600	50041600	10012061	18,612
US Department of Energy	US Automotive Material Partnership	81.55000000	55000000	10012073	(767)
Defense Advanced Res Projects Agency	Celgene Corp	12.50060000	50060000	10012174	186,877

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## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2010

Federal Agency Sponsor	Pass-Through Sponsor	CFDA Number	Sponsor ID Number	Pass-Through ID Number	Expenditures
Air Force Office of Scientific Research	CFD Research Corp	12.630	50010105	10012258	\$ 1,452
Nat Science Foundation	OG Technologies, Inc	47.041	35000000	10012262	3,112
US Department of Agriculture	Environ Energy	10.40000000	40000000	10012272	2,021
US Department of Energy	Environ Energy	81.55000000	55000000	10012272	63
US Department of Defense	Advanced Tech Inst	12.50000000	50000000	10012322	(368)
Defense Logistics Agency	Advanced Tech Inst	12.50130000	50130000	10012322	196,331
US Department of Energy	Advanced Tech Inst	81.55000000	55000000	10012322	40,291
ARRA Nat Science Foundation	BBNT Solutions, LLC	47.082	35000000	10012357	68,813
Nat Science Foundation	BBNT Solutions, LLC	47.070	35000000	10012357	153,772
Air Force Research Laboratory	Arinc Incorporated	12.50010126	50010126	10012359	25,846
Air Force Office of Scientific Research	Syntonics LLC	12.50010105	50010105	10012399	23,176
Air Force Research Laboratory	Syntonics LLC	12.50010126	50010126	10012399	22,376
Army	Syntonics LLC	12.50020000	50020000	10012399	17,647
Navy	Syntonics LLC	12.50040000	50040000	10012399	46,957
Naval Air Warfare Ctr Aircraft Div	Syntonics LLC	12.50041600	50041600	10012399	154,835
Air Force	Applied EM, Inc	12.50010000	50010000	10012411	357,679
Air Force	Applied EM, Inc	12.50010000	50010000	10012411	13,766
Army	Applied EM, Inc	12.50020000	50020000	10012411	13,503
Army	Applied EM, Inc	12.50020000	50020000	10012411	143,289
Navy	Applied EM, Inc	12.50040000	50040000	10012411	294,680
Navy	Applied EM, Inc	12.50040000	50040000	10012411	110,413
Defense Advanced Res Projects Agency	Smart Transitions LLC	12.50060000	50060000	10012438	(41,898)
US Department of Defense	RNET Technologies	12.50000000	50000000	10012505	66,887
Air Force Research Laboratory	RNET Technologies	12.50010126	50010126	10012505	24,544
US Department of Energy	RNET Technologies	81.049	55000000	10012505	34,501
Navy	Luna Innovations Inc	12.50040000	50040000	10012514	(128)
US Department of Energy	Luna Innovations Inc	81.049	55000000	10012514	14,681
Air Force Research Laboratory	SET Associates Corp	12.50010126	50010126	10012523	77,459
Navy	SET Associates Corp	12.50040000	50040000	10012523	3,923
Office of Naval Research	SET Associates Corp	12.50040300	50040300	10012523	65,200
US Department of Energy	General Atomics	81.55000000	55000000	10012568	449,906
Air Force Research Laboratory	Kitware, Inc	12.910	50010126	10012569	21,283
National Institutes of Health	Fisher BioServices, Inc	93.64000000	64000000	10012728	4,987
National Cancer Institute	The EMMES Corp	93.395	64000002	10012757	1,328
National Cancer Institute	The EMMES Corp	93.64000002	64000002	10012757	1,031
National Eye Institute	The EMMES Corp	93.64000011	64000011	10012757	11,809
Air Force	SRA International, Inc	12.50010000	50010000	10012759	21,975
Air Force Research Laboratory	SRA International, Inc	12.50010126	50010126	10012759	191,810
US Department of Defense	Impact Technologies LLC	12.50000000	50000000	10012771	21,327

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# THE OHIO STATE UNIVERSITY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2010

Federal Agency Sponsor	Pass-Through Sponsor	CFDA Number	Sponsor ID Number	Pass-Through ID Number	Expenditures
Nat Aeronautics & Space Admin	InnoSense LLC	43.33000000	33000000	10012779	\$ 3,121
Defense Advanced Res Projects Agency	Surmet Corporation	12.50060000	50060000	10012790	(91,974)
Army	Elinrix	12.50020000	50020000	10012795	3
Army Space and Missile Def Cmd	Wang Electro-Opto Corporation	12.50022500	50022500	10012847	122,010
US Department of Energy	Robert C McCune and Associates, LLC	81.049	55000000	10012851	28,490
ARRA Nat Science Foundation	Interlaken Technology Corporation	47.082	35000000	10012853	52,043
Army Research Office	Alion Science and Technology Corporation	12.50020400	50020400	10012855	734,448
Air Force Research Laboratory	Jacobs Technology Inc	12.50010126	50010126	10012861	63,510
John Glenn Research Center-Lewis Field	ASRC Aerospace Corporation	43.33000104	33000104	10012863	43,038
NASA Headquarters	ASRC Aerospace Corporation	43.33000105	33000105	10012863	48,962
Air Force	Mandaree Enterprise Corporation	12.50010000	50010000	10012865	339,904
Air Force	Trayer Diagnostic Systems	12.50010000	50010000	10012887	57,391
US Department of Energy	SupraMagnetics, Inc	81.049	55000000	10012900	34
National Heart, Lung, and Blood Inst	New England Research Institutes	93.64000003	64000003	10012918	2,805
National Heart, Lung, and Blood Inst	New England Research Institutes	93.839	64000003	10012918	25,559
Air Force	Mesoscribe Technologies, Inc.	12.50010000	50010000	10012940	121,231
National Academy of Sciences	Jacobs Consultancy	47.31020000	31020000	10012956	334
Army Natick Res, Dev & Eng Center	Appleton	12.50020213	50020213	10012985	41,323
National Institutes of Health	Sonoscrew, Inc.	93.173	64000000	10012987	28
Navy	ATI, Inc	12.50040000	50040000	10012989	(1,954)
US Department of Defense	Nielsen Engineering and Research, Inc	12.50000000	50000000	10012999	357,587
National Institute on Drug Abuse	Promilad Biopharma Inc	93.279	64000022	10013022	92,141
Navy	Boulder Nonlinear Systems, Inc.	12.50040000	50040000	10013029	40,685
ARRA Air Force Research Laboratory	EMCORE Corporation	12.50010126	50010126	10013032	122,870
ARRA Nat Energy Tech Lab	Touchstone Research Laboratory	81.134	55130000	10013054	91,931
Army	Antenna Research Associates, Inc.	12.50020000	50020000	10013061	69,087
NASA Dryden Flight Res Ctr	Tao of Systems Integration, Inc.	43.33000304	33000304	10013062	22,977
Defense Advanced Res Projects Agency	Porifera, Inc.	12.50060000	50060000	10013067	53,119
National Institutes of Health	Viocare, Inc.	93.64000000	64000000	10013075	79,284
US Department of Energy	ZT Plus, LLC	81.55000000	55000000	10013127	58,650
NSF Industrial Innovation & Partnerships	Bioprocessing Innovative Co Inc	47.041	35000311	10020039	31,412
National Institute of Food & Agriculture	Bioprocessing Innovative Co Inc	10.212	40040100	10020039	46,026
USDA Agricultural Res Service	Bioprocessing Innovative Co Inc	10.40040200	40040200	10020039	1,868
Air Force Office of Scientific Research	UES Inc	12.50010105	50010105	10020049	34,965
NASA Headquarters	Strategic Res Group LLC	11.42020000	42020000	10020073	110,000
Air Force	Innovative Scientific Solutions Inc	43.33000105	33000105	10020096	19,229
Air Force Office of Scientific Research	Innovative Scientific Solutions Inc	12.50010000	50010000	10020096	105,119
Air Force Office of Scientific Research	Innovative Scientific Solutions Inc	12.50010105	50010105	10020096	(22)
Air Force Office of Scientific Research	Innovative Scientific Solutions Inc	12.800	50010105	10020096	19,185

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## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2010

Federal Agency Sponsor	Pass-Through Sponsor	CFDA Number	Sponsor ID Number	Pass-Through ID Number	Expenditures
Army	Innovative Scientific Solutions Inc	12.50020000	50020000	10020096	\$ 23,493
Nat Inst of Standards & Tech	Hyper Tech Res Inc	11.42040000	42040000	10020102	46,051
US Department of Energy	Hyper Tech Res Inc	81.049	55000000	10020102	53,236
US Department of Energy	Hyper Tech Res Inc	81.55000000	55000000	10020102	55,483
ARRA Nat In Biomedical Imaging & Bioengineering	Hyper Tech Res Inc	93.701	64000028	10020102	10,390
Air Force Office of Scientific Research	Global Res & Dev Inc	12.50010105	50010105	10020103	46,571
US Department of Energy	Global Res & Dev Inc	81.049	55000000	10020103	19,585
Nat Inst Neurological Disorders & Stroke	Oncoimmune Ltd	93.853	64000008	10020111	51,277
ARRA Nat Science Foundation	Metamateria Partners, LLC	47.082	35000000	10020129	56,069
Defense Advanced Res Projects Agency	Srco, Inc	12.50060000	50060000	10020134	25,767
National Cancer Institute	Columbus NanoWorks, Inc	93.395	64000002	10020170	117,892
Office of Naval Research	DJW Technology, LLC	12.50040300	50040300	10020182	54,819
Air Force Research Laboratory	MacAulay-Brown, Inc	12.50010126	50010126	10020184	4,981
Army	American Engineering & Manufacturing	12.50020000	50020000	10020196	26,937
Air Force Research Laboratory	RBS Technologies, LLC	12.50010126	50010126	10020203	80,090
Nat Aeronautics & Space Admin	Spectral Energies, LLC	43.33000000	33000000	10020205	25,583
Office of Naval Res	Spectral Energies, LLC	12.50040300	50040300	10020205	123,043
US Department of Agriculture	Velocys, Inc	10.40000000	40000000	10020207	4,134
Defense Advanced Res Projects Agency	Arterioocyte, Inc	12.50060000	50060000	10020226	129,635
National Heart, Lung, and Blood Inst	Arterioocyte, Inc	93.839	64000003	10020226	28,071
Nat Energy Tech Lab	Tech4Imaging LLC	81.089	55130000	10020227	64,183
National Heart, Lung, and Blood Inst	EXCMR, Ltd.	93.837	64000003	10020229	82,241
John Glenn Research Center-Lewis Field	N&R Engineering and Management Svcs Corp	43.33000104	33000104	10020244	6,995
Nat Inst of Allergy & Infectious Diseases	EluSys Therapeutics, Inc.	93.64000004	64000004	10040143	313,808
National Cancer Institute	Cancer & Leukemia Group B Fdn	93.64000002	64000002	20010031	1,173
US Department of Defense	Research Institute at Nationwide Children	12.800	50000000	20010182	45,935
Air Force	Research Institute at Nationwide Children	12.800	50010000	20010182	18,650
Agency for Healthcare Res & Quality	Research Institute at Nationwide Children	93.226	60041200	20010182	12,989
National Institutes of Health	Research Institute at Nationwide Children	93.173	64000000	20010182	152,076
National Institutes of Health	Research Institute at Nationwide Children	93.855	64000000	20010182	27,113
National Institutes of Health	Research Institute at Nationwide Children	93.865	64000000	20010182	8,137
National Cancer Institute	Research Institute at Nationwide Children	93.395	64000002	20010182	4,528
National Heart, Lung, and Blood Inst	Research Institute at Nationwide Children	93.837	64000003	20010182	88,366
Nat Inst Child Health & Human Development	Research Institute at Nationwide Children	93.865	64000006	20010182	23,676
Nat Inst Neurological Disorders & Stroke	Research Institute at Nationwide Children	93.865	64000003	20010182	3,685
ARRA Nat Inst of Environ Health Sciences	Research Institute at Nationwide Children	93.853	64000008	20010182	45,555
Nat In Deathness & Other Commcnctn Disorders	Research Institute at Nationwide Children	93.701	64000014	20010182	15,576
Centers for Disease Control & Prevention	Research Institute at Nationwide Children	93.173	64000020	20010182	161,290
	Research Institute at Nationwide Children	93.136	66000000	20010182	6,170

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## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2010

Federal Agency Sponsor	Pass-Through Sponsor	CFDA Number	Sponsor ID Number	Pass-Through ID Number	Expenditures
Centers for Disease Control & Prevention	Research Institute at Nationwide Children	93.262	66000000	20010182	\$ 708
Nat Inst Occupational Safety & Health	Research Institute at Nationwide Children	93.262	66000001	20010182	1,460
National Cancer Institute	Mayo Fdn for Medical Educ & Res	93.395	64000002	20010289	326,198
National Cancer Institute	Mayo Fdn for Medical Educ & Res	93.64000002	64000002	20010289	5,240
Nat Inst Neurological Disorders & Stroke	Mayo Fdn for Medical Educ & Res	93.853	64000008	20010289	3,430
National Institutes of Health	Cleveland Clinic Fdn	93.855	64000000	20010421	20,883
ARRA National Cancer Institute	Cleveland Clinic Fdn	93.701	64000002	20010421	46,588
National Cancer Institute	Cleveland Clinic Fdn	93.394	64000002	20010421	209,317
National Cancer Institute	Cleveland Clinic Fdn	93.396	64000002	20010421	56,723
National Institute of Food & Agriculture	United Soybean Board	10.40040100	40040100	20010464	48,544
Army Medical Res Acquisition Activity	Henry M Jackson Fdn	12.50022700	50022700	20010473	61,025
National Cancer Institute	NSABP Fdn Inc	93.395	64000002	20010527	67,636
National Cancer Institute	NSABP Fdn Inc	93.399	64000002	20010527	5,892
National Cancer Institute	Fdn for the Children's Oncology G	93.395	64000002	20010553	78,951
Nat Science Foundation	Henry M Jackson Fdn for the Advn Mil Med	47.074	35000000	20012161	17,599
Army	Henry M Jackson Fdn for the Advn Mil Med	12.420	50020000	20012161	(4,867)
Army Medical Res Acquisition Activity	Henry M Jackson Fdn for the Advn Mil Med	12.50022700	50022700	20012161	1,174
Uniformed Services Univ Health Sciences	Henry M Jackson Fdn for the Advn Mil Med	12.50190000	50190000	20012161	32,931
US Department of Defense	Henry M Jackson Fdn for the Advn Mil Med	12.401	50000000	20020012	8,921
Army Tank Command	Battelle Memorial Inst	12.630	50020204	20020012	211,251
Navy	Battelle Memorial Inst	12.50040000	50040000	20020012	51,321
Defense Advanced Res Projects Agency	Battelle Memorial Inst	12.910	50060000	20020012	33,711
US Department of Energy	Battelle Memorial Inst	81.089	55000000	20020012	(3,325)
US Department of Energy	Battelle Memorial Inst	81.55000000	55000000	20020012	474,117
Nat Inst of Allergy & Infectious Diseases	Battelle Memorial Inst	93.855	64000004	20020012	39,512
National Cancer Institute	Gynecologic Oncology Group	93.395	64000002	20020024	76,810
National Heart, Lung, and Blood Inst	Am Lung Assn	93.838	64000003	20020041	159,352
Small Business Administration	Ohio Business Dev Org	59.037	30140000	20020062	29,600
Small Business Administration	Ohio Business Dev Org	59.30140000	30140000	20020062	10,960
Agency for Intl Development	Am Cnel on Educ	98.012	30300100	20020078	76,619
Army Aviation Applied Tech Directorate	Ctr for Rotorcraft Innovation	12.300	50020218	20020103	210,228
Federal Highway Administration	Health Effects Institute	20.200	82010000	20020758	8,142
NSF Div Atmospheric Sciences	Univ Corp for Atmospheric Res	47.050	35000401	20020793	87,655
NSF Div Mathematical Sciences	Univ Corp for Atmospheric Res	47.049	35000501	20020793	9,039
US Department of Energy	Nat Renewable Energy Lab	81.55000000	55000000	20020793	34,249
ARRA National Institutes of Health	Am Coll of Radiology	93.701	64000000	20020800	243,176
National Cancer Institute	Am Coll of Radiology	93.395	64000002	20020917	18,581
Bureau of Labor Statistics	Nat Opinion Res Ctr	17.76050000	76050000	20020932	5,880,791
Nat Aeronautics & Space Admin	Space Telescope Sci Inst	43.33000000	33000000	20021006	64,874

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# THE OHIO STATE UNIVERSITY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2010

Federal Agency Sponsor	Pass-Through Sponsor	CFDA Number	Sponsor ID Number	Pass-Through ID Number	Expenditures
NASA Headquarters	Space Telescope Sci Inst	43.33000105	33000105	20021006	\$ 62,010
Maternal & Child Health Bureau	Hemophilia Fdn of Michigan	93.110	65000005	20021026	12,280
Centers for Disease Control & Prevention	Hemophilia Fdn of Michigan	93.283	66000000	20021026	15,563
US Department of Energy	Consortium Plant Biotechnology Res Inc	81.087	55000000	20021036	23,615
Nat Aeronautics & Space Admin	Ohio Aerospace Inst	43.33000000	33000000	20021048	20,311
Navy	Ohio Aerospace Inst	12.50040000	50040000	20021048	85,274
US Department of Energy	Pacific Northwest National Laboratory	81.121	55000000	20021070	6,972
US Department of Energy	Pacific Northwest National Laboratory	81.55000000	55000000	20021070	89,049
Defense Advanced Res Projects Agency	Am Museum of Natural History	12.431	50600000	20021138	322,892
Nat In Deafness & Other Commcn Disorders	Children's Hospital of Pittsburgh	93.173	64000020	20021140	53,856
National Institutes of Health	Brigham & Women's Hosp Inc	93.853	64000000	20021152	1,385
Nat Science Foundation	Assn Universities Res in Astronomy, Inc	47.049	35000000	20021158	132,092
NSF DIV ASTRONOMICAL SCIENCES	Assn Universities Res in Astronomy, Inc	47.049	35000000	20021158	98,213
US Department of Energy	North American Die Casting Association	81.117	55000000	20021238	64,911
Agricultural Marketing Service	Innovative Farmers of Ohio	10.170	40030000	20021289	1,135
NASA Headquarters	Ohio Space Grant Consortium	43.002	33000105	20021298	11,018
Nat Highway Traffic Safety Admin	Transportation Res Ctr Inc	20.931	82040000	20021338	91,163
Nat Inst Child Health & Human Development	Rand Corp	93.865	64000006	20021340	2,994,505
US Department of Education	Rehabilitation Institute Of Chicago	84.133	53000000	20021341	9,644
National Institute on Drug Abuse	Univ Kansas Medical Ctr & Res Inst	93.279	64000022	20021356	16,871
ARRA National Cancer Institute	John Wayne Cancer Inst	93.701	64000002	20021377	3,360
National Cancer Institute	John Wayne Cancer Inst	93.395	64000002	20021377	2,812
US Department of Education	Nat Writing Project Corp	84.928	53000000	20021378	89,143
National Eye Institute	Jaeb Ctr for Health Res	93.867	64000011	20021387	4,613
US Department of Energy	Knolls Atomic Power Lab	81.55000000	55000000	20021418	30,738
NSF Div of Research on Learning	Am Educ Res Assn	47.076	35000613	20021421	2,220
National Cancer Institute	Dana-Farber Cancer Inst	93.393	64000002	20021438	13,517
Nat Inst Disability & Rehabilitation Res	Carollinas HealthCare System	84.133	53050300	20021451	91,266
US Department of Energy	Universities Res Assn Inc	81.55000000	55000000	20021485	93,825
Nat In Diabetes & Digestive & Kidney Diseases	Rhode Island Hosp	93.849	64000005	20021502	121,037
Nat In Arthritis & Musculoskeletal & Skin Diseases	Tufts Medical Ctr	93.846	64000019	20021543	22,375
National Cancer Institute	Roswell Park Cancer Institute	93.395	64000002	20021570	213
Public Health Service	Nat Marrow Donor Prog	93.839	60040000	20021576	3,285
US Department of Justice	American Statistical Association	16.734	74000000	20021578	(6,561)
Air Force Research Laboratory	Wright Brothers Inst, Inc	12.50010126	50010126	20021585	402,017
National Cancer Institute	Massachusetts General Hospital	93.395	64000002	20021587	297,802
Nat Inst Neurological Disorders & Stroke	Massachusetts General Hospital	93.853	64000008	20021587	111,614
Nat Ctr Complementary & Alternative Med	Massachusetts General Hospital	93.213	64000027	20021587	3,481
Agency for Healthcare Res & Quality	Summa Health System	93.226	60041200	20021593	(24,818)

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## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2010

Federal Agency Sponsor	Pass-Through Sponsor	CFDA Number	Sponsor ID Number	Pass-Through ID Number	Expenditures
Federal Aviation Administration	Nat Inst of Aerospace	20.82030000	82030000	20021607	\$ 187,581
US Department of Energy	Brookhaven Sci Assoc, LLC	81.049	55000000	20021624	2,734
US Department of Energy	Brookhaven Sci Assoc, LLC	81.55000000	55000000	20021624	103,670
National Heart, Lung, and Blood Inst	Cincinnati Children's Hos Med Ctr	93.839	64000003	20021628	23,298
US Department of Energy	Battelle Energy Alliance, LLC	81.049	55000000	20021641	95,917
US Department of Energy	Battelle Energy Alliance, LLC	81.55000000	55000000	20021641	672,193
Air Force Office of Scientific Research	Advanced Virtual Engine Test Cell, Inc	12.800	50010105	20021654	(88,600)
US Department of Defense	Institute of International Education	12.50000000	50000000	20021662	332,103
US Department of Defense	Institute of International Education	12.550	50000000	20021662	1,316,154
National Security Agency	Institute of International Education	12.550	50140000	20021662	74,652
Agency for Intl Development	Higher Education for Development	98.012	30300100	20021686	40,676
Agency for Healthcare Res & Quality	Health Research & Educational Trust	93.60041200	60041200	20021687	87,259
US Department of Health & Human Services	Brain Injury Association of Ohio	93.234	60000000	20021689	68,894
National Institutes of Health	Legacy Good Samaritan Devers Eye Inst	93.867	64000000	20021700	2,689
Nat Oceanic & Atmospheric Admin	Chagrin River Watershed Partners, Inc	11.419	42020000	20021715	(569)
National Institutes of Health	Fred Hutchinson Cancer Research Center	93.172	64000000	20021734	29,517
National Human Genome Research Institute	Fred Hutchinson Cancer Research Center	93.172	64000026	20021734	4,278
National Institute of Mental Health	Sloan-Kettering Institute	93.242	64000021	20021747	90,289
National Park Service	Ohio Historical Society	19.504	72070000	20021752	824
US Department of Homeland Security	Battelle National Biodefense Institute	97.86000000	86000000	20021794	30,119
Air Force Office of Scientific Research	Donald Danforth Plant Science Center	12.800	50010105	20021796	46,576
National Heart, Lung, and Blood Inst	Jewish General Hospital	93.837	64000003	20021801	416,552
Centers for Disease Control & Prevention	Assn of Public Health Laboratories	93.283	66000000	20021813	51,857
NSF Div of Research on Learning	The Algebra Project	47.076	35000613	20021829	94,550
US Department of Energy	Alliance for Sustainable Energy, LLC	81.55000000	55000000	20021831	26,956
National Cancer Institute	Weill Cornell Medical College	93.64000002	64000002	20021833	219,513
Nat Inst of Allergy & Infectious Diseases	Weill Cornell Medical College	93.855	64000004	20021833	990
Nat Inst Gen Medical Sciences	Univ of Kansas Center for Research, Inc	93.859	64000007	20021845	28,822
Air Force Research Laboratory	Res Associates for Defense Conversion	12.50010126	50010126	20021855	134,500
National Institute of Food & Agriculture	Fruit Growers Marketing Assn	10.215	40040100	20021863	32,348
US Department of Defense	Akron General Medical Center	:12.420	50000000	20021865	32,441
National Heart, Lung, and Blood Inst	Seattle Children's Research Institute	93.837	64000003	20021870	34,255
Administration for Children and Families	Economic and Community Development Inst	93.558	67000000	20021883	549
Nat Oceanic & Atmospheric Admin	Great Lakes Observing System	11.473	42020000	20021890	2,000
ARRA US Department of Justice	OH Assn of County Behav Hlth Authorities	16.803	74000000	20021891	23,652
ARRA National Institutes of Health	Vaccine Research Institute of San Diego	93.701	64000000	20021909	67,037
Natural Resources Conservation Service	Pollinator Partnership	10.912	40060000	20021915	6,015
Corp for Nat & Community Service	Ohio Campus Compact	94.005	31040001	20021940	4,865
Army Research Office	Massachusetts Inst Tech	12.431	50020400	22000001	98,529

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## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2010

Federal Agency Sponsor	Pass-Through Sponsor	CFDA Number	Sponsor ID Number	Pass-Through ID Number	Expenditures
US Department of Energy	Massachusetts Inst Tech	81.121	55000000	22000001	\$ 240,589
Nat Science Foundation	Purdue Univ	47.070	35000000	22000002	2,184
NSF Div of Computer & Network Systems	Purdue Univ	47.070	35000207	22000002	70,892
National Institute of Food & Agriculture	Purdue Univ	10.206	40040100	22000002	73,026
National Institute of Food & Agriculture	Purdue Univ	10.303	40040100	22000002	1,598
USDA Agricultural Res Service	Purdue Univ	10.303	40040200	22000002	13,045
US Department of Energy	Purdue Univ	81.121	55000000	22000002	(2,500)
National Institutes of Health	Purdue Univ	93.173	64000000	22000002	7,484
National Cancer Institute	Purdue Univ	93.399	64000002	22000002	6,511
US Department of Transportation	Purdue Univ	20.701	82000000	22000002	193,609
NSF Div Mathematical Sciences	Purdue Univ	47.049	35000501	22000003	99,394
US Department of Agriculture	Rutgers Univ	10.303	40000000	22000003	1,527
National Institute of Nursing Research	Rutgers Univ	93.361	64000018	22000004	32,128
NASA Headquarters	Univ of Medic & Dentistry of New Jersey	43.002	33000105	22000005	65,425
Nat Science Foundation	Univ of Michigan	47.076	35000000	22000005	63,587
Nat Oceanic & Atmospheric Admin	Univ of Michigan	11.417	42020000	22000005	88,522
Nat Oceanic & Atmospheric Admin	Univ of Michigan	11.432	42020000	22000005	26,245
Air Force Research Laboratory	Univ of Michigan	12.800	50010126	22000005	25,168
Office of Naval Research	Univ of Michigan	12.300	50040300	22000005	50,284
US Department of Energy	Univ of Michigan	81.049	55000000	22000005	85,130
ARRA National Institutes of Health	Univ of Michigan	93.701	64000000	22000005	45,781
National Cancer Institute	Univ of Michigan	93.396	64000002	22000005	(1,688)
Nat In Biomedical Imaging & Bioengineering	Univ of Michigan	93.286	64000028	22000005	59,054
US Department of Agriculture	Univ of Wisconsin	10.303	40000000	22000006	28,294
National Institute of Food & Agriculture	Univ of Wisconsin	10.200	40040100	22000006	24,347
National Institute of Food & Agriculture	Univ of Wisconsin	10.500	40040100	22000006	3,068
USDA Agricultural Res Service	Univ of Wisconsin	10.303	40040200	22000006	52,631
National Institutes of Health	Univ of Wisconsin	93.865	64000000	22000006	127,928
Nat Inst Gen Medical Sciences	Univ of Wisconsin	93.859	64000007	22000006	76,310
US Department of Defense	Univ of Wisconsin	93.173	64000020	22000006	5,786
US Department of Defense	Univ of Dayton	12.800	50000000	22000008	80,134
Nat Science Foundation	Univ of Illinois	47.041	35000000	22000009	17,537
National Institute of Food & Agriculture	Univ of Illinois	10.303	40040100	22000009	12,563
Defense Threat Reduction Agency	Univ of Illinois	12.351	50220000	22000009	112,012
US Department of Energy	Univ of Illinois	81.086	55000000	22000009	114
National Institutes of Health	Univ of Illinois	93.865	64000000	22000009	11,218
National Cancer Institute	Univ of Illinois	93.393	64000002	22000009	144,188
National Heart, Lung, and Blood Inst	Univ of Illinois	93.837	64000003	22000009	33,391
National Institute of Food & Agriculture	Univ of Tennessee	10.206	40040100	22000010	27,406

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## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2010

Federal Agency Sponsor	Pass-Through Sponsor	CFDA Number	Sponsor ID Number	Pass-Through ID Number	Expenditures
Nat Science Foundation	Univ of California	47.049	35000000	22000011	\$ (5,134)
Office of Naval Research	Univ of California	12.300	50040300	22000011	44,524
US Department of Energy	Univ of California	81.049	55000000	22000011	77,495
US Department of Energy	Univ of California	81.550	55000000	22000011	(4,969)
US Department of Defense	Indiana Univ	12.420	50000000	22000012	63,748
National Cancer Institute	Indiana Univ	93.393	64000002	22000012	46,018
Nat Inst of Allergy & Infectious Diseases	Indiana Univ	93.855	64000004	22000012	10,920
National Institute on Aging	Indiana Univ	93.866	64000015	22000012	26,439
National Institute of Mental Health	Indiana Univ	93.242	64000021	22000012	7,378
Agency for Intl Development	Univ of California-Davis	98.001	30300100	22000013	4,470
Nat Science Foundation	Univ of California-Davis	47.049	35000000	22000013	(268)
Nat Science Foundation	Univ of California-Davis	47.070	35000000	22000013	13,478
NSF Div Materials Research	Univ of California-Davis	47.049	35000504	22000013	1,596
Economic Research Service	Univ of California-Davis	10.250	40120000	22000013	9,901
Natural Resources Conservation Service	Univ of Idaho	10.40060000	40060000	22000016	23,521
Nat Science Foundation	Univ of Chicago	47.070	35000000	22000018	524
Institute of Education Sciences	Univ of Chicago	84.305	53020000	22000018	14,892
National Institutes of Health	Univ of Chicago	93.394	64000000	22000018	54,013
National Institutes of Health	Univ of Chicago	93.395	64000000	22000018	(563)
National Cancer Institute	Univ of Chicago	93.393	64000002	22000018	15,644
National Cancer Institute	Univ of Chicago	93.394	64000002	22000018	423,370
National Cancer Institute	Univ of Chicago	93.395	64000002	22000018	1,416,461
National Cancer Institute	Univ of Chicago	93.399	64000002	22000018	86,874
National Cancer Institute	Univ of Chicago	93.855	64000002	22000018	96,111
Nat Inst of Allergy & Infectious Diseases	Univ of Chicago	93.856	64000004	22000018	357,930
Nat Inst of Allergy & Infectious Diseases	Univ of Chicago	98.001	64000004	22000018	183,699
Agency for Intl Development	Virginia Polytechnic Inst	98.001	30300100	22000023	463,589
National Institute of Food & Agriculture	Virginia Polytechnic Inst	10.206	40040100	22000023	38
US Department of Defense	Virginia Polytechnic Inst	12.420	50000000	22000023	9,106
Nat Inst Child Health & Human Development	George Washington Univ	93.865	64000006	22000025	611,816
Army Aviation Applied Tech Directorate	Pennsylvania State Univ	12.630	50020218	22000030	18,271
Army Research Office	Pennsylvania State Univ	12.431	50020400	22000030	145,402
Office of Naval Research	Pennsylvania State Univ	12.30	50040300	22000030	40,722
US Department of Energy	Pennsylvania State Univ	81.114	55000000	22000030	(1,000)
ARRA National Institutes of Health	Pennsylvania State Univ	93.701	64000000	22000030	176,212
National Institutes of Health	Pennsylvania State Univ	93.279	64000000	22000030	24,953
National Heart, Lung, and Blood Inst	Pennsylvania State Univ	93.837	64000003	22000030	15,693
Nat Inst of Allergy & Infectious Diseases	Pennsylvania State Univ	93.856	64000004	22000030	40,632
Nat In Diabetes & Digestive & Kidney Diseases	Pennsylvania State Univ	93.847	64000005	22000030	22,573

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# THE OHIO STATE UNIVERSITY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2010

Federal Agency Sponsor	Pass-Through Sponsor	CFDA Number	Sponsor ID Number	Pass-Through ID Number	Expenditures
National Institute on Aging	Pennsylvania State Univ	93.866	64000015	22000030	\$ 1,501
National Cancer Institute	Wayne State Univ	93.64000002	64000002	22000034	107,448
Veterans Affairs	Univ of Pittsburgh	64.30170000	30170000	22000036	84,420
National Institutes of Health	Univ of Pittsburgh	93.173	64000000	22000036	148,729
National Institutes of Health	Univ of Pittsburgh	93.837	64000000	22000036	27,957
National Institutes of Health	Univ of Pittsburgh	93.847	64000000	22000036	38,600
National Institutes of Health	Univ of Pittsburgh	93.848	64000000	22000036	4,296
National Cancer Institute	Univ of Pittsburgh	93.393	64000002	22000036	34,308
National Heart, Lung, and Blood Inst	Univ of Pittsburgh	93.837	64000003	22000036	10,694
National Heart, Lung, and Blood Inst	Univ of Pittsburgh	93.847	64000000	22000036	455
Nat Inst Gen Medical Sciences	Univ of Pittsburgh	93.859	64000007	22000036	5,970
Health Resources & Services Admin	Univ of Pittsburgh	93.249	65000000	22000036	(5,614)
Goddard Space Flight Center	University Of Colorado	43.002	33000301	22000039	46,059
Nat Science Foundation	University Of Colorado	47.076	35000000	22000039	3,672
NSF Ofc Polar Programs	University Of Colorado	47.078	35000404	22000039	36,327
US Department of Energy	University Of Colorado	81.049	55000000	22000039	6,535
ARRA Nat Inst Child Health & Human Development	University Of Colorado	93.701	64000006	22000039	22,913
National Institute of Nursing Research	University Of Colorado	93.361	64000018	22000039	67,074
Nat In Arthritis & Musculoskeletal & Skin Diseases	University Of Colorado	93.846	64000019	22000041	60,085
US Department of Agriculture	Northwestern University	10.206	40000000	22000044	(4,006)
US Department of Agriculture	Michigan State Univ	10.217	40000000	22000044	75,410
US Department of Agriculture	Michigan State Univ	10.40000000	40000000	22000044	7,330
National Institute of Food & Agriculture	Michigan State Univ	10.200	40040100	22000044	52,459
National Institute of Food & Agriculture	Michigan State Univ	10.206	40040100	22000044	138,135
National Institute of Food & Agriculture	Michigan State Univ	10.304	40040100	22000044	59,617
National Institute of Food & Agriculture	Michigan State Univ	10.310	40040100	22000044	27,025
USDA Agricultural Res Service	Michigan State Univ	10.200	40040200	22000044	(1,876)
USDA Agricultural Res Service	Michigan State Univ	10.206	40040200	22000044	32,340
US Department of Energy	Michigan State Univ	81.049	55000000	22000044	66,945
National Institute of Mental Health	Michigan State Univ	93.242	64000021	22000044	3,871
Air Force Office of Scientific Research	Michigan State Univ	12.800	50010105	22000045	67,120
Nat Science Foundation	Syracuse University	47.076	35000000	22000047	1,759
National Institute of Food & Agriculture	Iowa State Univ	10.200	40040100	22000047	13,149
National Institute of Food & Agriculture	Iowa State Univ	10.206	40040100	22000047	50,889
National Institute of Food & Agriculture	Univ of Maine at Orono	10.200	40040100	22000048	4,240
Nat Science Foundation	Miami Univ	47.074	35000000	22000049	34,718
NSF Integrative Organismal Biology	Miami Univ	47.074	35000102	22000049	415
Environmental Protection Agency	Texas A & M Univ	66.509	32000000	22000053	21,087
National Institute of Food & Agriculture	Texas A & M Univ	10.217	40040100	22000053	49,656

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## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2010

Federal Agency Sponsor	Pass-Through Sponsor	CFDA Number	Sponsor ID Number	Pass-Through ID Number	Expenditures
Nat Oceanic & Atmospheric Admin	Texas A & M Univ	11.417	42020000	22000053	\$ 59,599
Nat Aeronautics & Space Admin	California Inst of Tech	43.33000000	33000000	22000054	18,787
Jet Propulsion Lab	California Inst of Tech	43.002	33000303	22000054	54,341
Jet Propulsion Lab	California Inst of Tech	43.33000303	33000303	22000054	45,171
National Institute of Food & Agriculture	Southern Illinois Univ	10.200	40040100	22000055	18,960
National Institute of Food & Agriculture	Kansas State Univ	10.206	40040100	22000062	16,063
Nat Inst of Allergy & Infectious Diseases	Kansas State Univ	93.855	64000004	22000062	216,743
Nat Science Foundation	Univ of Minnesota	47.041	35000000	22000067	2,891
National Institute of Food & Agriculture	Univ of Minnesota	10.200	40040100	22000067	24,411
National Institute of Food & Agriculture	Univ of Minnesota	10.215	40040100	22000067	36,933
National Institute of Food & Agriculture	Univ of Minnesota	10.310	40040100	22000067	3,242
National Cancer Institute	Univ of Minnesota	93.395	64000002	22000067	9,486
Nat Inst of Allergy & Infectious Diseases	Univ of Minnesota	93.64000004	64000004	22000067	515,562
Nat In Diabetes & Digestive & Kidney Diseases	Univ of Minnesota	93.849	64000004	22000067	42,436
National Institute of Food & Agriculture	Univ of Missouri	10.206	40040100	22000073	18,371
National Institute of Food & Agriculture	Univ of Missouri	10.303	40040100	22000073	4,360
National Library of Medicine	Univ of Cincinnati	93.879	64000009	22000074	22,355
Nat Inst Occupational Safety & Health	Univ of Cincinnati	93.262	66000001	22000074	10,906
Nat Inst of Environ Health Sciences	Univ of Connecticut	93.113	64000014	22000076	113,004
National Institute of Food & Agriculture	Cornell University	10.200	40040100	22000081	42,962
National Institutes of Health	Cornell University	93.395	64000000	22000081	36,323
Nat Inst Neurological Disorders & Stroke	Cornell University	93.853	64000008	22000081	3,261
US Department of Transportation	Cornell University	20.761	82000000	22000081	146,959
Agency for Intl Development	Univ of Nebraska	98.001	30300100	22000085	84,580
NSF Ofc Polar Programs	Univ of Nebraska	47.078	35000404	22000085	188,269
National Institute of Food & Agriculture	Univ of Nebraska	10.200	40040100	22000085	1,784
National Institute of Food & Agriculture	Univ of Nebraska	10.500	40040100	22000085	20,369
Nat Inst Occupational Safety & Health	Univ of Nebraska	93.262	66000001	22000085	28,889
NSF Div Undergraduate Education	Wright State Univ	47.076	35000605	22000087	(49)
US Department of Education	Wright State Univ	84.133	53000000	22000087	11,349
Substance Abuse & Mental Health Services Admin	Wright State Univ	93.243	60041400	22000087	1,315
US Department of Energy	Yale Univ	81.55000000	55000000	22000088	8,193
National Heart, Lung, and Blood Inst	Yale Univ	93.837	64000003	22000088	625
Nat Inst Neurological Disorders & Stroke	Yale Univ	93.853	64000008	22000088	23
NSF Ofc Polar Programs	Portland State University	47.078	35000404	22000089	227,945
Environmental Protection Agency	Louisiana State University	66.475	32000000	22000091	113,119
Nat Science Foundation	Louisiana State University	47.079	35000000	22000091	20,289
ARRA National Cancer Institute	Louisiana State University	93.701	64000002	22000091	31,475
Nat Science Foundation	University Of Houston	47.049	35000000	22000092	78,519

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## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2010

Federal Agency Sponsor	Pass-Through Sponsor	CFDA Number	Sponsor ID Number	Pass-Through ID Number	Expenditures
National Heart, Lung, and Blood Inst	Duke Univ	93.64000003	64000003	22000094	\$ 7,503
National Heart, Lung, and Blood Inst	Duke Univ	93.837	64000003	22000094	299,725
National Institute on Aging	Duke Univ	93.64000015	64000015	22000094	25,090
Army Research Office	Youngstown State Univ	12.431	50020400	22000099	23,322
USDA Forest Service	Oregon State Univ	10.664	40020000	22000103	33,025
National Institute of Food & Agriculture	Oregon State Univ	10.200	40040100	22000103	15,783
National Cancer Institute	Oregon State Univ	93.393	64000002	22000103	18,330
National Eye Institute	Univ of Florida	93.867	64000011	22000108	36,366
Centers for Disease Control & Prevention	Univ of Florida	93.184	66000000	22000108	40,935
US Department of Energy	Arizona State Univ	81.087	55000000	22000109	45,791
NSF Biological Sciences	Colorado State Univ	47.074	35000100	22000110	126,351
National Institute of Food & Agriculture	Colorado State Univ	10.217	40040100	22000110	18,389
National Institute of Food & Agriculture	Colorado State Univ	10.303	40040100	22000110	1,591
National Institute of Food & Agriculture	Colorado State Univ	10.309	40040100	22000110	2,322
Nat Ctr Minority Hlth & Hlth Disparities	Central State University	93.307	64000029	22000111	42,220
US Department of Energy	Cleveland State University	81.087	55000000	22000112	61,779
Nat Inst Neurological Disorders & Stroke	Loyola Univ of Chicago	93.853	64000008	22000115	49,662
ARRA NSF Div Emerging Frontiers	Univ of Arizona	47.082	35000108	22000116	5,837
Air Force Office of Scientific Research	Univ of Arizona	12.800	50010105	22000116	63,281
Nuclear Regulatory Commission	Wilberforce University	77.006	30220000	22000119	24,052
Nat Science Foundation	Univ of Maryland	47.074	35000000	22000120	(6,954)
NSF Social, Behavioral & Economic Res	Univ of Maryland	47.075	35000801	22000120	8,740
National Institute of Food & Agriculture	Univ of Maryland	10.206	40040100	22000120	326,592
Army Research Office	Univ of Maryland	12.431	50020400	22000120	17,069
Office of Naval Research	Univ of Maryland	12.300	50040300	22000120	61,581
Nat Inst Occupational Safety & Health	Univ of Maryland	93.262	66000001	22000120	4,899
National Institute of Food & Agriculture	Texas Tech Univ	10.303	40040100	22000122	36,222
Nat Inst Gen Medical Sciences	Ohio University	93.859	64000007	22000130	45,437
US Department of Education	Johns Hopkins Univ	84.305	53000000	22000133	65,285
National Institutes of Health	Johns Hopkins Univ	93.855	64000000	22000133	7,935
National Cancer Institute	Johns Hopkins Univ	93.399	64000002	22000133	86,896
National Heart, Lung, and Blood Inst	Johns Hopkins Univ	93.837	64000003	22000133	663,898
NSF Social, Behavioral & Economic Res	Columbia University	47.075	35000801	22000135	40
Nat Inst Child Health & Human Development	Columbia University	93.864	64000006	22000135	20,564
Nat Inst Neurological Disorders & Stroke	Columbia University	93.853	64000008	22000135	750
National Institute of Mental Health	Columbia University	93.242	64000021	22000135	50,998
Nat In Biomedical Imaging & Bioengineering	Columbia University	93.286	64000028	22000135	38,135
Nat Science Foundation	North Carolina State Univ	47.050	35000000	22000136	12,003
NSF Biological Infrastructure	North Carolina State Univ	47.074	35000107	22000136	34,860

(Continued)



# THE OHIO STATE UNIVERSITY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2010

Federal Agency Sponsor	Pass-Through Sponsor	CFDA Number	Sponsor ID Number	Pass-Through ID Number	Expenditures
NSF DIV Elect, Comm, & CyberSystems	North Carolina State Univ	47.041	35000305	22000136	\$ 57,436
National Institute of Food & Agriculture	North Carolina State Univ	10.206	40040100	22000136	(2,298)
National Institute of Food & Agriculture	North Carolina State Univ	10.303	40040100	22000136	35,579
National Institute of Food & Agriculture	North Carolina State Univ	10.500	40040100	22000136	8,402
Defense Threat Reduction Agency	North Carolina State Univ	12.351	50220000	22000136	63,683
Nat Science Foundation	Univ of Delaware	47.074	35000000	22000138	195,950
Nat Science Foundation	University Of Notre Dame	47.070	35000000	22000140	63,903
Defense Advanced Res Projects Agency	Stanford Univ	12.910	50060000	22000142	40,527
National Institutes of Health	Stanford Univ	93.393	64000000	22000142	6,438
US Department of Agriculture	Univ of North Carolina	10.206	40000000	22000146	64,350
National Institutes of Health	Univ of North Carolina	93.855	64000000	22000146	148,165
ARRA National Cancer Institute	Univ of North Carolina	93.701	64000002	22000146	44,212
National Heart, Lung, and Blood Inst	Univ of North Carolina	93.837	64000003	22000146	3,144
Nat Inst Gen Medical Sciences	Univ of North Carolina	93.859	64000007	22000146	44,523
Nat Inst Neurological Disorders & Stroke	Univ of North Carolina	93.853	64000008	22000146	1,043
Nat Inst of Dental & Craniofacial Res	Univ of North Carolina	93.121	64000012	22000146	100,122
National Institutes of Health	Harvard Univ	93.393	64000000	22000169	(5,080)
NSF Div Info Robotics & Intelligent Systems	Georgia Inst of Tech	47.070	35000203	22000189	23,167
NSF Div Chem, Bioeng, Environ, & Trnsp	Georgia Inst of Tech	47.041	35000309	22000189	28,663
Air Force Office of Scientific Research	Georgia Inst of Tech	12.800	50010105	22000189	97,693
US Department of Energy	Univ of Rochester	81.049	55000000	22000193	49,068
US Department of Energy	Univ of Rochester	81.55000000	55000000	22000193	6,558
National Institutes of Health	Univ of Rochester	93.172	64000000	22000193	3,209
Nat Inst Neurological Disorders & Stroke	Univ of Rochester	93.853	64000008	22000193	11,471
NSF Div Civil, Mechanical & Mautfact Innv	Univ of Pennsylvania	47.041	35000310	22000195	13,297
National Cancer Institute	Univ of Pennsylvania	93.399	64000002	22000195	96,202
National Eye Institute	Univ of Pennsylvania	93.867	64000011	22000195	8,873
USDA Agricultural Res Service	Mississippi State Univ	10.206	40040200	22000196	56,142
US Department of Defense	Mississippi State Univ	12.50000000	50000000	22000196	294,781
US Department of Energy	Mississippi State Univ	17.261	76000000	22000196	12,919
US Department of Labor	Mississippi State Univ	17.261	76000000	22000196	2,913
Nat Science Foundation	Lorain County Community College	47.076	35000000	22000199	81,585
Nat Science Foundation	Univ of Virginia	47.049	35000000	22000203	81,519
National Cancer Institute	Univ of Virginia	93.393	64000000	22000203	33,670
Air Force Research Laboratory	Univ of Southern California	12.910	50010126	22000206	166,684
Nat Ctr Minority Hlth & Hlth Disparities	Univ of Southern California	93.307	64000029	22000206	14,393
National Heart, Lung, and Blood Inst	Univ of Alabama at Birmingham	93.838	64000003	22000207	43,377
Nat Inst Gen Medical Sciences	Univ of Alabama at Birmingham	93.859	64000007	22000207	5,056
Nat Inst Neurological Disorders & Stroke	Univ of Alabama at Birmingham	93.853	64000008	22000207	(675)

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# THE OHIO STATE UNIVERSITY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2010

Federal Agency Sponsor	Pass-Through Sponsor	CFDA Number	Sponsor ID Number	Pass-Through ID Number	Expenditures
ARRA Nat Inst Neurological Disorders & Stroke	Univ of Alabama at Birmingham	93.701	64000008	22000207	\$ 267
ARRA Nat In Arthritis & Musculoskeletal & Skin Diseases	Univ of Alabama at Birmingham	93.701	64000019	22000207	126,235
National Cancer Institute	Washington Univ	93.393	64000002	22000209	38,024
National Cancer Institute	Washington Univ	93.397	64000002	22000209	129,093
Nat Inst of Allergy & Infectious Diseases	Washington Univ	93.855	64000004	22000209	39,290
Nat Inst Neurological Disorders & Stroke	Washington Univ	93.853	64000008	22000209	24,429
NASA Headquarters	Univ of Washington	43.002	33000105	22000212	74,896
US Department of Energy	Univ of Washington	81.049	55000000	22000212	810
National Institutes of Health	Univ of Washington	93.846	64000000	22000212	(4,255)
National Institute on Drug Abuse	Univ of Washington	93.279	64000022	22000212	14,902
US Department of Energy	Michigan Technological Univ	81.049	55000000	22000214	45,298
ARRA Nat Inst Neurological Disorders & Stroke	Michigan Technological Univ	93.701	64000008	22000214	53,735
Nat Aeronautics & Space Admin	University Of Kansas	43.AAA	33000000	22000219	53,621
Nat Science Foundation	University Of Kansas	47.078	35000000	22000219	468,786
US Department of Education	University Of Kansas	84.324	53000000	22000219	343,261
Food and Drug Administration	University Of Kansas	93.103	62000000	22000219	191
US Department of Health & Human Services	Bowling Green State University	93.239	60000000	22000221	19,989
US Department of Defense	Mass Inst Technology-Lincoln Lab	12.50000000	50000000	22000228	54,497
Air Force	Mass Inst Technology-Lincoln Lab	12.50010000	50010000	22000228	69,569
Air Force Research Laboratory	Rice University	12.50010126	50010126	22000231	241,738
Army Research Office	Rice University	12.431	50020400	22000231	126,502
Defense Advanced Res Projects Agency	Rice University	12.50060000	50060000	22000231	2,669
ARRA Nat Inst Gen Medical Sciences	Rice University	93.701	64000007	22000234	91,681
Nat Inst Gen Medical Sciences	Dartmouth College	93.859	64000007	22000234	61,869
NSF Div Chemistry	Montana State Univ	47.049	35000503	22000236	74,722
National Institutes of Health	Case Western Reserve Univ	93.850	64000000	22000238	55,020
National Cancer Institute	Case Western Reserve Univ	93.393	64000002	22000238	41,982
National Heart, Lung, and Blood Inst	Case Western Reserve Univ	93.850	64000003	22000238	175,096
National Heart, Lung, and Blood Inst	Case Western Reserve Univ	93.839	64000003	22000238	45,069
Nat Inst Child Health & Human Development	Case Western Reserve Univ	93.865	64000006	22000238	53,223
National Institute on Aging	Case Western Reserve Univ	93.866	64000015	22000238	23,496
National Institute of Food & Agriculture	Univ of Arkansas	10.206	40040100	22000239	27,457
Goddard Space Flight Center	University at Buffalo	43.002	33000301	22000240	6,929
National Institutes of Health	Eastern Virginia Medical School	93.865	64000000	22000243	(5,863)
John Glenn Research Center-Lewis Field	Georgia Tech Res Inst	43.001	33000104	22000245	186,554
Nat Inst Neurological Disorders & Stroke	Oregon Health Sciences University	93.64000008	64000008	22000252	(8,276)
Nat In Diabetes & Digestive & Kidney Diseases	University of Miami	93.847	64000005	22000255	106,386
US Department of Energy	Brigham Young Univ	81.089	55000000	22000260	7,892
National Institute of Food & Agriculture	South Dakota State University	10.2	40040100	22000262	9,659

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# THE OHIO STATE UNIVERSITY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2010

Federal Agency Sponsor	Pass-Through Sponsor	CFDA Number	Sponsor ID Number	Pass-Through ID Number	Expenditures
US Department of Energy	South Dakota State University	81.079	55000000	22000262	\$ 10,129
ARRA Nat Science Foundation	Univ of California at Los Angeles	47.082	35000000	22000269	65,737
NSF Mathematical & Physical Sciences	Univ of California at Los Angeles	47.049	35000500	22000269	205,576
Nat Inst Child Health & Human Development	Univ of California at Los Angeles	93.865	64000006	22000269	(800)
Nat Inst Gen Medical Sciences	Univ of California at Los Angeles	93.859	64000007	22000269	(4,606)
ARRA Nat Inst Neurological Disorders & Stroke	Univ of California at Los Angeles	93.701	64000008	22000269	5,382
Nat Science Foundation	The Univ of Texas at Austin	47.080	35000000	22000270	11,751
Nat Geospatial-Intelligence Agency	The Univ of Texas at Austin	12.630	50080000	22000270	35,772
National Institute of Food & Agriculture	Univ of Massachusetts - Amherst	10.206	40040100	22000274	346
Environmental Protection Agency	University of Toledo	66.469	32000000	22000277	5,682
USDA Agricultural Res Service	University of Toledo	10.254	40040200	22000277	(4,192)
Air Force Research Laboratory	University of Toledo	12.50010126	50010126	22000277	124,595
ARRA National Cancer Institute	University of Toledo	93.701	64000002	22000277	112
National Heart, Lung, and Blood Inst	University of Toledo	93.837	64000003	22000277	1,523
National Institute of Food & Agriculture	North Carolina A&T State University	10.216	40040100	22000281	4,242
National Heart, Lung, and Blood Inst	Wake Forest Univ	93.64000003	64000003	22000286	116,635
Nat Inst of Allergy & Infectious Diseases	Wake Forest Univ	93.855	64000004	22000286	10,973
National Cancer Institute	Univ of California at San Diego	93.395	64000002	22000288	699,658
National Institute on Aging	Univ of California at San Diego	93.866	64000015	22000288	156,440
Nat Inst of Allergy & Infectious Diseases	Univ of California at Berkeley	93.855	64000004	22000294	80,253
Nat Inst Child Health & Human Development	Emory Univ	93.864	64000006	22000295	5,679
Nat In Arthritis & Musculoskeletal & Skin Diseases	Vanderbilt Univ	93.846	64000019	22000296	544
NASA Headquarters	Rensselaer Polytechnic Inst	43.002	33000105	22000298	57,183
National Heart, Lung, and Blood Inst	Univ of Louisville	93.837	64000003	22000299	74,352
US Department of Education	University of Oregon	84.327	53000000	22000308	33,538
Office of Naval Research	University of California, Santa Barbara	12.300	50040300	22000315	229,156
National Institutes of Health	Univ of California San Francisco	93.286	64000000	22000317	110,780
National Cancer Institute	Univ of California San Francisco	93.395	64000002	22000317	1,640
Nat Inst of Allergy & Infectious Diseases	Univ of California San Francisco	93.64000004	64000004	22000317	56,137
Nat Inst Gen Medical Sciences	Univ of California San Francisco	93.701	64000007	22000317	105,140
ARRA National Institutes of Health	Univ of California San Francisco	93.242	64000021	22000318	72,872
National Institute of Mental Health	Univ of Massachusetts - Worcester	93.279	64000000	22000325	33,605
National Institutes of Health	University Of Memphis	93.389	64000010	22000327	49,730
Nat Center for Research Resources	Univ of Texas Medical Branch at Galvestn	47.047	35000000	22000329	(5,963)
Nat Science Foundation	Northeastern Univ	93.853	64000008	22000330	47,651
Nat Inst Neurological Disorders & Stroke	Univ Of Texas Hlth Sci Ctr - San Antonio	93.837	64000003	22000331	40,108
National Heart, Lung, and Blood Inst	Yeshiva Univ	47.078	35000404	22000333	214
NSF Ofc Polar Programs	Northern Illinois Univ	93.865	64000000	22000339	39,455
National Institutes of Health	Georgetown Univ				2,371

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# THE OHIO STATE UNIVERSITY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2010

Federal Agency Sponsor	Pass-Through Sponsor	CFDA Number	Sponsor ID Number	Pass-Through ID Number	Expenditures
Nat Inst of Allergy & Infectious Diseases	Georgetown Univ	93.855	64000004	22000339	\$ 31,631
Nat In Diabetes & Digestive & Kidney Diseases	Tufts University	93.849	64000005	22000343	4,462
National Institutes of Health	The Univ of Texas at San Antonio	93.865	64000000	22000348	47,079
National Heart, Lung, and Blood Inst	Northeastern OH Universities Coll of Med	93.837	64000003	22000350	28,478
Air Force Research Laboratory	Wichita State University	12.50010126	50010126	22000353	77,968
US Department of Energy	Carnegie Institution of Washington	81.049	55000000	22000354	16,261
Environmental Protection Agency	Buffalo State College	66.469	32000000	22000356	11,407
Nat Science Foundation	Winston-Salem State University	47.076	35000000	22000360	31,159
National Academy of Sciences	Queen's University	47.31020000	31020000	22010008	83,753
National Institutes of Health	Wake Forest Univ Health Sciences	93.64000000	64000000	22010024	4,755
National Heart, Lung, and Blood Inst	Wake Forest Univ Health Sciences	93.64000000	64000003	22010024	4,155
National Cancer Institute	East Tennessee State Univ	93.393	64000002	22010025	22,648
National Cancer Institute	Thomas Jefferson Univ	93.396	64000002	22010026	(605)
ARRA National Cancer Institute	Mount Sinai Sch of Medicine	93.701	64000002	22010031	21,784
Nat Inst of Allergy & Infectious Diseases	Mount Sinai Sch of Medicine	93.64000004	64000004	22010031	49,068
National Institute of Food & Agriculture	Indiana Univ-Purdue Univ Indianapolis	10.206	40040100	22010034	65,518
US Department of Energy	South Carolina State Univ	81.114	55000000	22010036	14,321
US Department of Energy	Medical Univ of South Carolina	81.114	55000000	22010038	45,342
National Cancer Institute	Univ of Texas M D Anderson Cancer Center	93.395	64000002	22010039	225,594
Kennedy (John F) Space Center	University of Central Florida	43.33000203	33000203	22010046	80,114
Army Corps of Engineers	University of Central Florida	12.50020100	50020100	22010046	10,226
US Department of Transportation	Morgan State University	20.514	82000000	22010050	4,830
Federal Transit Administration	Morgan State University	20.514	82000000	22010050	(672)
Nat Science Foundation	Stark State College of Technology	47.076	35000000	22010051	19,844
National Institute of Food & Agriculture	Heidelberg College	10.303	40040100	22010061	12,802
Nat In Diabetes & Digestive & Kidney Diseases	Cleveland Clinic Lerner College of Med	93.849	64000005	22010063	24,415
NSF Education & Human Resources	Fayetteville State University	47.076	35000600	22010068	50,519
National Cancer Institute	University of Massachusetts Medical Sch	93.393	64000002	22010069	33,509
Agency for Intl Development	Calvin College	98.001	30300100	22010072	118,986
Nat Inst Neurological Disorders & Stroke	University of British Columbia	93.853	64000008	22010079	55,979
US Department of Education	Columbus City School District	84.336	53000000	24000022	566,124
US Department of Education	Florida Department of Education	84.027	53000000	24000215	(11,385)
Centers for Disease Control & Prevention	Franklin Co Board of Health	93.069	66000000	24000409	5,503
Environmental Protection Agency	Miami Conservancy District	66.439	32000000	24000476	24,740
Centers for Disease Control & Prevention	Cleveland Department of Public Health	93.945	66000000	24000482	30,636
Centers for Disease Control & Prevention	Lucas County Health Department	93.283	66000000	24000554	1,521
US Department of Transportation	OH Dept of Transportation	20.205	82000000	26010000	14,227
Federal Highway Administration	OH Dept of Transportation	20.205	82010000	26010000	61,549
US Department of Education	OH Board of Regents	84.002	53000000	26060000	126,401

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# THE OHIO STATE UNIVERSITY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2010

Federal Agency Sponsor	Pass-Through Sponsor	CFDA Number	Sponsor ID Number	Pass-Through ID Number	Expenditures
US Department of Education	OH Board of Regents	84.305	53000000	26060000	\$ 307
US Department of Education	OH Board of Regents	84.367	53000000	26060000	147,726
US Department of Health & Human Services	OH Board of Regents	93.778	60000000	26060000	237,436
Health Resources & Services Admin	OH Board of Regents	93.887	65000000	26060000	6,192
US Department of Labor	OH Board of Regents	17.267	76000000	26060000	190,542
US Department of Education	OH Dept of Educ	84.048	53000000	26080000	199,035
US Department of Education	OH Dept of Educ	84.051	53000000	26080000	225
US Department of Education	OH Dept of Educ	84.173	53000000	26080000	9,306
US Department of Education	OH Dept of Educ	84.213	53000000	26080000	47,771
US Department of Education	OH Dept of Educ	84.366	53000000	26080000	1,083,449
US Department of Education	OH Dept of Educ	84.367	53000000	26080000	68,736
US Department of Education	OH Dept of Educ	84.53000000	53000000	26080000	31,862
US Department of Education	OH Div of Career Technical & Adult Ed	84.048	53000000	26080100	3,407
US Department of Education	OH Div of Career Technical & Adult Ed	84.243	53000000	26080100	35,126
Maternal & Child Health Bureau	OH Dept of Health	93.994	65000005	26090000	81,573
Centers for Disease Control & Prevention	OH Dept of Health	93.069	66000000	26090000	140,955
ARRA National Institute of Food & Agriculture	OH Dept of Natural Resources	10.688	40040100	26110000	12,612
Nat Oceanic & Atmospheric Admin	OH Dept of Natural Resources	11.419	42020000	26110000	55,801
US Fish and Wildlife Service	OH Division of Wildlife	11.42	42020000	26110100	7,500
US Fish and Wildlife Service	OH Division of Wildlife	15.605	72030000	26110100	1,476,000
US Department of Education	OH Division of Wildlife	15.611	72030000	26110100	170,462
Small Business Administration	OH Rehabilitation Services Commission	84.126	53000000	26120000	24,778
Nat Energy Tech Lab	Ohio Department of Development	59.037	30140000	26140000	77,954
ARRA US Department of Justice	Ohio Department of Development	81.000	55130000	26140000	9,718
US Department of Education	Office of Criminal Justice Services	16.803	74000000	26140401	21,059
ARRA US Department of Energy	OH Dept Youth Services	84.371	53000000	26200000	292,718
Administration on Aging	Public Utilities Commission of Ohio	81.122	55000000	26260000	14,815
Environmental Protection Agency	OH Dept Aging	93.60120000	60120000	26280000	6,774
US Department of Agriculture	OH Environ Protection Agency	66.460	32000000	26340000	99,567
Agricultural Marketing Service	Ohio Department Of Agriculture	10.170	40000000	26390000	24,303
National Institute of Food & Agriculture	Ohio Department Of Agriculture	10.169	40030000	26390000	46,639
USDA Agricultural Res Service	Ohio Department Of Agriculture	10.170	40030000	26390000	10,365
US Department of Transportation	Ohio Department Of Agriculture	10.170	40040100	26390000	25,919
Nat Highway Traffic Safety Admin	Ohio Department Of Agriculture	10.156	40040200	26390000	7,435
Substance Abuse & Mental Health Services Admin	OH Dept of Public Safety	20.600	82000000	26400000	10,156
US Department of Health & Human Services	OH Dept of Public Safety	20.600	82040000	26400000	34,743
USDA Extension Service	OH Dept of Mental Health	93.243	60041400	26420000	38,535
	OH Developmental Disabilities Png Cncl	93.630	60000000	26430100	42,474
	OH Dept of Job & Family Services	10.561	40140000	26630000	105

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# THE OHIO STATE UNIVERSITY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2010

Federal Agency Sponsor	Pass-Through Sponsor	CFDA Number	Sponsor ID Number	Pass-Through ID Number	Expenditures
US Department of Health & Human Services	OH Dept of Job & Family Services	93.558	60000000	26630000	\$ 343
US Department of Health & Human Services	OH Dept of Job & Family Services	93.575	60000000	26630000	1,523
US Department of Health & Human Services	OH Dept of Job & Family Services	93.596	60000000	26630000	73,931
Corp for Nat & Community Service	OH Community Service Council	94.006	31040001	26650000	156,100
ARRA US Department of Education	eTech Ohio	84.386	53000000	26660000	157,972
Nat Aeronautics & Space Admin	Smithsonian Astrophysical Observatory	43.002	33000000	30060200	921
NASA Headquarters	Smithsonian Astrophysical Observatory	43.002	33000105	30060200	41,210
Nat Aeronautics & Space Admin	Jet Propulsion Lab	43.33000000	33000000	33000303	185,924
NASA Headquarters	Jet Propulsion Lab	43.002	33000105	33000303	109,222
NASA Headquarters	Jet Propulsion Lab	43.33000105	33000105	33000303	384,440
Jet Propulsion Lab	Jet Propulsion Lab	43.002	33000303	33000303	52,622
Navy	National Institute of Food & Agriculture	10.500	50040000	40040100	59,464
US Department of Defense	Army Medical Res Acquisition Activity	12.420	50000000	50022700	125,059
National Institutes of Health	Army Medical Res Acquisition Activity	93.853	64000000	50022700	417,238
Nat Inst Disability & Rehabilitation Res	Nat Inst Disability & Rehabilitation Res	84.133	53050300	53050300	748,889
US Department of Energy	Los Alamos Nat Lab	81.55000000	55000000	55050000	256,385
US Department of Energy	Los Alamos Nat Lab	81.55000000	55000000	55050000	22,933
US Department of Energy	Lawrence Livermore National Laboratory	81.55000000	55000000	55100000	99,203
US Department of Energy	Oak Ridge Nat Lab	81.55000000	55000000	55110000	170,901
US Department of Energy	SLAC Nat Accelerator Lab	81.55000000	55000000	55160000	13,630
National Institutes of Health	National Cancer Institute	93.395	64000000	64000002	149,838
National Cancer Institute	National Cancer Institute	93.398	64000000	64000002	129,885
Nat In Arthritis & Musculoskeletal & Skin Diseases	Nat In Arthritis & Musculoskeletal & Skin Dis	93.846	64000019	64000019	237,994

Subtotal pass-through from other sources

60,191,372

Total Research and Development Cluster

322,333,717

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**THE OHIO STATE UNIVERSITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	Federal Agency Sponsor	CFDA Number	Sponsor ID Number	Expenditures
Funds received directly from the following federal agencies				
Student Financial Aid Cluster:				
U.S. Department of Education:				
Supplemental Education Opportunity Grants		84.007	P007A073341	\$ 1,232,012
Federal Workstudy Program		84.033	P007A073341	5,637,182
Federal Perkins Loan Program		84.038		34,623,911
Federal Pell Grant Program		84.063	P063P070343	49,446,525
Federal Direct Lending		84.268		385,558,401
Academic Competitiveness Grants		84.375	P375A070343	1,603,330
Natl Sci & Math Access to Retain Talent		84.376	P376S070343	1,644,930
Department of Health and Human Services		93.342		18,640,821
Health professions student loans (HPSL)		93.364		2,063,851
Nursing student loans (NSL)		93.407		64,482
DHHS - ARRA Scholarship for Disadvantaged Students		93.925		<u>143,451</u>
Scholarship for Health Professional Students from Disadvantaged Backgrounds				
Subtotal Student Financial Aid Cluster				<u>500,658,896</u>
DHHS — Child Care and Development Block Grant		93.575		<u>11,491</u>
Subtotal CCDF Cluster				<u>11,491</u>
DHHS - Medical Assistance Program		93.778		<u>154,122</u>
Subtotal Medicaid Cluster				<u>154,122</u>
Other Programs:				
Funds received directly from the following federal agencies:				
National Endowment For The Humanities		06.168	34000100	372
ARRA NSF Div Civil, Mechanical & Manufact Innv		47.082	35000310	25,255
NSF Div Ocean Sciences		47.050	35000403	14,292
NSF Div Chemistry		47.049	35000503	481,210
NSF Social, Behavioral & Economic Res		47.075	35000801	362
Agricultural Marketing Service		10.163	40030000	25,469
National Institute of Food & Agriculture		10.500	40040100	344,426
Natural Resources Conservation Service		10.912	40060000	45,082
Animal & Plant Health Inspection Service		10.025	40070000	88,289
USDA Rural Development		10.446	40190000	(5,055)

(Continued)

# THE OHIO STATE UNIVERSITY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2010

Federal Agency Sponsor	CFDA Number	Sponsor ID Number	Expenditures
Econ Development Admin	11.300	42010000	\$ 679,233
Air Force Office of Scientific Research	12.800	50010105	4,550
Air Force Office of Scientific Research	12.910	50010105	7,750
Nat Security Agency	12.901	50140000	114,708
US Department of Education	84.015	53000000	233,110
US Department of Education	84.195	53000000	243,618
US Department of Education	84.350	53000000	1,455,111
Office of Postsecondary Education	84.016	53040000	470,641
Office of Special Ed & Rehabilitative Services	84.325	53050000	208,838
Substance Abuse & Mental Health Servs Admin	93.243	60041400	242,758
ARRA Nat Center for Research Resources	93.702	64000010	322,378
Health Resources & Services Admin	93.884	65000000	(48)
Centers for Disease Control & Prevention	93.283	66000000	703,254
USDA - Cooperative Support Agreement	10.000		(23,728)
USDA - Cooperation Forestry Research	10.202		527,535
USDA - Pmts to Agricult Exp Station	10.203		6,815,168
USDA - Animal Health & Disease Research	10.207		17,966
USDA - Integrated Programs	10.303		1,073
USDA - Cooperation Extension Service	10.500		12,257,070
USDA - Child and Adult Care Food Program	10.558		27,227
USDC - Public Telecomm Fac Flng & Construct	11.550		589,710
USDL - Employee Benefits Security Admin	17.151		268,964
DOT - Airport Improvement Program	20.106		6,279,221
OPM - IPA Mobility Act	27.011		109,160
FCC - Comm Info & Assistance / Invest of Complaints	32.011		3,155
NEH - Faculty Research Abroad	06.160		88,200
NSF - Biological Sciences	47.074		1,000
VA - Veterans Outpatient Care	64.011		21,427
USDE - Overseas Programs Abroad	84.022A		134,186
USDE - TRIO Student Support Services	84.042A		32,650
USDE - Javits Fellowships	84.170B		31,901
USDE - Fund for the Improvement of Education	84.215		94,417
DHHS - Temporary Assistance for Needy Families	93.558		32,950
DHHS - Social Services Block Grant	93.667		77,637
DHHS - ARRA - Community Services Block Grant	93.710		7,267
Subtotal funds received directly from federal agencies			533,924,268

(Continued)



# THE OHIO STATE UNIVERSITY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2010

Federal Agency Sponsor	Pass-Through Sponsor	CFDA Number	Sponsor Number	Pass-Through ID Number	Expenditures
Funds passed through from other sources:					
State Fiscal Stabilization Fund Cluster:					
ARRA - U.S. Department of Education	Ohio Board of Regents - ARRA - State Fiscal Stabilization Funds	84.394			\$ 58,085,511
ARRA - U.S. Department of Education	Ohio Board of Regents - ARRA - State Fiscal Stabilization Funds	84.397			<u>1,148,210</u>
					<u>59,233,721</u>
Sub-total State Fiscal Stabilization Fund Cluster					
National Institute of Food & Agriculture	University of Nebraska	10.200	40040100	22000085	14,018
National Institute of Food & Agriculture	University of Illinois	10.303	40040100	22000009	22,216
US Department of Agriculture	Michigan State Univ	10.40000000	40000000	22000044	550
National Institute of Food & Agriculture	Kansas State Univ	10.500	40040100	22000062	156,006
National Institute of Food & Agriculture	University of Minnesota	10.500	40040100	22000067	48,145
National Institute of Food & Agriculture	Cornell University	10.500	40040100	22000081	1,234
National Institute of Food & Agriculture	University of Nebraska	10.500	40040100	22000085	22,436
US Department of Agriculture	OH Dept of Education	10.559	40000000	26080000	(1,160)
US Department of Agriculture	OH Dept of Job & Family Services	10.561	40000000	26630000	2,577,404
ARRA USDA Forest Service	OH Dept of Natural Resources	10.688	40000000	26110000	45,054
US Department of Agriculture	Great Lakes Commission	10.902	40000000	20021027	14,805
Dept of Housing & Urban Dev	Cleveland Dept of Community Development	14.218	70000000	24000528	62,913
Dept of Housing & Urban Dev	Akron Dept of Planning and Urban Dev	14.218	70000000	24000549	1,174
Dept of Housing & Urban Dev	City of Napoleon	14.239	70000000	24000513	1,000
Office of Justice Programs	Cleveland Dept of Community Development	14.70000000	70000000	24000528	76,676
ARRA US Department of Justice	OH Dept Youth Services	16.540	74040000	26200000	78,283
US Department of Labor	Preble County Board of Commissioners	16.804	74000000	24000552	22,513
Federal Highway Administration	Gallia County Dept of Job and Family Svc	17.259	76000000	24000442	2,795
National Endowment For The Arts	OH Dept of Transportation	20.205	82010000	26010000	991
National Endowment For The Humanities	Arts Midwest	05.025	34000200	20020844	5,000
Small Business Administration	OH Humanities Council	06.129	34000100	26290000	18,618
Nuclear Regulatory Commission	Ohio Business Dev Org	59.037	30140000	20020062	37,629
US Department of Energy	Wilberforce University	77.006	30220000	22000119	(7,655)
Ofc Vocational & Adult Education Programs	Ohio Department of Development	81.041	55000000	26140000	18,028
US Department of Education	Godman Guild Association	84.002	53060000	20021898	26,165
US Department of Education	Sinclair Community College	84.002	53000000	22000358	(8)
US Department of Education	OH Dept of Education	84.048	53000000	26080000	28,650
US Department of Education	OH Rehabilitation Services Commission	84.126	53000000	26120000	161,606
US Department of Education	OH Dept of Education	84.173	53000000	26080000	19,747
US Department of Education	OH Dept of Education	84.213	53000000	26080000	9,698

(Continued)

# THE OHIO STATE UNIVERSITY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2010

Federal Agency Sponsor	Pass-Through Sponsor	CFDA Number	Sponsor Number	Pass-Through ID Number	Expenditures
US Department of Education	OH Board of Regents	84.224	53000000	26060000	\$ 661
US Department of Education	OH Dept of Education	84.243	53000000	26080000	154,680
US Department of Education	Denison University	84.305	53000000	22000128	49,917
US Department of Education	OH Board of Regents	84.367	53000000	26060000	(5,328)
US Department of Education	OH Dept of Education	84.377	53000000	26080000	16,259
Centers for Disease Control & Prevention	The Hospital Council of Northwest Ohio	93.069	66000000	20021851	36,499
Centers for Disease Control & Prevention	Cuyahoga County Board of Health	93.069	66000000	24000524	11,073
Centers for Disease Control & Prevention	Summit County Health District	93.069	66000000	24000535	29,138
Centers for Disease Control & Prevention	Case Western Reserve Univ	93.135	66000000	22000238	14,675
Health Resources & Services Admin	Univ of Pittsburgh	93.145	65000000	22000036	187,213
Health Resources & Services Admin	Research Institute at Nationwide Children	93.153	65000000	20010182	72,934
Centers for Disease Control & Prevention	Assn State and Territorial Hlth Ofcls	93.185	66000000	20021937	1,744
Health Resources & Services Admin	University of Pittsburgh	93.249	65000000	22000036	126,537
National Cancer Institute	University of Kentucky	93.393	64000002	22000143	191,557
Administration for Children and Families	Butler County Board of Commissioners	93.558	67000000	24000522	110,578
Administration for Children and Families	Morgan County Job & Family Services	93.558	67000000	24000529	(1,865)
US Department of Health & Human Services	OH Dept of Job & Family Services	93.558	60000000	26630000	182,482
Administration for Children and Families	OH Dept of Job & Family Services	93.558	67000000	26630000	11,434
Administration for Children and Families	Trumbull Co. Job and Family Services	93.575	67000000	24000457	25,356
Centers for Disease Control & Prevention	University of Louisville	93.66000000	66000000	22000299	(14,761)
Health Resources & Services Admin	The Twin City Hospital Corporation	93.912	65000000	20021726	983
US Department of Health & Human Services	OH Dept of Mental Health	93.958	60000000	26420000	(6,672)
Substance Abuse & Mental Health Servs Admin	OH Dept of Mental Health	93.958	60041400	26420000	275,344
US Department of Health & Human Services	OH Dept Alcohol & Drug Addiction Services	93.959	60000000	26530000	62,713
Substance Abuse & Mental Health Servs Admin	OH Dept Alcohol & Drug Addiction Services	93.959	60041400	26530000	383
Centers for Disease Control & Prevention	Cuyahoga County Board of Health	93.991	66000000	24000524	30,574
Corp for Nat & Community Service	OH Community Service Council	94.006	31040001	26650000	19,951
US Department of Homeland Security	Texas A & M Univ	97.061	86000000	22000053	4,534
Agency for Intl Development	Indiana Univ	98.001	303000100	22000012	1,383,524
U.S. Department of Agriculture	Ohio Office of State Printing	10.025			1,346
U.S. Department of Agriculture	Ohio Department of Agriculture	10.475			1,163
U.S. Department of Agriculture	Ohio Department of Education	10.556			343
U.S. Department of Agriculture	Ohio Department of Health	10.557			110,422
U.S. Department of Agriculture	Ohio Department of Education	10.558			8,452
U.S. Department of Agriculture	Ohio Department of Education	10.559			30,717
U.S. Department of Agriculture	Ohio Department of Education	10.574			2,500
Department of Defense	Ohio Office of State Printing	12.002			1,400
Department of Housing and Urban Development	Ohio Department of Development	14.228			3,515

(Continued)

# THE OHIO STATE UNIVERSITY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2010

Federal Agency Sponsor	Pass-Through Sponsor	CFDA Number	Sponsor Number	Pass-Through ID Number	Expenditures
Department of Housing and Urban Development	Ohio Department of Development	14.239			\$ 3,700
Department of Justice	Supreme Court of Ohio and Ohio Judicial System	16.579			800
Department of Justice	Ohio Department of Public Safety	16.588			1,386
Department of Justice	Ohio Department of Public Safety	16.593			512
Department of Justice	Ohio Department of Public Safety	16.607			293
Department of Justice	Ohio Department of Public Safety	16.609			558
Department of Justice	Ohio Department of Public Safety	16.738			1,409
Department of Justice	Ohio Department of Public Safety	16.744			932
Department of Labor	Ohio Department of Job and Family Services	17.207			3,905
Department of Labor	Ohio Department of Job and Family Services	17.225			4,720
Department of Labor	Ohio Department of Job and Family Services	17.245			38,383
Department of Labor	Ohio Department of Job and Family Services	17.258		3	
Department of Labor	Ohio Board of Regents	17.267			52,000
Environment Protection Agency	Ohio Environmental Protection Agency	66.001			225
Environment Protection Agency	Ohio Environmental Protection Agency	66.419			325
Environment Protection Agency	Ohio Department of Agriculture	66.700			84,215
U.S. Department of Education	Ohio Department of Education	84.000			49,900
U.S. Department of Education	Ohio State School for the Blind	84.027			23,471
U.S. Department of Education	Ohio Department of Rehabilitation and Correction	84.048			7,711
U.S. Department of Education	Ohio Rehabilitation Services Commission	84.126			27,085
U.S. Department of Education	Ohio Department of Education	84.173			4,200
U.S. Department of Education	Ohio Board of Regents	84.243			7,600
U.S. Department of Education	Ohio Department of Education	84.282			45,000
U.S. Department of Education	Fiesch Ohio Commission	84.318			2,850
U.S. Department of Education	Ohio Board of Regents	84.334			5,000
U.S. Department of Education	Ohio State School for the Blind	84.367			175
Department of Health and Human Services	Ohio Commission on Minority Health	93.006			48,648
Department of Health and Human Services	Ohio Department of Health	93.069			1,075
Department of Health and Human Services	Ohio Department of Health	93.110			18,270
Department of Health and Human Services	Ohio Department of Health	93.118			50
Department of Health and Human Services	Ohio Department of Health	93.136			75
Department of Health and Human Services	Ohio Department of Health	93.217			175
Department of Health and Human Services	Ohio Department of Health	93.268			7,734
Department of Health and Human Services	Ohio Department of Health	93.283			20,130
Department of Health and Human Services	Ohio Department of Job and Family Services	93.558			871
Department of Health and Human Services	Ohio Department of Job and Family Services	93.563			1,580
Department of Health and Human Services	Ohio Department of Job and Family Services	93.568			21,048
Department of Health and Human Services	Ohio Department of Development	93.569			23,570

(Continued)

# THE OHIO STATE UNIVERSITY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2010

Federal Agency Sponsor	Pass-Through Sponsor	CFDA Number	Sponsor Number	Pass-Through ID Number	Expenditures
Department of Health and Human Services	Ohio Department of Job and Family Services	93.575			\$ 141,138
Department of Health and Human Services	Ohio Secretary of State	93.617			75
Department of Health and Human Services	Ohio Department of Developmental Disabilities	93.630			18,196
Department of Health and Human Services	Supreme Court of Ohio and Ohio Judicial System	93.643			4,800
Department of Health and Human Services	Ohio Department of Job and Family Services	93.645			14,145
Department of Health and Human Services	Ohio Department of Youth Services	93.658			7,476
Department of Health and Human Services	Ohio Department of Job and Family Services	93.667			1,387
Department of Health and Human Services	Ohio Department of Public Safety	93.671			46
Department of Health and Human Services	Ohio Department of Education	93.768			195,380
Department of Health and Human Services	Ohio Board of Regents	93.887			117,583
Department of Health and Human Services	Ohio Department of Health	93.913			1,074
Department of Health and Human Services	Ohio Department of Health	93.917			350
Department of Health and Human Services	Ohio Department of Health	93.938			6,508
Department of Health and Human Services	Ohio Department of Health	93.940			2,185
Department of Health and Human Services	Ohio Department of Health	93.944			255
Department of Health and Human Services	Ohio Department of Health	93.965			175
Department of Health and Human Services	Ohio Department of Health	93.977			350
Department of Health and Human Services	Ohio Department of Health	93.991			5,770
Department of Health and Human Services	Ohio Department of Health	93.994			13,480
Department of Health and Human Services	Ohio Department of Health	94.003			1,324
Corporation for National and Community Service	Ohio Department of Aging	94.007			13,719
Corporation for National and Community Service	Ohio Department of Aging	94.009			13,200
Social Security Administration	Ohio Rehabilitation Services Commission	96.001			225
U.S. Department of Education	Ohio Board of Regents	84.002A			10,812
U.S. Department of Education	Ohio Department of Education	84.367A			10,000
U.S. Department of Education	Etech Ohio Commission	84.386A			3,425
Sub-total pass-through from other sources					<u>66,922,889</u>
TOTAL FEDERAL AWARDS					<u>\$923,180,874</u>

(Concluded)

# THE OHIO STATE UNIVERSITY

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2010

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of Presentation** — The accompanying financial schedules include the accounts of the following entities:

- The Ohio State University (the “University”) and its hospitals and clinics
- The Ohio State University Foundation, a not-for-profit organization operating exclusively for the benefit of the University

Two separate statutory entities for which the University has special responsibility:

- The Ohio Agricultural Research and Development Center
- The Ohio Supercomputer Center

Thirteen legally independent corporations engaged in activities related to the University:

- The Ohio State University Research Foundation (the “Research Foundation”)
- The Ohio State University Student Loan Foundation, Inc.
- Transportation Research Center of Ohio, Inc.
- Campus Partners for Community Urban Redevelopment, Inc.
- Reading Recovery and Early Literacy, Inc.
- Ohio State University Retirees Association
- OSU Managed Health Care Systems, Inc.
- The Ohio State University Physicians, Inc.
- Prologue Research International, Inc.
- Oval Limited
- Adria Kravinsky Foundation
- Dental Faculty Practice Association, Inc.
- OSU China Gateway, LLC

Such financial schedules have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America for state-assisted colleges and universities.

**Subrecipient** — Certain funds are passed through to subgrantee organizations by the University. Expenditures incurred by the subgrantees and reimbursed by the University are presented in the schedule of expenditures of federal awards.

The University is also the subrecipient of federal funds, which have been reported as expenditures and listed as federal pass-through funds.

### 2. NONCASH FEDERAL AWARDS

During the year ended June 30, 2010, the University did not receive nonmonetary assistance.

### 3. REIMBURSEMENT OF FACILITIES AND ADMINISTRATIVE COSTS

U.S. Office of Management and Budget (OMB) Circular A-21 (A-21), *Costs Principles for Educational Institutions*, requires submission of a Certificate of Facilities and Administrative Costs (the "Certificate") to an institution's cognizant agency. The Certificate is prepared by the University and is used in negotiations with its cognizant agency, the Department of Health and Human Services (DHHS), in determining a rate at which the University and the Research Foundation will be reimbursed for the facilities and administrative costs associated with the completion of sponsored research.

The Research Foundation receives reimbursement of facilities and administrative costs as part of the granting agreement at either the rate negotiated with DHHS or at special rates negotiated with the granting agency. Facilities and administrative costs recovered by the Research Foundation are remitted to the University.

On July 24, 2009, DHHS approved facilities and administrative cost recovery rates effective from July 1, 2009 through June 30, 2012. The facilities and administrative cost rate structure, including the rates submitted within the Certificate, are as follows:

Rate Type	Submitted Within Certificate	Negotiated Rate
Organized Research:		
On-Campus	58.70 %	52.50 %
Off-Campus	26.00	26.00
Instruction:		
On-Campus	54.60	52.50
Off-Campus	26.00	26.00
Other Sponsored Activities:		
On-Campus	56.20	36.00
Off-Campus	26.00	26.00

Differences between the rates submitted in the Certificate and the rates negotiated with DHHS result from DHHS' s review of the underlying support and assumptions used by the University in the preparation of the Certificate. Despite DHHS' s approval, negotiated rates could be adjusted retroactively, and reimbursement to granting agencies could be required if costs identified as unallowable per A-21 were improperly included in amounts included in the Certificate.

\* \* \* \* \*

## **INDEPENDENT AUDITORS' 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 Board of Trustees of  
The Ohio State University  
Columbus, Ohio

We have audited the consolidated financial statements of The Ohio State University (the "University") as of and for the year ended June 30, 2010, and have issued our report thereon dated November 8, 2010, which included an emphasis of a matter paragraph related to the adoption of Governmental Accounting Standards Board Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs as items 10-1, 10-2, 10-3, 10-4, 10-5, 10-6, 10-7, and 10-8 that we consider to be significant deficiencies in internal control over financial reporting. 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.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the Schedule of Findings And Questioned Costs as item 10-2.

We noted certain matters that we reported to management of the University in a separate letter dated November 8, 2010.

The University's response to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the University's response and, accordingly, we express no opinion on it.

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

The image shows a handwritten signature in black ink that reads "Deloitte + Touche LLP". The signature is written in a cursive, flowing style.

November 8, 2010



## **INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Trustees of  
The Ohio State University  
Columbus, Ohio

### **Compliance**

We have audited The Ohio State University's (the "University") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2010. The University's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the University's management. Our responsibility is to express an opinion on the University's compliance based on our audit.

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

In our opinion, the University complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 10-1, 10-3, 10-9, 10-10, 10-11, 10-12, and 10-13.

### **Internal Control Over Compliance**

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

and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 10-1, 10-3, and 10-9. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

*Deloitte + Touche LLP*

November 8, 2010

# THE OHIO STATE UNIVERSITY

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2010

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### PART I — SUMMARY OF AUDITORS' RESULTS

Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
* Material weaknesses identified	No
* Significant deficiencies identified that are not considered to be material weaknesses	Yes
Noncompliance material to the financial statements noted?	No
<i>Federal Awards</i>	
Internal control over major programs:	
* Material weaknesses identified	No
* Significant deficiencies identified that are not considered to be material weaknesses?	Yes
Type of auditors' report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	Yes
Identification of major programs:	
<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
Research and Development Cluster	Research and Development Cluster
Student Financial Aid Cluster	Student Financial Aid Cluster
20.106	Airport Improvement Program
State Fiscal Stabilization Fund Cluster	State Fiscal Stabilization Fund Cluster
Dollar threshold used to distinguish between type A and type B programs:	\$3,000,000
Auditee qualified as low-risk auditee?	Yes

### PART II — FINANCIAL STATEMENT FINDINGS SECTION

#### 10-1 Asset Management

**Criteria** — OMB Circular A-133 defines internal control as it relates to the compliance requirement of Federal Programs as a “process effected by an entity’s management and other personnel designed to provide reasonable assurance regarding the achievement of the following objectives for Federal Programs: (1) Transactions are properly recorded and accounted for to: (i) Permit the preparation of reliable financial statements and Federal reports; (ii) Maintain accountability over assets; and (iii) Demonstrate compliance with laws, regulations, and other compliance requirements.”

**Observation** — The University has \$923 million invested in movable equipment and furniture, with a net book value of \$339 million as of June 30, 2010. Proper stewardship of these assets is critical to the University, as they were purchased from numerous funding sources including federal, state, and private gifts, which may contain restrictions related to assets purchased with those funds. The total of capital equipment assets that were paid for in part or whole by federal grants and are assets attributable to

research funding originally provided to the Office of Sponsored Programs through the Research and Development (R&D) Cluster totaled \$175 million and had a net book value of \$55 million as of June 30, 2010.

In order to test fixed assets for existence, we selected 40 assets within the R&D Cluster for observation, which are assets purchased with federal funds. Two assets with a net book value of \$1 million were improperly tagged and reported as fixed assets. In accordance with the grant agreement, the title to the assets belonged to a state agency. Two of the assets, with a net book value of \$749,000, could not be observed with certainty as the asset identification tags were not maintained. We did physically observe an asset matching the description in the location recorded in the system for these assets.

In testing of equipment within The Ohio State University Medical Center, we noted that two assets, which were selected for observation, could not be located with certainty as the asset identification tags were not attached to the assets. We did observe an asset matching the description in the location recorded in the system.

The University's mitigating control for asset existence is the completion of an annual inventory certification (physical inventory and equipment review (PIER) reports) where the department/division certifies that all assets assigned to their department/division have been located. The University requires 100% completion of this process and monitors the submission to ensure compliance. If a department/division does not comply, the University will perform an independent physical observation.

**Effect** — The inadequate safeguarding of fixed assets could result in loss or theft of those assets.

**Questioned Cost** — N/A

**Recommendation** — We recommend that the University continue their efforts in education of importance of equipment control procedures, education of equipment coordinators, and enhancing the accountability of those charged with tracking equipment. Additionally, the University should consider reviewing the asset management policies and procedures to ensure departments understand their role in the asset stewardship process and are educated about the potential financial statement and compliance issues related to improper or incomplete asset recordkeeping.

**Views of Responsible Officials** — The Asset Management group has made major improvements over the past few years. Education and awareness efforts have increased significantly with the implementation of a new, targeted training course. The Asset Management training course is being moved on-line for better accessibility, and the scope is being expanded to incorporate significant policy content and best practice principles and processes. An audit compliance coverage review and follow-up process has been put into place to ensure that, on an annual basis, every department is covered by either a PIER self-audit or a physical audit conducted by Asset Management. As a result of these enhanced and expanded follow-up processes, the compliance rate for submission of the PIER certification increased to a best-ever 99.9% in fiscal year 2010. The percentage of total capitalized assets covered in the physical audits increased to a best-ever 81% for fiscal year 2010. This level of coverage is substantially greater than the 50% of total assets that would be standard for one year of a two-year physical audit cycle.

Given the expansive, broad, and diverse nature of the University, movable equipment inventories are a continual challenge, and while much improvement has been made, there is a need for further improvements, for which we are constantly striving.

## **10-02 Review of Material Contracts for Compliance with Accounting and Compliance Standards**

**Criteria** — OMB Circular A-133 defines internal control as it relates to the compliance requirement of Federal Programs as a “process effected by an entity’s management and other personnel designed to provide reasonable assurance regarding the achievement of the following objectives for Federal Programs: (1) Transactions are properly recorded and accounted for to: (i) Permit the preparation of reliable financial statements and Federal reports; (ii) Maintain accountability over assets; and (iii) Demonstrate compliance with laws, regulations, and other compliance requirements.”

**Observation** — The University is engaged in many business endeavors and operates in a highly decentralized manner. There is currently no centralized process to ensure that all significant contracts entered into by the University are analyzed for propriety of accounting treatment. Since the University Controller’s Office is not always informed of all significant contracts nor are the individuals in the department/division who are entering into these agreements consistently knowledgeable about the appropriate accounting rules and guidance, contracts can be entered into that are not analyzed for propriety of accounting treatment and recording into the University’s financial system. During the current-year audit four significant contracts and one grant were identified where the proper accounting treatment had not been considered, nor had the University’s Controller’s Office been consulted as to proper accounting methodology.

**Effect** — Contracts that are not accounted for properly could lead to misstatements in the consolidated financial statements.

**Questioned Cost** — N/A

**Recommendation** — We understand that the Office of Business and Finance has, since June 30, 2010, required that all University contracts be processed through the Office of Business and Finance. We recommend that this central repository requirement for contract signatures be expanded to additionally include a review of contracts for propriety of accounting treatment.

**Views of Responsible Officials** — University management agrees with the recommendation.

## **10-3 Payroll Controls**

**Criteria** — OMB Circular A-133 defines internal control as it relates to the compliance requirement of Federal Programs as a “process effected by an entity’s management and other personnel designed to provide reasonable assurance regarding the achievement of the following objectives for Federal Programs: (1) Transactions are properly recorded and accounted for to: (i) Permit the preparation of reliable financial statements and Federal reports; (ii) Maintain accountability over assets; and (iii) Demonstrate compliance with laws, regulations, and other compliance requirements.”

**Observation** — The University’s payroll internal control structure operates in a decentralized environment, with the majority of the responsibility surrounding the establishment and monitoring of the internal control environment residing at the individual college department. Additionally, the University’s PeopleSoft payroll system has been customized extensively to respond to various requests for human resource (HR) capabilities since inception of the system and over the years has taken a very “customer service” approach in the system design. Some of the consequences of this approach have been that automated controls built in PeopleSoft HR system are not enabled within the system.

In response to control concerns, the University has continued to add manual controls to the payroll process. One of the manual controls implemented was that Central Payroll established general procedures in the form of a checklist that each college or department is required to follow. The checklist identifies specific procedures that must be completed for each payroll distribution. The procedures are designed to ensure that all payroll expenditures are valid, complete, disbursed to the correct individual, and reconciled to the PeopleSoft general ledger. This checklist was made mandatory starting in fiscal year 2008 for each pay period. Further, a payroll certification was made mandatory for all pay periods beginning in fiscal year 2007 wherein a manager asserts that all employees in their area of responsibility were valid employees who worked for that pay period and were paid a reasonable amount. The certification process was implemented as a control to determine that payroll payments are being made only to active employees. During fiscal year 2008, the Office of HR implemented a quarterly department assessment that includes items such as retroactive job data actions, late terminations, direct deposit card, employees not paid in 90 days, off-cycle checks, returned checks, autosys approval of time cards, overpayment, and segregation of duties. Based on the assessments, all departments are ranked as blue, green, yellow, or red. The senior fiscal officer and the senior HR official of the department are notified of the results. During fiscal year 2010, the responsibility of payroll moved from the Office of HR to the Office of the Controller.

During our testing we noted the following as it relates to payroll processing:

- Fifteen different organizational units were selected from different colleges or units with the University to observe the performance of payroll controls. Two units did not complete the checklist and did not complete the underlying requirements of the payroll checklist.
- Eight terminated individuals were improperly certified under their department certification process as having worked for the University after termination.
- The Office of Business and Finance performed two reviews of payroll certifications and concluded that nine departments/vice president (VP) units out of 46 department/VP units tested needed to improve procedures to have valid certifications or did not complete the certification.
- One user profile was identified with having the ability to enter and approve time. Granting users the ability to perform all aspects of time reporting can potentially lead to the processing of unauthorized or fraudulent transactions. In addition, the lack of row-level security increases the risks associated with the excessive access rights, as not only do the individuals have access to sensitive functions within their respective department, they have access to all departments within the University.
- Twenty-four user profiles were identified as having access to HR and payroll functionality. Granting numerous users the ability to perform HR and Payroll functions can potentially lead to the processing of unauthorized or fraudulent transactions. In addition, the lack of row-level security increases the risks associated with the excessive access rights, as not only do the individuals have access to sensitive functions within their respective department, they have access to all departments within the University.

Manual controls implemented to mitigate systematic concerns are difficult to monitor for consistency and effectiveness. In addition, the University operates in a decentralized environment with varying complexities and size of departments processing payroll, in an often cumbersome and time-consuming process. Fundamentally, the University relies on the knowledge and diligence of the department-level payroll personnel to ensure that payroll is processed correctly.

**Effect** — The inconsistent internal control structure could lead to the misuse of federal funds.

**Question Cost** — N/A

**Recommendation** — In order to effectively assess how to enhance the control environment or simplify the process without jeopardizing key components of the internal control structure, the University should perform an assessment of the entire payroll process. This assessment should comprise complete documentation of the payroll process including mapping of all manual and systematic controls that exist in and outside of the current PeopleSoft HRMS system. Since the current system has been so highly customized, upgrades are very complex and inherent systematic controls are not activated. A comprehensive understanding of the customized payroll process will enable better decision-making capabilities in determining process changes for either efficiencies, increased consistent sustainable process implementation across the University, or future system upgrades/redesign.

**Views of Responsible Officials** — As noted in the observation above, University management has taken a number of steps to improve payroll controls, including the development of checklists, a payroll certification process, and quarterly departmental control assessments. In addition, Deans and their Senior Fiscal Officers are required to assess payroll controls as part of the annual subcertification process, and payroll controls are a primary area of focus in departmental internal audits.

No instances of inappropriate payroll charges to federally funded grants and contracts have been identified. Further, there have been no significant financial misstatements associated with payroll expenditures. Based on an Internal Audit payroll analysis issued in July 2010, the annual total for overpayments is approximately \$215,000, the majority of which is recovered by the University. This represents less than 0.02% of the University's annual wage base of \$1.8 billion. The 24 individuals identified as having access to human resource and payroll functionality are Central Payroll and Office of the Chief Information Officer (OCIO) staff, whose essential job functions require this level of access to resolve system issues. Preventive controls have been put in place to monitor their transactions.

University management takes these audit findings very seriously and will continue to take additional steps to improve its payroll controls. Flowcharts of the payroll business process have been developed, which will serve as starting points for a more comprehensive review as part of the Quarters-to-Semesters conversion project. The results of this analysis and conversion-related system testing will be critical to the University's planning for the next payroll system upgrade, which is anticipated to occur in fiscal year 2014 to fiscal year 2015.

In the near term, the University is also moving forward on the following initiatives:

- e-HR Action Request Project — This project will provide simple entry and approval systems for departmental staff, which will allow colleges and VP units to move PeopleSoft entry and approval work to central processing units, also known as service centers. This effort will significantly reduce the number of users in the PeopleSoft system, reducing risks associated with excessive system access. Deployment of the e-HR Action Request is scheduled for Spring Quarter 2011.
- e-Time and Leave Project — This project will replace paper timesheets for units not utilizing an electronic time collection system and will reduce the number of "timekeepers and approvers" with access to PeopleSoft. All approved time will interface directly to PeopleSoft, and unapproved time will not be paid. This new process will eliminate the "autosys" time approval functionality that has raised audit concerns in the past. In conjunction with this project, the payroll checklist is being revised to more clearly distinguish between recommended review steps and required sign-offs by the units. Implementation of e-Time and Leave is scheduled to begin in January 2011.

- Development of a Payroll Administration Policy — A Payroll Administrative Policy will be developed to clarify the roles and responsibilities of Central Payroll and departmental payroll system users. This general policy will augment the current Payroll Processing Guidelines. Target date for the draft policy is June 30, 2011.
- Formalization of Overpayment Correction Process — Payroll is working to formalize the University's process for notification, collection, and reallocation of funds to ensure that overpayments are resolved in a more timely manner. The target date for a draft set of process changes is June 30, 2011.

#### **10-4 Health System - AS/400 and Mainframe — Programmer Access**

**Criteria** — OMB Circular A-133 defines internal control as it relates to the compliance requirement of Federal Programs as a “process effected by an entity’s management and other personnel designed to provide reasonable assurance regarding the achievement of the following objectives for Federal Programs: (1) Transactions are properly recorded and accounted for to: (i) Permit the preparation of reliable financial statements and Federal reports; (ii) Maintain accountability over assets; and (iii) Demonstrate compliance with laws, regulations, and other compliance requirements.”

**Observation** — The following observations were noted:

- Programmers have access to modify the Siemens job scheduler
- Programmers have access to the Mainframe to modify Siemens code and/or data directly within the production environment

Programmers having access to production and related programs and source code constitutes an inadequate segregation of duties (SOD). The risk of unauthorized changes to system resources in production increases significantly without an adequate SOD in place.

**Effect** — The risk of unauthorized changes to system resources in production increases significantly without an adequate SOD in place.

**Questioned Cost** — N/A

**Recommendation** — We continue to recommend that Management consider reviewing the current security settings and further limiting programmers’ update access to production and related programs and source code. If this is not a feasible recommendation, it is recommended that Management consider implementing a procedure to review all programs, source code, and data changes for appropriateness, once they have been migrated to production.

**Views of Responsible Officials** — Going forward, the Health System will address the issue with programmer access with the implementation of the new EPIC system in 2011.

#### **10-5 Health System - Application Support**

**Criteria** — OMB Circular A-133 defines internal control as it relates to the compliance requirement of Federal Programs as a “process effected by an entity’s management and other personnel designed to provide reasonable assurance regarding the achievement of the following objectives for Federal Programs: (1) Transactions are properly recorded and accounted for to: (i) Permit the preparation of reliable financial statements and Federal reports; (ii) Maintain accountability over assets; and (iii) Demonstrate compliance with laws, regulations, and other compliance requirements.”



**Observation**— The following observations were noted:

- A system-generated listing is not available for all of the changes administered to the Siemens application and related database. Therefore, Deloitte & Touche LLP could not determine the total population of changes administered during the fiscal year.
- There is no evidence of Management's approval of change requests prior to the testing/development of the changes. However, for any changes to systems impacting financial data, they should be classified as "manager approved," so that managers sign off on testing and development plans and changes, prior to them taking place.
- From testing the quarterly review of self-approved changes, it was noted that only five out of 11 managers initially contacted for the appropriateness of changes had replied back to the Change Manager, who conducted the actual review; there was no follow-up performed on those lack of responses.

Change controls are necessary to protect the integrity of application systems. Without strong controls over system maintenance and implementation, the risk of implementing new software or changes to existing software that do not meet the needs of the organization increases. In addition, there is a risk of unauthorized changes being implemented into production.

Procedures for change management should include: documentation of the request, description of testing procedures, documentation of testing results, and user acceptance sign-off and approval of the modification, before moving a change into production.

**Effect** — Without strong controls over system maintenance and implementation, the risk of implementing new software or changes to existing software that do not meet the needs of the organization increases. In addition, there is a risk of unauthorized changes being implemented into production.

**Questioned Cost** — N/A

**Recommendation** — We continue to recommend that Management consider process improvements to assist in providing reasonable assurance that a change control process, including formal documentation of approvals and quarterly audits, is adhered to for application system support. It is recommended that management retain change management documentation in accordance with this process. Also, management should consider options for the configuration of system functionality to systematically track changes administered to financial applications and related databases.

**Views of Responsible Officials** — We agree that documentation and audits are important to ensure the change process. We will address issues of change documentation retention and quarterly auditing within our change management process. The Health System IT is implementing a configuration management system within the next year that may solve some of the issues.

Responses to specific comments:

- A system-generated listing is not available for all of the changes administered to the Siemens application and related database. Therefore, Deloitte & Touche LLP could not determine the total population of changes administered during the fiscal year.
  - o Although we have a change management process, we do not own change management software. A system-generated list will not be available for EPIC (IHIS) either. However, there is a tighter change control process for IHIS, which tracks changes from idea

inception to implementation. Going forward with IHIS, we believe a list of changes will be available, but it will not be system-generated.

- There is no evidence of Management's approval of change requests prior to the testing/development of the changes. However, for any changes to systems impacting financial data, they should be classified as "manager approved," so that managers sign off on testing, development plans, and changes, prior to them taking place.
  - o There is a tighter change control process for IHIS, which tracks changes from idea inception to implementation. Going forward with IHIS, we believe this is addressed.
- From testing the quarterly review of self-approved changes, it was noted that only five out of 11 managers initially contacted for the appropriateness of changes had replied back to the Change Manager, who conducted the actual review; there was no follow-up performed on those lack of responses.
  - o As with the previous two comments, we believe that the tighter change control process for IHIS will address this issue.

#### **10-6 Health System - AS/400 and Mainframe — Security Logging/Monitoring and Access Reviews**

**Criteria** — OMB Circular A-133 defines internal control as it relates to the compliance requirement of Federal Programs as a "process effected by an entity's management and other personnel designed to provide reasonable assurance regarding the achievement of the following objectives for Federal Programs: (1) Transactions are properly recorded and accounted for to: (i) Permit the preparation of reliable financial statements and Federal reports; (ii) Maintain accountability over assets; and (iii) Demonstrate compliance with laws, regulations, and other compliance requirements."

**Observation** — Based on the results of audit procedures performed in the current and prior-year reviews, it was noted that there is not a periodic review of users' access for the AS/400 and Mainframe systems; however, procedures have been developed and documented for review of Siemens, Kronos, and RACF accounts.

Reviews should ordinarily occur on a continuous basis, to ensure that controls and rules are consistently applied, and to provide a secure environment on a day-to-day basis. Senior personnel should monitor access privileges to software libraries, utilities and sensitive functions, data, and applications, based on access rules agreed upon by application owners, and then report back on their acceptability. Unacceptable access rights should ordinarily be revoked after consultation with the relevant application owner. Without effective reviews, there will be no assurance that user access privileges remain appropriate, or that logical security is effective. Additionally, potential threats and misuse may not be detected on a timely basis.

**Effect** — Without effective reviews, there will be no assurance that user access privileges remain appropriate, or that logical security is effective. Additionally, potential threats and misuse may not be detected on a timely basis.

**Questioned Cost** — N/A

**Recommendation** — We continue to recommend that Management implement a procedure to review user access on a periodic basis.

**Views of Responsible Officials**— We agree with the recommendation and will implement periodic user access reviews for timekeeping and the mainframe during the next calendar year.

Responses to comments above:

- Access is removed from Timekeeping, RACF, Siemens, and IHIS based on termination. Going forward, we will document and implement periodic reviews of access for active employees by management and application owners to the timekeeping and clinical systems, including AS/400, Mainframe (RACF and Siemens), and IHIS (EPIC).
- As suggested above, Information Security will work with management and application owners to determine if access is appropriate and to remove unnecessary access.

See additional comment regarding Kronos from the PeopleSoft Team:

As detailed during the audit process, Kronos security is reviewed and maintained on a daily basis through a documented process. Once an employee has attended a Kronos training class, they can be selected in Manager Self-Service (access is limited to the defined administrator, director, and contact for each department by Finance's Cost Center Authorization List) as being an editor or approver (or one of two backups for either) for a given department.

On a daily basis, the PeopleSoft Applications team runs an audit that compares data in Manager Self-Service (which is part of the PeopleSoft HR system) and the accounts that are established in Kronos. That produces a listing of new account requests and updates to existing access (if there is no matching value in Kronos for what is entered in Manager Self-Service) as well as any deletions that need to be made. Once the requested change is made, e-mails detailing the change are sent to impacted user and also the Human Resources (HR) Payroll team.

If an employee terminates employment, we are notified by an automated job (that runs on a weekly basis) and all of their access is removed to Kronos. Also, when a department deletes a user from a role in Manager Self Service, we investigate to see if it is related to a job or role change in PeopleSoft HR. If we see they have terminated or transferred to a different department, we remove their access. Once access is removed, an e-mail is sent to the administrator, director, and contact for each department to advise the account was deleted and also remind them to select a replacement for that role in Kronos.

If a contract employee requires access to Kronos, they are first approved by HR and then enrolled into a training class. Since they cannot be maintained in Manager Self Service (since they do not have job data that is maintained in PeopleSoft), the department is required to submit an account request form, which is also approved by HR. The forms are then submitted to the PeopleSoft Applications Team (who also stores the forms) and the account is created. Departments are also required to list an expiration date for the account on the form and the PeopleSoft Team is able to query and identify when those accounts are due to require.

A copy of our documented process as well as evidence (request in Manager Self Service, update in Kronos, and their corresponding e-mails) related to a new account, account modification, and a deleted account were provided during the audit.

## **10-7 Health System - Security Administration Procedures**

**Criteria** — OMB Circular A-133 defines internal control as it relates to the compliance requirement of Federal Programs as a "process effected by an entity's management and other personnel designed to

provide reasonable assurance regarding the achievement of the following objectives for Federal Programs: (1) Transactions are properly recorded and accounted for to: (i) Permit the preparation of reliable financial statements and Federal reports; (ii) Maintain accountability over assets; and (iii) Demonstrate compliance with laws, regulations, and other compliance requirements.”

**Observation**— Based on the results of audit procedures performed in current and prior years, the following concerns were noted in relation to security administration protocols:

- In the current year, significant progress was made to implement an automated process to provision and de-provision access specifically related to contractor accounts. This is an ongoing effort to be implemented in phases.
  - o Information Security implemented a required expiration field on eHelpDesk requests for nonhospital employees (which would include vendors and contractors). Unless specified, the account duration will be set for one year. Information Security operators are supposed to manually update all relevant systems with the account expiration date. Also, these accounts follow the global password change policy of 90 days.
  - o A contractor account is removed when an original requestor notifies Information Security either via a phone or a request form.
  - o A query is in the process of being designed that will allow removal of terminated contractors based on badge information from Hospital Security.
- Due to system limitations with time/date stamp, a system-generated report of new Kronos user accounts could not be obtained during the period in review. Therefore, Deloitte & Touche LLP could not determine the total population of changes administered in the fiscal year.
- In general, access is being assigned by roles; however, Management does not have to approve all the levels of access that are being assigned by the defined roles. Information Security Access Management has worked with ED&R to start the development of a detailed role-based access matrix for RNs, PCAs, and UCAs. Basic role-based access exists for physicians, RNs, PCAs, UCAs, and other roles within the Siemens system. Projected completion for all roles to be defined is June 30, 2011.
- There is not a formalized procedure in place for ensuring transferred employees' access is appropriately modified to reflect their changes in job functions. Going forward, this process will follow the established process for administering access for new hires, but it was not operation by June 30, 2010. In addition, there is currently no automated report available from the system to track employee transfers.

Procedures should be in place to provide reasonable assurance that only appropriate users are established with access to application systems. Where access privileges are not established effectively, data integrity, confidentiality, and availability may be compromised through intentional or unintentional errors. Formal procedures and roles/responsibilities should be in place to provide reasonable assurance that security administrators modify, disable, and/or remove employees from the systems in a timely manner. Without effective and timely modification and/or removal of transferred and/or terminated employees, there will be no assurance that user access privileges remain appropriate, or that logical security is effective. Additionally, potential threats and misuse may not be noted timely.

**Effect** — Without effective and timely modification and/or removal of transferred and/or terminated employees, there will be no assurance that user access privileges remain appropriate, or that logical security is effective. Additionally, potential threats and misuse may not be noted timely.

**Questioned Cost** — N/A

**Recommendation** — We continue to recommend that Management consider formalizing security administration procedures and move forward with the implementation of new software for account provisioning to ascertain that accounts for new hires are setup appropriately, access for transferred employees is updated accordingly, and that employee terminations are deactivated and removed from systems in a timely manner.

**Views of Responsible Officials** — We agree with the recommendations and will move forward to continue to improve our account setup procedures. Efforts are already underway to use our IDM system to set up accounts based on roles. We will also continue to work as an organization to ensure that system administrators have proper access to termination information so that terminated employees can be removed promptly from their systems.

Responses to specific comments:

- Due to system limitations with time/date stamp, a system-generated report of new Kronos user accounts could not be obtained during the period in review. Therefore, Deloitte & Touche LLP could not determine the total population of changes administered in the fiscal year.
  - o While we cannot provide a system-generated list of when accounts were created, we do maintain a spreadsheet of the accounts that are created. We track the creation date, employee name, user id, role (editor or approver), along with the department(s) that is being added or deleted from their access. This spreadsheet is updated on a daily basis as we maintain accounts. Additional information, such as who requested the account access (which is done through Manager Self Service) can be queried at anytime from PeopleSoft, which is the source.
  - o Also, at the time of the audit, we were a couple of weeks post go-live from our application upgrade and all of the accounts were new since we required all users to have a designated role (set in Manager Self Service, by an administrator, director, or contact for that department) and also attend training. No security or user accounts were carried over from the previous version of Kronos.
- In general, access is being assigned by roles; however, Management does not have to approve all the levels of access that are being assigned by the defined roles. Information Security Access Management has worked with ED&R to start the development of a detailed role-based access matrix for RNs, PCAs, and UCAs. Basic role-based access exists for physicians, RNs, PCAs, UCAs, and other roles within the Siemens system. Projected completion for all roles to be defined is June 30, 2011.
  - o This is an ongoing effort. Access for clinical roles is currently being defined for IHIS – that access should be reviewed and approved by Medical Information Management, the Privacy Office, Information Security as well as applications managers.
- There is not a formalized procedure in place for ensuring transferred employees' access is appropriately modified to reflect their changes in job functions. Going forward, this process will

follow the established process for administering access for new hires, but it was not operational by June 30, 2010. In addition, there is currently no automated report available from the system to track employee transfers.

- o The automated report has been operational since May 21, 2010. We intend to move forward to automate the transfer process using IDM. There is an existing formal process where the hiring manager fills out an online request form for the transferring employee, which enables the access to be updated appropriately. In many cases, managers do not submit forms.

### **10-8 Health System - Mainframe (Siemens), AS/400, and Windows — Security Weaknesses**

**Criteria** — OMB Circular A-133 defines internal control as it relates to the compliance requirement of Federal Programs as a “process effected by an entity’s management and other personnel designed to provide reasonable assurance regarding the achievement of the following objectives for Federal Programs: (1) Transactions are properly recorded and accounted for to: (i) Permit the preparation of reliable financial statements and Federal reports; (ii) Maintain accountability over assets; and (iii) Demonstrate compliance with laws, regulations, and other compliance requirements.”

**Observation** — Based on the results of audit procedures performed in the current and prior-year reviews, the following issues were noted:

- A password complexity requirement is not in place for the Mainframe environment. The Siemens applications also have weak password/authentication requirements in place, which include the following:
  - o The minimum password length is one character.
  - o There is no complexity requirement in place.
  - o The change interval is a 90-day default, but there are people with longer intervals and some IDs with no expiration because they are used in running jobs.
  - o Password history is one. The user is only prevented from using the previous password when prompted to change passwords; however, an administrator is not bound by this limitation.
  - o Account lockout is set to three; however, there is no lockout period set, so a user can try to access the system again immediately.
- RACF-privileged access from the selected user attribute report appears excessive:
  - o Identified 94 user IDs with SPECIAL access. Twenty-two of 94 user IDs are set to SYSTEM (can administer ALL profiles) and 72 of 94 user IDs are set to GROUP (can reset passwords within restricted groups).
  - o Identified 33 user IDs with OPERATIONS access, which allows unlimited resource access. 19 of 33 user IDs are set to GROUP, and 14 of 33 user IDs are set to GROUP.

- o Identified five user IDs with AUDITOR access, set to SYSTEM, which allows access to activate auditing options and run security reports.
- o Identified 11 user IDs with SPECIAL and OPERATIONS access for the SYSTEM.

Forty-four of these 106 user accounts identified were deleted prior to year-end (June 30, 2010). In addition, as noted in prior years, there is a lack of logging in place to track activity performed by the above accounts.

- Two accounts (ROUS01 and WIL32) still with the default passwords on the iSeries (AS/400).
- For one account (Sharepointsetup) in the Domain Administrators group, knowledge of the password and access to log into this account could not be determined. Also, two accounts (SMSAdmin, EventArchiver) were noted by Management as no longer used. Therefore, accountability issues were noted.

In addition, the user accounts identified as having administrative access have passwords, which are set to never expire.

These exceptions increase the risk of both unauthorized and inappropriate changes to, or disclosure of, company information.

**Effect** — These exceptions increase the risk of both unauthorized and inappropriate changes to, or disclosure of, company information.

**Questioned Cost** — N/A

**Recommendation** — We recommend Management continue their plan to test and implement password Security for Siemens accounts in 2011. Management should also consider reviewing the security settings in place for the various processing environments and making appropriate modifications to further strengthen the internal control structure.

**Views of Responsible Officials** — Siemens will no longer be the primary inpatient system in October 2011.

Password security issues do not exist in IHIS because Active Directory (AD) is used for authentication. An effort is already underway to review the security settings for administrative accounts.

Responses to specific comments:

- A password complexity requirement is not in place for the Mainframe environment. The Siemens applications also have weak password/authentication requirements in place, which include the following:
  - o The minimum password length is one character.
  - o There is no complexity requirement in place.
  - o The change interval is a 90-day default, but there are people with longer intervals and some IDs with no expiration because they are used in running jobs.

- o Password history is one. The user is only prevented from using the previous password when prompted to change passwords; however, an administrator is not bound by this limitation.
- o Account lockout is set to three; however, there is no lockout period set, so a user can try to access the system again immediately.
- o IHIS uses AD and LDAP authentication; these issues will go away in IHIS, will not be addressed in Siemens; Big Bang October 15, 2011.
- RACF-privileged access from the Selected User Attribute Report appears excessive:
  - o Identified 94 user IDs with SPECIAL access. Twenty-two of 94 user IDs are set to SYSTEM (can administer ALL profiles) and 72 of 94 user IDs are set to GROUP (can reset passwords within restricted groups).
  - o Identified 33 user IDs with OPERATIONS access, which allows unlimited resource access. 19 of 33 user IDs are set to GROUP, and 14 of 33 user IDs are set to GROUP. Identified five user IDs with AUDITOR access, set to SYSTEM, which allows access to activate auditing options and run security reports.
  - o Identified 11 user IDs with SPECIAL and OPERATIONS access for the SYSTEM.
  - o The accounts noted were cleaned up where appropriate. Help desk staff must have the ability to reset passwords.

Forty-four of these 106 user accounts identified were deleted prior to year-end (June 30, 2010). In addition, as noted in prior years, there is a lack of logging in place to track activity performed by the above accounts.

- o This is being logged in a report that is generated daily.
- Two accounts (ROUS01 and WIL32) still have the default passwords on the iSeries (AS/400).
  - o Account ROUS01 has been disabled.
  - o Account WIL32 does not exist.
- For one account (Sharepointsetup) in the Domain Administrators group, knowledge of the password and access to log into this account could not be determined. Also, two accounts (SMSAdmin, EventArchiver) were noted by Management as no longer used. Therefore, accountability issues were noted.
  - o All the three accounts are removed from Domain Admins.

### **PART III — FEDERAL AWARD FINDING AND QUESTIONED COST SECTION**

#### **10-1 Asset Management**

For a complete version of this finding please refer to Part II — Financial Statement Finding Section.

**Grantor** — All programs, except the Student Financial Aid Cluster



**Sponsor Identification Number** — All programs, except the Student Financial Aid Cluster

**Criteria** — OMB Circular A-133 defines internal control as it relates to the compliance requirement of Federal Programs as a “process-effected by an entity’s management and other personnel -designed to provide reasonable assurance regarding the achievement of the following objectives for Federal Programs: (1) Transactions are properly recorded and accounted for to: (i) Permit the preparation of reliable financial statements and Federal reports; (ii) Maintain accountability over assets; and (iii) Demonstrate compliance with laws, regulations, and other compliance requirements.”

**Observation** — The University has \$923 million invested in movable equipment and furniture, with a net book value of \$339 million as of June 30, 2010. Proper stewardship of these assets is critical to the University, as they were purchased from numerous funding sources including federal, state, and private gifts, which may contain restrictions related to assets purchased with those funds. The total of capital equipment assets that were paid for in part or whole by federal grants and are assets attributable to research funding originally provided to the Office of Sponsored Programs through the Research and Development (R&D) Cluster totaled \$175 million and had a net book value of \$55 million as of June 30, 2010.

In order to test fixed assets for existence, we selected 40 assets within the R&D Cluster for observation, which are assets purchased with federal funds. Two assets with a net book value of \$1 million were improperly tagged and reported as fixed assets. In accordance with the grant agreement, the title to the assets belonged to a state agency. Two of the assets, with a net book value of \$749,000, could not be observed with certainty as the asset identification tags were not maintained. We did physically observe an asset matching the description in the location recorded in the system for these assets.

In testing of equipment within The Ohio State University Medical Center, we noted that two assets, which were selected for observation, could not be located with certainty as the asset identification tags were not attached to the assets. We did observe an asset matching the description in the location recorded in the system.

The University’s mitigating control for asset existence is the completion of an annual inventory certification (physical inventory and equipment review (PIER) reports) where the department/division certifies that all assets assigned to their department/division have been located. The University requires 100% completion of this process and monitors the submission to ensure compliance. If a department/division does not comply, the University will perform an independent physical observation.

**Effect** — The inadequate safeguarding of fixed assets could result in loss or theft of those assets.

**Question Cost** — N/A

**Recommendation** — We recommend that the University continue their efforts in education of importance of equipment control procedures, education of equipment coordinators, and enhancing the accountability of those charged with tracking equipment. Additionally, the University should consider reviewing the asset management policies and procedures to ensure departments understand their role in the asset stewardship process and are educated about the potential financial statement and compliance issues related to improper or incomplete asset recordkeeping.

**Views of Responsible Officials** — The Asset Management group has made major improvements over the past few years. Education and awareness efforts have increased significantly with the implementation of a new, targeted training course. The Asset Management training course is being moved on-line for better accessibility, and the scope is being expanded to incorporate significant policy content and best practice

principles and processes. An audit compliance coverage review and follow-up process has been put into place to ensure that, on an annual basis, every department is covered by either a PIER self-audit or a physical audit conducted by Asset Management. As a result of these enhanced and expanded follow-up processes, the compliance rate for submission of the PIER certification increased to a best-ever 99.9% in fiscal year 2010. The percentage of total capitalized assets covered in the physical audits increased to a best-ever 81% for fiscal year 2010. This level of coverage is substantially greater than the 50% of total assets that would be standard for one year of a two-year physical audit cycle.

Given the expansive, broad, and diverse nature of the University, movable equipment inventories are a continual challenge, and while much improvement has been made, there is a need for further improvements, for which we are constantly striving.

### **10-3 Payroll Controls**

For a complete version of this finding please refer to Part II — Financial Statement Finding Section.

**Grantor** — All programs, except the Student Financial Aid Cluster

**Sponsor Identification Number** — All programs, except the Student Financial Aid Cluster

**Criteria** — OMB Circular A-133 defines internal control as it relates to the compliance requirement of Federal Programs as a “process-effected by an entity’s management and other personnel-designed to provide reasonable assurance regarding the achievement of the following objectives for Federal Programs: (1) Transactions are properly recorded and accounted for to: (i) Permit the preparation of reliable financial statements and Federal reports; (ii) Maintain accountability over assets; and (iii) Demonstrate compliance with laws, regulations, and other compliance requirements.”

**Observation** — The University payroll internal control structure operates in a decentralized environment, with the majority of the responsibility surrounding the establishment and monitoring of the internal control environment residing at the individual college department. The University relies on the knowledge and diligence of the department level personnel to ensure that payroll is processed correctly. This creates an inconsistent application of controls and has the potential to cause financial misstatement without the appropriate entity-level controls being implemented.

**Effect** — The inconsistent internal control structure could lead to the misuse of federal funds.

**Question Cost** — N/A

**Recommendation** — In order to effectively assess how to enhance the control environment or simplify the process without jeopardizing key components of the internal control structure, the University should perform an assessment of the entire payroll process. This assessment should comprise complete documentation of the payroll process including mapping of all manual and systematic controls that exist in and outside of the current PeopleSoft HRMS system. Since the current system has been so highly customized, upgrades are very complex and inherent systematic controls are not activated. A comprehensive understanding of the customized payroll process will enable better decision-making capabilities in determining process changes for either efficiencies, increased consistent sustainable process implementation across the University, or future system upgrades/redesign.

**Views of Responsible Officials** — As noted in the observation above, University management has taken a number of steps to improve payroll controls, including the development of checklists, a payroll certification process, and quarterly departmental control assessments. In addition, Deans and their Senior

Fiscal Officers are required to assess payroll controls as part of the annual subcertification process, and payroll controls are a primary area of focus in departmental internal audits.

No instances of inappropriate payroll charges to federally funded grants and contracts have been identified. Further, there have been no significant financial misstatements associated with payroll expenditures. Based on an Internal Audit payroll analysis issued in July 2010, the annual total for overpayments is approximately \$215,000, the majority of which is recovered by the University. This represents less than 0.02% of the University's annual wage base of \$1.8 billion. The 24 individuals identified as having access to human resource and payroll functionality are Central Payroll and Office of the Chief Information Officer (OCIO) staff, whose essential job functions require this level of access to resolve system issues. Preventive controls have been put in place to monitor their transactions.

University management takes these audit findings very seriously and will continue to take additional steps to improve its payroll controls. Flowcharts of the payroll business process have been developed, which will serve as starting points for a more comprehensive review as part of the Quarters-to-Semesters conversion project. The results of this analysis and conversion-related system testing will be critical to the University's planning for the next payroll system upgrade, which is anticipated to occur in fiscal year 2014 to fiscal year 2015.

In the near term, the University is also moving forward on the following initiatives:

- e-HR Action Request Project — This project will provide simple entry and approval systems for departmental staff, which will allow colleges and VP units to move PeopleSoft entry and approval work to central processing units, also known as service centers. This effort will significantly reduce the number of users in the PeopleSoft system, reducing risks associated with excessive system access. Deployment of the e-HR Action Request is scheduled for Spring Quarter 2011.
- e-Time and Leave Project — This project will replace paper timesheets for units not utilizing an electronic time collection system and will reduce the number of “timekeepers and approvers” with access to PeopleSoft. All approved time will interface directly to PeopleSoft, and unapproved time will not be paid. This new process will eliminate the “autosys” time approval functionality that has raised audit concerns in the past. In conjunction with this project, the payroll checklist is being revised to more clearly distinguish between recommended review steps and required sign-offs by the units. Implementation of e-Time and Leave is scheduled to begin in January 2011.
- Development of a Payroll Administration Policy — A Payroll Administrative Policy will be developed to clarify the roles and responsibilities of Central Payroll and departmental payroll system users. This general policy will augment the current Payroll Processing Guidelines. Target date for the draft policy is June 30, 2011.
- Formalization of Overpayment Correction Process — Payroll is working to formalize the University's process for notification, collection, and reallocation of funds to ensure that overpayments are resolved in a more timely manner. The target date for a draft set of process changes is June 30, 2011.

## 10-9 University Oversight of Grants External of The Office of Sponsored Programs

CFDA	Grantor
10.202	USDA - Cooperation Forestry Research
10.207	USDA - Animal Health & Disease Research
10.303	USDA - Integrated Programs
10.558	USDA - Child and Adult Care Food Program
11.550	USDC - Public Telecomm Fac Flngg & Construct
17.151	USDL - Employee Benefits Security Admin
27.011	OPM - IPA Mobility Act
32.011	FCC - Comm Info & Assistance / Invest of Complaints
45.160	NEH - Faculty Research Abroad
47.074	NSF - Biological Sciences
64.011	VA - Veterans Outpatient Care
84.022A	USDE - Overseas Programs Abroad
84.042A	USDE - TRIO Student Support Services
84.170B	USDE - Javits Fellowships
84.215	USDE - Fund for the Improvement of Education
93.558	DHHS - Temporary Assistance for Needy Families
93.667	DHHS - Social Services Block Grant
93.710	DHHS - ARRA - Community Services Block Grant
10.025	Ohio Office of State Printing
10.475	Ohio Department of Agriculture
10.556	Ohio Department of Education
10.557	Ohio Department of Health
10.558	Ohio Department of Education
10.559	Ohio Department of Education
10.574	Ohio Department of Education
12.002	Ohio Office of State Printing
14.228	Ohio Department of Development
14.239	Ohio Department of Development
16.579	Supreme Court of Ohio and Ohio Judicial System
16.588	Ohio Department of Public Safety
16.593	Ohio Department of Public Safety
16.607	Ohio Department of Public Safety
16.609	Ohio Department of Public Safety
16.738	Ohio Department of Public Safety
16.744	Ohio Department of Public Safety
17.207	Ohio Department of Job and Family Services
17.225	Ohio Department of Job and Family Services
17.245	Ohio Department of Job and Family Services
17.258	Ohio Department of Job and Family Services
17.267	Ohio Board of Regents
66.001	Ohio Environmental Protection Agency
66.419	Ohio Environmental Protection Agency
66.700	Ohio Department of Agriculture
84.000	Ohio Department of Education
84.027	Ohio State School for the Blind
84.048	Ohio Department of Rehabilitation and Correction

**CFDA****Grantor**

84.126	Ohio Rehabilitation Services Commission
84.173	Ohio Department of Education
84.243	Ohio Board of Regents
84.282	Ohio Department of Education
84.318	Etech Ohio Commission
84.334	Ohio Board of Regents
84.367	Ohio State School for the Blind
93.006	Ohio Commission on Minority Health
93.069	Ohio Department of Health
93.110	Ohio Department of Health
93.118	Ohio Department of Health
93.136	Ohio Department of Health
93.217	Ohio Department of Health
93.268	Ohio Department of Health
93.283	Ohio Department of Health
93.558	Ohio Department of Job and Family Services
93.563	Ohio Department of Job and Family Services
93.568	Ohio Department of Job and Family Services
93.569	Ohio Department of Development
93.575	Ohio Department of Job and Family Services
93.617	Ohio Secretary of State
93.630	Ohio Department of Developmental Disabilities
93.643	Supreme Court of Ohio and Ohio Judicial System
93.645	Ohio Department of Job and Family Services
93.658	Ohio Department of Youth Services
93.667	Ohio Department of Job and Family Services
93.671	Ohio Department of Public Safety
93.768	Ohio Department of Education
93.887	Ohio Board of Regents
93.913	Ohio Department of Health
93.917	Ohio Department of Health
93.938	Ohio Department of Health
93.940	Ohio Department of Health
93.944	Ohio Department of Health
93.965	Ohio Department of Health
93.977	Ohio Department of Health
93.991	Ohio Department of Health
93.994	Ohio Department of Health
94.003	Ohio Department of Aging
94.007	Ohio Department of Aging
94.009	Ohio Department of Aging
96.001	Ohio Rehabilitation Services Commission
84.002A	Ohio Board of Regents
84.367A	Ohio Department of Education
84.386A	Etech Ohio Commission

**Criteria** —OMB Circular A-133 describes the non-Federal entity’s responsibilities for managing Federal assistance programs (§\_\_\_\_.300) and the auditor’s responsibility with respect to the scope of audit (§\_\_\_\_.500).

**Finding** — The University administers federal grants that are separate from the Office of Sponsored Programs. These grants are administered by many different departments and individuals across the University. Unless the department or individual has established their own process, the University does not have controls or procedures in place to ensure that the administrators of these grants are aware of the federal requirements. Further, there is no monitoring or oversight of these various grant administrators by the University.

**Effect** — Federal funds could be improperly administered.

**Questioned Cost** — N/A

**Recommendation** — The University should implement central monitoring and controls to make sure those managing University grants, which are not under the Office of Sponsored Programs, understand the compliance requirements. Additionally, the University should provide formal, mandatory A-133 compliance training for those individuals who administer grants that are not under the Office of Sponsored Programs.

**Views of Responsible Officials** — Currently, the bulk of federal funds flow through four areas: the Office of Student Financial Aid, the Office of Sponsored Programs, the Office of Business & Finance and the Ohio Agricultural Research and Development Center, with relatively small amounts administered outside of these areas. However, we concur with the recommendation and will take steps to either centralize the administration of these grants or require mandatory OMB Circular A-133 compliance training for those areas that retain administrative control over federal funds.

### **10-10 Compliance with Grant Reporting Requirements — Airport Improvement Program**

**Grantor** — Department of Transportation, CFDA # 20.106

**Sponsor Identification Number** — Funding for the year ended June 30, 2010 for grant numbers 3-39-0027-2207, 3-39-0027-2307, 3-39-0027-2408, and 3-39-0027-2608

**Project Number** — N/A

**Criteria** — The OMB Circular A-133 *Compliance Supplement* Part 4, Airport Improvement Program, requires grantees to submit the SF-425 Federal Financial Report to Federal Aviation Administration.

Quarterly and semi-annual interim reports shall be submitted no later than 30 days after the end of the reporting period. Annual reports shall be submitted no later than 90 days after the end of the reporting period. Final reports shall be submitted no later than 90 days after the project or grant period-end date.

**Finding** — The administrators of the Airport Improvement Program were not aware of the requirement for submission of the SF-425 Federal Financial Report.

**Effect** — Noncompliance with reporting requirements could result in inappropriate use of federal funds and insufficient oversight of programs.

**Questioned Cost** — N/A

**Recommendations** — The Airport Administrators should ensure that this reporting requirement is met by requesting the SF-425 template from their District Airport Project Manager and develop internal control procedures to ensure the report is submitted in accordance with the rules and regulations of the program.

**Views of Responsible Officials** — The University has established procedures to ensure that the SF-425 will be issued on a timely basis.

## 10-11 Subrecipient Award Identification

**Grantor** — Celgene Corporation

**Sponsor Identification Number** — 10012174

**Project Number** — 60014591

**Criteria** — OMB Circular A-133 *Compliance Supplement*, Part 3 states that at the time of the award, the pass through entity is required to provide to the subrecipient the Federal award information (i.e., CFDA title and number, award name and number, if the award is research and development, and name of Federal awarding agency) and applicable compliance requirements.

**Observations** — The University did not communicate the sponsor's award number and the CFDA number to one subrecipient from a sample of 40 subrecipient agreements.

**Effect** — The subrecipient could potentially be unaware of the specific award their subaward relates to which could lead to improper reporting of subaward activity and/or improper classification of the subaward on their schedule of federal awards.

**Questioned Cost** — N/A

**Recommendation** — Subaward agreements should be reviewed to ensure that all necessary award identification information is communicated to the subaward recipient.

**View of Responsible Officials** — We agree and will monitor our controls to ensure they are functioning as designed.

## 10-12 Subrecipient Monitoring

**Grantor** — All grants in the Research and Development Cluster

**Sponsor Identification Number** — All grants in the Research and Development Cluster

**Criteria** — The OMB Circular A-133 *Compliance Supplement* Part 3, states that a pass-through entity is responsible for:

1. Ensuring that subrecipients expending \$500,000 or more in Federal awards during the subrecipient's fiscal year for fiscal years ending after December 31, 2003 as provided in OMB Circular A-133 have met the audit requirements of OMB Circular A-133 (the circular is available on the Internet at <http://www.whitehouse.gov/omb/circulars/a133/a133.html>) and that the required audits are completed within 9 months of the end of the subrecipient's audit period;
2. Issuing a management decision on audit findings within 6 months after receipt of the subrecipient's audit report; and
3. Ensuring that the subrecipient takes timely and appropriate corrective action on all audit findings. In cases of continued inability or unwillingness of a subrecipient to have the required audits, the pass-through entity shall take appropriate action using sanctions.

**Observations** — Four subrecipients reported material noncompliance issues and/or reportable conditions in their most recent OMB Circular A-133 Compliance audit report out of a sample of 40 subrecipients. The University stated they reviewed the findings and followed up on any that had an impact on the University. However, there is no documentation of the review of the findings or the follow-up.

**Effect** — It is possible that a subrecipient’s noncompliance issue could impact awards on which the University is the prime recipient.

**Questioned Cost** — N/A

**Recommendation** — The University should officially document their review and follow-up of all subrecipient noncompliance issues.

**View of Responsible Officials** — We agree. For all four samples, we provided signed subrecipient compliance letters and copies of the subrecipient findings. The three samples mentioned above did not have an impact on the University. In the future, on the front of the cover letters, we will note the actions taken to determine that there was no impact on The Ohio State University.

**10-13 Cost Share Recording**

Grantor	Sponsor Identification Number	Project Number
NSF Div Elect, Comm, & CyberSystems	35000305	60023335
National Cancer Institute	64000002	60025904
NSF Engineering	35000300	60013631
University of Wisconsin	22000006	60015823
Nat Inst Disability & Rehabilitation Res	53050300	60012906
NSF Div Graduate Educ & Res Development	40060000	744110
NSF Div Materials Research	35000504	60018554

**Criteria** — OMB Circular A-110 defines internal control as it relates to the compliance requirement of Federal Programs as “a process-effected by an entity’s management and other personnel -designed to provide reasonable assurance regarding the achievement of the following objectives for Federal programs: (1) Transactions are properly recorded and accounted for to: (i) permit the preparation of reliable financial statements and Federal reports; (ii) Maintain accountability over assets; and (iii) Demonstrate compliance with law, regulations, and other compliance requirements.”

**Observation** — During testing of the 40 projects with cost sharing requirements, the following findings were noted:

- a. For one project (60023335 - NSF DIV Elect, Comm & CyberSystems), all of the cost share expense was not properly posting in PeopleSoft. This was the result of a coding error that led to tuition and fees not posting to cost share expense in the system.
- b. For one project (60025904 - National Cancer Institute) with required cost share, there was no mention of this requirement in the “Billings Options” page of PeopleSoft.
- c. For three projects (60013631 - NSF Engineering, 60015823- University of Wisconsin, and 60012906- Nat Institute Disability & Rehabilitation Res), the cost share budget entered into PeopleSoft did not accurately reflect the actual cost share budget per the sponsor-approved award budget(s).



- d. For two projects (744110 - NSF Graduate Educ & Res Development and 60018554 - NSF Div Materials Research), the total cost contribution requirements were properly recorded in PeopleSoft as budgeted cost share but the actual costs were not being tracked properly in PeopleSoft.

**Effect** — If cost share amounts are not being accurately input or reviewed there is a risk that the cost share will not be met or appropriately reported to the sponsor.

Questioned Cost — N/A

**Recommendation** — Cost share budgets should be reviewed to ensure they agree with sponsor requirements. This review should also verify that the award is flagged as having a cost share reporting requirement in Peoplesoft. Cost share expense progress should be monitored throughout the life of the project to ensure that cost share expenses are properly posting to the project.

**View of Responsible Officials** — We agree and are improving our processes in this area, including increasing staff and campus community training.

#### PART IV — SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Number	Finding	Status	Contact
09-1	Treatment of Unapplied Accounts Receivable	Corrected	Greta Russell, Controller
09-2	AS/400 and Mainframe - Programmer Access	Corrected	Greta Russell, Controller
09-3	AS/400 and Mainframe - Application Support and Security Administration	Corrected	Greta Russell, Controller
09-4	Swap Valuation	Corrected	Greta Russell, Controller
09-5	Payroll Controls	Repeated as finding 10-3	Greta Russell, Controller
09-6	Compilation of Schedule of Expenditures of Federal Awards	Corrected	Greta Russell, Controller
09-7	University Oversight of Grants external to the Research Foundation	Repeated as finding 10-9	Greta Russell, Controller
09-8	Suspension and Debarment - Hatch	Corrected	Greta Russell, Controller
09-9	Compliance with Grant Reporting Requirements - Progress Report Submission -	Corrected	Greta Russell, Controller
09-10	Subrecipient Monitoring - Hatch	Corrected	Greta Russell, Controller
09-11	Payroll Cutoff	Corrected	Greta Russell, Controller
09-12	Cost Share Calculation & Reporting	Repeated as finding 10-	Greta Russell, Controller

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# *The Ohio State University*

*Independent Accountants' Report 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, 2010*



**INDEPENDENT ACCOUNTANTS' REPORT ON AGREED-UPON PROCEDURES  
PERFORMED ON THE INTERCOLLEGIATE ATHLETIC DEPARTMENT AS  
REQUIRED BY NCAA BYLAW 3.2.4.16**

E. Gordon Gee, President  
The Ohio State University

We have performed the procedures below, which were agreed to by the administration of The Ohio State University (the "University"), with respect to the accounting records of the University as of June 30, 2010, solely to assist you in evaluating whether the accompanying statement of revenues and expenditures ("statement") is in compliance with the National Collegiate Athletic Association's (the "NCAA") Bylaw 3.2.4.16 for the year ended June 30, 2010. The Ohio State University's management 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 the procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

**Agreed-Upon Procedures Related to the Statement of Revenues and Expenditures**

The procedures that we performed are as follows:

We obtained the statement, as prepared by the administration of the University, which is included as Exhibit A. We agreed the statement to the University's general ledger on a test basis. For all revenue and expense categories, we performed the following:

- We compared and agreed, on a test basis, each operating revenue and expense category reported in the statement during the reporting period to supporting schedules provided by the administration of the University. No exceptions were noted.
- We compared and agreed a sample of operating revenue receipts and expenses obtained from the operating revenues and expenses supporting schedules to supporting documentation provided by the administration of the University. No exceptions were noted.
- We compared each major revenue and expense account to prior period amounts and budget estimates provided by the administration of the University. No exceptions were noted. We obtained and documented an understanding of any significant variations on a test basis.

## ***Operating Revenues***

*Ticket Sales*– We compared, on a test basis, tickets sold during the reporting period, complimentary tickets provided during the reporting period, and unsold tickets to the related revenues reported by the University in the statement and the related attendance figures. We recalculated totals. No exceptions were noted.

*Away Game Sales and Guarantees*– We selected a sample of settlement reports for away games during the reporting period and agreed each selection to the University’s general ledger and/or the statement. We selected a sample of contractual agreements pertaining to revenues derived from guaranteed contests during the reporting period and compared and agreed each selection to the University’s general ledger and/or the statement. We recalculated totals. No exceptions were noted.

*Contributions*– On a test basis, we obtained and reviewed supporting documentation for contributions of moneys, goods, or services received directly by the intercollegiate athletics program from any affiliated or outside organization, agency, or group of individuals not included (e.g., contributions by corporate sponsors) that constituted 10% or more of all contributions received for intercollegiate athletics during the reporting periods. No exceptions were noted.

*Third-Party Support*– We obtained a summary of cash balances for affiliated and outside organizations, selected a sample of funds, and compared and agreed each selection to supporting documentation, the University’s general ledger, and/or the summary. No exceptions were noted.

*NCAA/Conference Distributions Including All tournaments*– We obtained and inspected agreements related to the University’s NCAA and conference distributions received during the reporting period to gain an understanding of the relevant terms and conditions. We compared and agreed the related revenues to the University’s general ledger and/or the statement on a test basis. We recalculated totals. No exceptions were noted.

*Broadcast, Television, Radio, and Internet Rights*– We obtained and inspected agreements related to the University’s participation revenues from broadcast, television, radio, and Internet rights to gain an understanding of the relevant terms and conditions. We compared and agreed related revenues to the University’s general ledger and/or the statement. We recalculated totals. No exceptions were noted.

*Program Sales, Concessions, Novelty Sales, and Parking*– We compared and agreed concession revenue reported in the statement during the reporting period to supporting schedules provided by the University. We compared and agreed related revenues to the University’s general ledger and/or the statement. We performed minimum agreed-upon procedures referenced for all revenue categories for program sales, novelty sales and parking revenues. We recalculated totals. No exceptions were noted.

*Royalties, Advertisements, and Sponsorships*– We obtained and inspected on a test basis agreements related to the University’s revenues from royalties, advertisements, and sponsorships during the reporting period to gain an understanding of the relevant terms and conditions. We compared and agreed the related revenues to the University’s general ledger and/or the statement on a test basis. We recalculated totals. No exceptions were noted.

*Sports-Camp Revenues*– We inspected sports-camp contracts between the University and persons conducting institutional sports-camps or clinics during the reporting period and obtained an understanding of the University’s methodology for recording revenues from sports-camps. We obtained schedules of camp participants. We selected a sample of individual camp participant cash receipts from the schedule of sports-camp participants and agreed each selection to the University’s general ledger and/or the statement. We recalculated totals. No exceptions were noted.

*Endowment and Investment Income*– We obtained and inspected endowment agreements to gain an understanding of the relevant terms and conditions. We obtained market values and recalculated totals. No exceptions noted.

*Other*- We performed minimum agreed-upon procedures referenced for all revenue categories and recalculated totals. No exceptions were noted.

### ***Operating Expenses***

*Athletic Student Aid*– We selected a sample of students from the listing of institutional student aid recipients during the reporting period. We obtained individual student account detail for each selection and compared total aid allocated from the related aid award letter to the student’s account. We recalculated totals. No exceptions were noted.

*Guarantees*– We obtained and inspected contractual agreements pertaining to expenses recorded by the University from guaranteed contests during the reporting period on a test basis. We compared and agreed related amounts expensed by the University to the University’s general ledger and/or the statement on a test basis. We recalculated totals. No exceptions were noted.

*Coaching Salaries, Benefits, and Bonuses Paid by the University and Related Entities*– We obtained and inspected a listing of coaches employed by the University and related entities during the reporting period. We selected a sample of coaches’ contracts that included football, and men’s and women’s basketball from this listing. We compared and agreed the financial terms and conditions of each selection to the related coaches’ salaries, benefits, and bonuses recorded by the University and related entities in the statement during the reporting period on a test basis. We obtained and inspected W-2’s or 1099’s to the related coaching salaries, benefits, and bonuses paid by the University and related entities expense recorded by the University in the statement during the reporting period on a test basis. We recalculated totals. No exceptions were noted.

*Coaching Other Compensation and Benefits Paid by a Third-Party-* We obtained and inspected a listing of coaches employed by third-parties during the reporting period. We compared and agreed the financial terms and conditions of each selection to the related coaching other compensation and benefits paid by a third-party. We obtained and inspected the Annual Outside Income and Employment Condition Forms for each selection. We noted the following exception:

**Although the University does obtain W-2 and 1099 documentation paid by third parties, that information has not been summarized and recorded in the University's Statement of Revenues and Expenditures.**

*Support Staff/Administrative Salaries, Benefits, and Bonuses Paid by the University and Related Entities-* We selected a sample of support staff/administrative personnel employed by the University and related entities during the reporting period. We obtained and inspected W-2's or 1099's for each selection. We compared and agreed related W-2's or 1099's to the related support staff/administrative salaries, benefits, and bonuses paid by the University and related entities expense recorded by the University in the statement during the reporting period on a test basis. We recalculated totals. No exceptions were noted.

*Support Staff/Administrative Other Compensation and Benefits Paid by a Third-Party-* We selected a sample of support staff/administrative personnel employed by the third parties during the reporting period. We obtained and inspected the Annual Outside Income and Employment Condition Forms for each selection. We noted the following exception:

**Although the University does obtain W-2 and 1099 documentation paid by third parties, that information has not been summarized and recorded in the University's Statement of Revenues and Expenditures.**

*Severance Payments-* We noted that there were no severance payments made during FY2010.

*Recruiting and Team Travel-* We obtained and documented an understanding of the University's recruiting and team travel expense policies. We compared and agreed to the existing University and NCAA related policies. No exceptions noted.

*Equipment, Uniforms and Supplies-* We performed minimum agreed-upon procedures referenced for all expense categories. We recalculated totals. No exceptions were noted.

*Game Expenses-* We performed minimum agreed-upon procedures referenced for all expense categories. We recalculated totals. No exceptions were noted.

*Fund Raising, Marketing and Promotion-* We performed minimum agreed-upon procedures referenced for all expense categories. We recalculated totals. No exceptions were noted.

*Sports Camp Expenses-* We performed minimum agreed-upon procedures referenced for all expense categories. We recalculated totals. No exceptions were noted.

*Direct Facilities, Maintenance and Rental-* We performed minimum agreed-upon procedures referenced for all expense categories. We recalculated totals. No exceptions were noted.

*Spirit Groups*- We performed minimum agreed-upon procedures referenced for all expense categories. We recalculated totals. No exceptions were noted.

*Indirect Facilities and Administrative Support*- We obtained and documented an understanding of the University's methodology for allocating indirect facilities support. We compared and agreed Indirect Facilities and Administrative Support reported by the University in the statement to the corresponding revenue category reported by the institution in the statement. We recalculated totals. No exceptions were noted.

*Medical Expenses and Medical Insurance*- We performed minimum agreed-upon procedures referenced for all expense categories. We recalculated totals. No exceptions were noted.

*Memberships and Dues*- We performed minimum agreed-upon procedures referenced for all expense categories. We recalculated totals. No exceptions were noted.

*Other Operating Expenses*- We performed minimum agreed-upon procedures referenced for all expense categories. We recalculated totals. No exceptions were noted.

### ***Capitalized Assets***

- We obtained a schedule of total intercollegiate athletics capitalized assets, additions, and improvements of facilities, and agreed on a test basis to the University's general ledger. No exceptions were noted.
- We obtained an understanding of the University policies and procedures for acquiring, approving, depreciating, and disposing of intercollegiate athletics related assets.
- On a test basis, we obtained and reviewed supporting documentation for significant capitalized additions that constituted 10% or more of all capitalized additions made by intercollegiate athletics during the reporting period. No exceptions were noted.

### ***Booster Organizations***

- We obtained from the management of The Ohio State University a list of outside organizations and their related financial activities for the year ended June 30, 2010, as they relate to the Intercollegiate Athletics Programs of the University. We agreed total revenues and expenses, or total cash receipts and disbursements, of all booster organizations for the year ended June 30, 2010, with amounts obtained from the official responsible for each respective booster organization. In addition, we performed procedures to determine whether proper reporting and monitoring procedures are in place and being followed.

**We noted the following exceptions:**



- **During fiscal year 2010, the financial activities of the booster organizations were only provided as part of the agreed-upon procedures examination process. The NCAA regulations require the University to exercise oversight of the activities of the booster organizations. Part of the oversight responsibility is to review the financial activities of the various organizations. Procedurally, the regulations specify that the booster organization report its financial activities to the University. The University is then responsible for accumulating and reporting the organization's financial activities. We understand that the Compliance Office of the Athletic Department has implemented procedures structured towards obtaining outside affiliated entity financial information. However, during 2010 the information was only obtained after the year had ended.**
- **We noted 2 of the 9 organizations were missing required membership compliance forms for many of their members based on their membership rosters. The Compliance Office requires that all group officers and members sign Certification of Compliance forms annually, certifying their compliance with NCAA, Big Ten Conference, and University policy and procedures. One additional organization was unable to provide membership compliance forms due to the forms being lost or misplaced during their organization's office relocation.**
- **We noted that 4 of the 9 organizations did not respond to our request to confirm the activities reported by them for the year and individual transaction activities selected for further review.**

### **Agreed-Upon Procedure Related to the Internal Control Over Compliance**

We have performed the procedures below, which were agreed to by the University, solely to assist in evaluating management's assertion about the effectiveness of the University's internal control over compliance. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the 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.

Because of inherent limitations in any internal control structure, errors or irregularities may occur and not be detected. Also, projections by the specified users of their evaluation of the internal control structure over financial reporting to future periods are subject to risk that the internal control structure may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our procedures and results are as follows:

- Certain inquiries were made of the Controller's Office and Intercollegiate Athletic Department personnel relating to the procedures and internal accounting controls unique to the Intercollegiate Athletic Department, specifically, departmental organization,

control consciousness of staff, use of internal auditors in the department, competency of personnel, adequate safeguarding and control of records and assets, and controls over interaction with the information technology department. No exceptions were noted.

We were not engaged to perform an audit, the objective of which would be the expression of an opinion, on the financial statements of the Intercollegiate Athletic Department of the University. Accordingly, we do not express such an opinion. Had we been engaged to perform additional procedures, other matters might have come to our attention that would have been reported to you. Nor were we engaged to perform an examination, the objective of which would be the expression of an opinion on management's assertion about the effectiveness of the internal control structure over financial reporting. Accordingly, we do not express such an opinion. Had we been engaged to perform additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of members of the audit committee, board of regents, administration of the University, or an authorized representative of the NCAA, and is not intended to be, and should not be, used by anyone other than these specified parties.

*Parms & Company, LLC*

December 22, 2010

**THE OHIO STATE UNIVERSITY INTERCOLLEGIATE ATHLETICS DEPARTMENT**

**EXHIBIT A**

STATEMENT OF REVENUES AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2010 (UNAUDITED)

	Football	Men's Basketball	Women's Basketball	Other Sports Men	Other Sports Women	Nonprogram Specific	Total
<b>Operating Revenues:</b>							
Ticket Sales	\$ 34,106,228	4,578,632	393,124	411,454	31,622	436,634	\$ 39,957,694
Post Season Event	3,900,497	3,027,246	-	-	-	-	6,927,743
Program Sales	-	-	-	-	-	2,438	2,438
Novelty Sales	-	-	-	-	-	1,662,886	1,662,886
Radio and T.V. Rights	10,974,489	5,889,026	-	-	-	-	16,863,515
Concessions	1,604,572	405,667	87,817	136,458	20,712	265,058	2,520,284
<b>Gifts:</b>							
Restricted	148,515	51,762	26,647	431,001	112,639	1,292,027	2,062,591
Grant-in-Aid	2,633,947	402,875	509,899	4,037,959	6,180,951	-	13,765,631
Parking	1,312,040	102,048	43,735	-	-	-	1,457,822
<b>Investment Income:</b>							
Unrestricted	-	-	-	-	-	271,399	271,399
<b>Endowment Income:</b>							
Restricted	-	-	-	-	-	-	-
Postage\Service Charges	-	-	-	-	-	1,051,969	1,051,969
Advertising	-	-	-	-	-	8,423,013	8,423,013
Entry Fees	-	-	-	285	2,685	2,796,626	2,799,596
Facility Rentals	-	-	-	-	-	295,493	295,493
Miscellaneous	89	319,163	149,875	156,035	7,842	3,230,109	3,863,113
Golf Course	-	-	-	-	-	3,858,660	3,858,660
Ice Rink	-	-	-	-	-	400,460	400,460
<b>Total Operating Revenues</b>	<b>54,680,377</b>	<b>14,776,419</b>	<b>1,211,097</b>	<b>5,173,192</b>	<b>6,356,451</b>	<b>23,986,772</b>	<b>106,184,307</b>
<b>Operating Expenditures:</b>							
Coaches' Salaries	4,141,417	1,438,660	1,198,771	3,198,096	3,029,892	11,690,467	24,697,303
Other Salaries	619,455	301,950	186,430	366,411	225,551	14,397,323	16,097,120
<b>Travel:</b>							
Team and other	2,459,145	495,184	414,949	1,406,236	1,361,523	508,982	6,646,019
Recruiting	298,461	152,981	71,626	228,578	269,483	1,738	1,022,867
Guarantees-net	3,898,025	(128,907)	149,803	41,841	10,184	39,336	4,010,282
Financial Aid	2,633,947	402,875	509,899	4,037,959	6,180,951	-	13,765,631
Maintenance\General	1,815,175	474,752	167,942	1,080,847	1,105,351	15,519,991	20,164,058
Equipment Purchases	72,966	3,013	-	34,126	84,597	708,899	903,601
Advertising	-	-	-	-	-	181,069	181,069
Insurance	-	-	-	-	-	64,499	64,499
Telephone	59,395	20,369	19,158	68,586	66,567	348,852	582,927
Food	562,878	55,014	29,088	95,133	144,048	748,113	1,634,274
Lodging	207,233	90	855	11,037	20,427	30,087	269,729
Indirect Overhead	-	-	-	-	-	5,375,323	5,375,323
Physical Facilities	-	-	-	-	-	430,105	430,105
<b>Total Operating Expenditures</b>	<b>16,768,097</b>	<b>3,215,981</b>	<b>2,748,521</b>	<b>10,568,850</b>	<b>12,498,574</b>	<b>50,044,784</b>	<b>95,844,807</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>\$ 37,912,280</b>	<b>11,560,438</b>	<b>(1,537,424)</b>	<b>(5,395,658)</b>	<b>(6,142,123)</b>	<b>(26,058,012)</b>	<b>\$ 10,339,500</b>

**THE OHIO STATE UNIVERSITY  
INTERCOLLEGIATE ATHLETIC DEPARTMENT**

NOTES TO STATEMENT OF REVENUES AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2010

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**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's) 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.

There were no individual contributions in excess of 10% of all contributions received for the Intercollegiate Athletic Department for the year ended June 30, 2010.

**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.

**THE OHIO STATE UNIVERSITY  
INTERCOLLEGIATE ATHLETIC DEPARTMENT**

NOTES TO STATEMENT OF REVENUES AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2010

**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 3 to 100 years.

	Balance June 30, 2009	Additions	Transfers In (Out)	Disposals	Balance June 30, 2010
Capital assets not being depreciated:					
Construction in progress	\$ <u>2,273,995</u>	<u>7,303,058</u>	<u>(2,630,597)</u>	-	\$ <u>6,946,456</u>
Total capital assets not being depreciated	2,273,995	7,303,058	(2,630,597)	-	6,946,456
Capital assets being depreciated:					
Buildings	322,073,718	1,798,889	-	-	323,872,607
Capital improvements	26,568,814	-	-	-	26,568,814
Machinery and equipment	<u>7,183,784</u>	<u>519,519</u>	<u>(988,408)</u>	<u>(277,365)</u>	<u>6,437,530</u>
Total capital assets being depreciated	<u>355,826,316</u>	<u>2,318,408</u>	<u>(908,408)</u>	<u>(277,365)</u>	<u>356,878,951</u>
Total capital assets	<u>358,100,311</u>	<u>9,621,466</u>	<u>(3,619,005)</u>	<u>(277,365)</u>	<u>363,825,407</u>
Less accumulated depreciation:					
Buildings	92,530,395	10,067,392	-	-	102,597,786
Capital improvements	10,077,066	1,261,356	-	-	11,338,422
Machinery and equipment	<u>4,664,799</u>	<u>346,180</u>	<u>(614,587)</u>	<u>(111,207)</u>	<u>4,285,085</u>
Total accumulated depreciation	<u>107,272,160</u>	<u>11,674,928</u>	<u>( 614,587)</u>	<u>(111,207)</u>	<u>118,221,294</u>
Total capital assets being depreciated, net	<u>248,554,156</u>	<u>(9,356,520)</u>	<u>(373,821)</u>	<u>(166,158)</u>	<u>238,657,657</u>
Capital assets - net	\$ <u>250,828,151</u>	<u>(2,053,462)</u>	<u>(3,004,418)</u>	<u>(166,158)</u>	\$ <u>245,604,113</u>

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# *The Ohio State University*

*Independent Accountants' Report on the  
Application of Agreed-Upon Procedures to  
Statements and Records of Booster Organizations'  
Expenditures for or on Behalf of the  
University's Department of Athletics for  
the Year Ended June 30, 2010*



**INDEPENDENT ACCOUNTANTS' REPORT ON  
THE APPLICATION OF AGREED-UPON PROCEDURES TO  
STATEMENTS AND RECORDS OF  
BOOSTER ORGANIZATIONS' EXPENDITURES  
FOR OR ON BEHALF OF THE UNIVERSITY DEPARTMENT OF ATHLETICS**

E. Gordon Gee, President  
The Ohio State University

We have performed the procedures below, which were agreed to by the administration of The Ohio State University (the "University"), with respect to the accounting records of the University and the related booster organizations, referred to below, in connection with activities of the Department of Athletics of the University. 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:

- A. We obtained a list of booster organizations and a schedule of receipts/revenues and disbursements/expenses (the "Schedule") for the year ended June 30, 2010, from the Director of Athletics. The Schedule is included as the Exhibit to this report.
- B. We agreed total revenues and expenditures or total cash receipts and cash disbursements of all booster organizations for the year ended June 30, 2010, listed on the Schedule with amounts obtained from the official responsible for each respective booster organization.
- C. We received a representation letter signed by the Director of Athletics and all of the head coaches that the booster organizations, as listed in the Exhibit, are the only booster organizations that support the Department of Athletics as defined in the National Collegiate Athletic Association ("NCAA") Financial Audit Guidelines.
- D. We obtained a summary of contributions to or in behalf of the Department of Athletics from the booster organizations and compared such summary to the revenues recorded in the University's accounting records. The in-kind contributions and donated goods or services were not recorded in the University's accounting records. It is an institutional policy not to reflect these contributions in the University's financial statements. The contributions reported by the booster groups were credited to the



applicable groups in The Ohio State University Development Fund's records in accordance with the University's and the Athletic Department's policies.

- E. The NCAA regulations require the University to exercise oversight of the activities of the booster organizations. Part of the oversight responsibility is to review the financial activities of the various organizations. Procedurally, the regulations specify that the booster organization report its financial activities to the University. The University is then responsible for accumulating and reporting the organization's financial activities.

**We noted the following exceptions:**

- **During fiscal year 2010, the financial activities of the booster organizations were only provided as part of the agreed-upon procedures examination process. The NCAA regulations require the University to exercise oversight of the activities of the booster organizations. Part of the oversight responsibility is to review the financial activities of the various organizations. Procedurally, the regulations specify that the booster organization report its financial activities to the University. The University is then responsible for accumulating and reporting the organization's financial activities. We understand that the Compliance Office of the Athletic Department has implemented procedures structured towards obtaining outside affiliated entity financial information. However, during 2010 the information was only obtained after the year had ended.**
- **We noted 2 of the 9 organizations were missing required membership compliance forms for many of their members based on their membership rosters. The Compliance Office requires that all group officers and members sign Certification of Compliance forms annually, certifying their compliance with NCAA, Big Ten Conference, and University policy and procedures. One additional organization was unable to provide membership compliance forms due to the forms being lost or misplaced during their organization's office relocation.**
- **We noted that 4 of the 9 organizations did not respond to our request to confirm the activities reported by them for the year and individual transaction activities selected for further review.**

We were not engaged to perform an audit, the objective of which would be the expression of an opinion on the accounts of the booster organizations or items referred to above. Accordingly, we do not express such an opinion. Had we been engaged to perform additional procedures, other matters might have come to our attention that would have been reported to you. Nor, were we engaged to perform an examination, the objectives of which would be the expression of an opinion on management's assertions about the effectiveness of the internal control structure over financial reporting. Accordingly, we

do not express such an opinion. Had we been engaged to perform additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of members of the audit committee, administration of the University, or an authorized representative of the NCAA, and is not intended to be and should not be used by anyone other than these specified parties.

*Parms & Company, LLC*

December 22, 2010

**THE OHIO STATE UNIVERSITY  
DEPARTMENT OF ATHLETICS**

**Exhibit**

**OUTSIDE ORGANIZATIONS ACTING IN BEHALF OF THE DEPARTMENT OF  
ATHLETICS RECEIPTS/REVENUES AND DISBURSEMENTS/EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2010**

Organizations reporting on a cash receipts and disbursements basis for the year ended June 30, 2010, are as follows:

<b>Organization</b>	<b>Beginning Cash Balance</b>	<b>Cash Receipts</b>	<b>Cash Disbursements</b>		<b>Ending Cash Balance</b>
			<b>Contributions To or In Behalf of Program</b>	<b>Other</b>	
The Buckeye Diamond Club	\$ 206,461	328,379	-	286,745	\$ 248,095
The Buckeye Sideliners	662	28,174	11,000	15,836	2,000
The Ohio State Men's Swimming and Diving Boosters Club	9,774	6,906	-	8,093	8,587
The Rebounders Club	6,682	68,386	25,500	42,192	7,376
Varsity "O" Women	78,510	21,407	1,000	14,372	84,545
Center Ice Club	229	16,680	-	13,114	3,795

Organizations reporting revenues and expenditures for the year ended June 30, 2010, are as follows:

<b>Organization</b>	<b>Revenues</b>	<b>Expenditures/ Contributions</b>		<b>Net Income (Loss)</b>
		<b>To or In Behalf of Program</b>	<b>Other</b>	
Buckeye Boosters, Inc.	\$ 234,659	252,300	100,616	\$ (118,257)
OSU Varsity Rifle Team Booster Club	1,628	-	1,476	152
The Varsity "O" Alumni	150,071	5,000	149,081	(4,010)

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**THE OHIO STATE UNIVERSITY  
TRAUMATIC BRAIN INJURY NETWORK**

**Independent Accountants' Report  
on Agreed-Upon Procedures Performed  
As Specified By**

**The Ohio Department of Alcohol, Drug Addiction  
and Mental Health Services  
(UPID Number 6707)**

**and**

**ADAMH Services Board of Franklin County**

**For The Year Ended June 30, 2010**



**THE OHIO STATE UNIVERSITY  
TRAUMATIC BRAIN INJURY NETWORK**

**AGREED-UPON PROCEDURES  
PERFORMED ON THE ACTUAL UNIT COST REPORT**

**For the Year Ended June 30, 2010**

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**INDEPENDENT ACCOUNTANTS' REPORT ON  
APPLYING AGREED-UPON PROCEDURES**

The Ohio State University  
Traumatic Brain Injury Network

We have performed the procedures as enumerated on pages 2 through 7 which were agreed to by the Ohio Department of Alcohol, Drug Addiction and Drug Addiction Services (ODADAS) solely to assist you in evaluating the accompanying Actual Uniform Cost Reports (FIS-047) prepared by The Ohio State University Traumatic Brain Injury Network for the year ended June 30, 2010, in accordance with the criteria contained in ODADAS Administrative Rule Number 3793:2-1-10. The Ohio State University Traumatic Brain Injury Network's management is responsible for the Actual Uniform Cost Reports. 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 purposes.

We were not engaged to and did not perform an examination, the objectives of which would be the expression of an opinion on the Actual Uniform Cost Reports prepared by The Ohio State University, Traumatic Brain Injury Network. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified parties listed above and is not intended to be and should not be used by anyone other than those specified parties.

*Parms & Company, LLC*

December 22, 2010

THE OHIO STATE UNIVERSITY			
TRAUMATIC BRAIN INJURY NETWORK			
REPORT ON APPLICATION OF AGREED-UPON PROCEDURES ON UNIFORM COST REPORT			
For the Year Ended June 30, 2010			
Number	Area Tested	Test Procedure(s)	Test Result(s)
1	Procedure One – Mathematical Accuracy Testing		
1 (a)		Obtain a reconciliation of the total costs reported on the AUCR to the general ledger and/or the independently audited financial statements for the year ended June 30, 2010. Compare the amounts listed on the reconciliation to the amounts listed on the general ledger and/or independently audited financial statements for the SFY being verified. Identify and document any material variances (greater than plus or minus two percent) and obtain management's explanation of the material variance(s) for inclusion in the AUCR AUP report.	Reconciled costs reported on the AUCR with the OSU's general ledger accounts for the TBI Network.
1 (b)		For and by each service with costs being reported on the AUCR:	
1 (b) i		Sum the values reported in columns 4 and 5 to verify the result is equal to the value reported in the corresponding column 6;	Amounts are totaled correctly.
1 (b) ii		Sum the values reported in columns 6 and 7 to verify the result is equal to the value reported in the corresponding column 8;	Amounts are totaled correctly.
1 (b) iii		Verify the value reported in column 9 is equal to the result of dividing the value in column 8 by the value in column 2;	Amounts are calculated correctly.
1 (b) iv		Verify the valued reported in column 11 is equal to the result of subtracting the value in column 10 from the value in column 8;	Amounts are totaled correctly.
1 (b) v		Verify the value reported in column 12 is equal to the result of dividing the value in column 11 by the value in column 2;	Amounts are calculated correctly.



**THE OHIO STATE UNIVERSITY**  
**TRAUMATIC BRAIN INJURY NETWORK**  
**REPORT ON APPLICATION OF AGREED-UPON PROCEDURES ON UNIFORM COST REPORT**  
**For the Year Ended June 30, 2010**

Number	Area Tested	Test Procedure(s)	Test Result(s)
1 (b) vi		Verify the values reported in the "Total MH Services" or the "Totals for AOD Services" are equal to the sum of the values reported in the corresponding column;	Amounts are totaled correctly.
1 (b) vii		Verify the values reported in the "Agency Total"/"Total for Agency" are equal to the sum of the values reported in the corresponding column.	Amounts in total/total for agency equal total in corresponding column.
2	Personnel Costs Verification		
2 (a)		Compare the personnel costs reported in column 4 of the AUCR to the salaries, wages and fringe benefits reported on the independently audited financial statements or Federal Internal Revenue Service Employer Form 941 for the SFY. Identify and document any material variances (greater than plus or minus two percent) and obtain management's explanation of the material variance(s) for inclusion in the AUCR AUP report.	TBI Network is a department within The Ohio State University. We traced personnel costs to the general ledger accounts applicable to the TBI Network and agreed reported salaries for the department to salary listings per the Human Resource department of the University.
2 (b) i		Compare the costs for allowability and unallowability as defined in Ohio Administrative Code 5122-26-19 sections (1) and (2) of paragraph (H) or Ohio Administrative Code 3793:2-1-09 paragraphs (H)(1) and (H)(2);	Amounts are correctly reported on cost report.
2 (b) ii		Compare the allocation methods used to determine whether the costs are documented as direct service (column 4a) or support service (column 4b) costs;	Allocation methods appear to be appropriate.

**THE OHIO STATE UNIVERSITY  
TRAUMATIC BRAIN INJURY NETWORK**

**REPORT ON APPLICATION OF AGREED-UPON PROCEDURES ON UNIFORM COST REPORT**

**For the Year Ended June 30, 2010**

Number	Area Tested	Test Procedure(s)	Test Result(s)
2 (b) iii		Compare the allocation method or methods used to determine which service personnel costs have been allocated to;	Allocation methods appear to be appropriate.
2 (b) vi		Verify any unallowable costs are allocated in the same manner they were originally allocated and are documented in the appropriate service row of column 10 of the AUCR;	There were no unallowable costs.
2 (b) v		Identify and document any material variances (greater than plus or minus two percent) and obtain management's explanation of the material variance(s) for inclusion in the AUCR AUP report.	There were no variances greater than plus or minus two percent.
3	Non-Personnel Costs Verification		
3 (a)		From the non-personnel costs reported in column 5 of the AUCR, select a haphazard sample (as defined in the American Institute of Certified Public Accountants audit sampling guide) of checks and/or electronic funds transfer (EFT) disbursements, equal to twenty percent or forty checks and/or EFT disbursements, whichever is less. Perform the following procedures on each selected check or EFT disbursement:	Due to the size and limited number of transactions of the TBI Network, we reviewed 20 percent of the transactions.
3 (a) i		Compare the costs the check or EFT disbursement is for to the appropriate allowability or unallowability criteria listed in Ohio Administrative Code 5122-26-19 sections (1) and (2) of paragraph (H) or Ohio Administrative Code 3793:2-1-09 paragraphs (H)(1) and (H)(2);	There were no unallowable costs.

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TRAUMATIC BRAIN INJURY NETWORK			
REPORT ON APPLICATION OF AGREED-UPON PROCEDURES ON UNIFORM COST REPORT			
For the Year Ended June 30, 2010			
Number	Area Tested	Test Procedure(s)	Test Result(s)
3 (a) ii		Verify the allocation method or methods used for the sampled non-personnel costs have been made in accordance with the procedures outlined in the Ohio Administrative Code rule 5122-26-19, Appendix or Ohio Administrative Code 3793:2-1-09, Appendix A;	Allocation method used is in accordance with the Ohio Administrative Code.
3 (a) iii		Verify any unallowable costs are allocated in the same manner they were originally allocated and are documented in the appropriate service row of column 10 of the AUCR;	There were no unallowable costs.
3 (a) vi		Identify and document any material variances (greater than plus or minus two percent) and obtain management's explanation of the material variance(s) for inclusion in the AUCR AUP report.	There were no material variances greater than plus or minus two percent.
4	Administrative Overhead Costs Verification		
4 (a)		From the administrative overhead costs reported in column 7 of the AUCR, select a haphazard sample (as defined in the American Institute of Certified Public Accountants audit sampling guide) of checks and/or electronic funds transfer (EFT) disbursements, equal to 10 percent or 20 checks and/or EFT disbursements, whichever is less. Perform the following procedures on each selected check or EFT disbursement:	Due to the size and limited number of transactions of the TBI Network, we reviewed 10 percent of the transactions.

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Number	Area Tested	Test Procedure(s)	Test Result(s)
4 (a) i		Compare the costs the check or EFT disbursement is for to the appropriate allowability or unallowability criteria listed in Ohio Administrative Code 5122-26-19 sections (1) and (2) of paragraph (H) or Ohio Administrative Code 3793:2-1-09 paragraphs (H)(1) and (H)(2);	There were no unallowable costs.
4 (a) ii		Determine if the administrative overhead costs were allocated using only one of the allowable methods described in the Ohio Administrative Code rule 5122-26-19, Appendix or Ohio Administrative Code 3793:2-1-09, Appendix A;	Allocation method used is in accordance with the Ohio Administrative Code.
4 (a) iii		Verify any unallowable costs are allocated in the same manner they were originally allocated and are documented in the appropriate service row of column 10 of the AUCR;	There were no unallowable costs.
4 (a) iv		Identify and document any material variances (greater than plus or minus two percent) and obtain management's explanation of the material variance(s) for inclusion in the AUCR AUP report.	There were no material variances greater than plus or minus two percent.
5	Units of Service Verification		
5 (a)		From and by each service with costs reported on the AUCR, select a haphazard sample (as defined by the American Institute of Certified Public Accountants audit sampling guide) of the reported units of service, equal to 20 percent or 40 total units, whichever is less. Perform the following procedures on the selected units:	Due to the size and limited number of transactions of the TBI Network, we reviewed at least 20 percent of the units of services provided.

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REPORT ON APPLICATION OF AGREED-UPON PROCEDURES ON UNIFORM COST REPORT			
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Number	Area Tested	Test Procedure(s)	Test Result(s)
5 (a) i		Verify documentation exists in client records to support the number of units selected;	There was documentation to support reported units of services.
5 (a) ii		Compare the type of service selected to determine if it is reported in the appropriate service line of column 2;	Services were reported in the appropriate service line.
5 (a) iii		Identify and document any material variances (greater than plus or minus two percent) and obtain management's explanation of the material variance(s) for inclusion in the AUCR AUP report.	There were no material variances greater than plus or minus two percent.
6	First BUCR to AUCR comparison		
6 (a)		Compare the first BUCR to the AUCR and verify the methods of cost reporting selected are the same as the methods used when completing the AUCR.	Beginning in FY10, Agency is no longer required to complete BUCR. As such, step is non-applicable.





# Dave Yost • Auditor of State

THE OHIO STATE UNIVERSITY

FRANKLIN COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
FEBRUARY 8, 2011