Transportation Research Center Inc.

Financial Statements
June 30, 2014 and 2013

Dave Yost • Auditor of State

Board of Directors
Transportation Research Center Inc.
2040 Blankenship Hall
Columbus, OH 43210-4016

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

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

Dave Yost

Dave Yost
Auditor of State

December 4, 2014

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Transportation Research Center Inc.
Index
June 30, 2014 and 2013

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Independent Auditor's Report

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

We have audited the accompanying financial statements of Transportation Research Center Inc. ("TRC"), a component unit of The Ohio State University, which comprise the statements of net position as of June 30, 2014 and June 30, 2013, and the related statements of revenues, expenses, and changes in net position, and of cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise TRC's basic financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TRC as of June 30, 2014 and June 30, 2013 and the changes in net position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Required Supplementary Information

The accompanying management's discussion and analysis on pages 3 through 10 are required by accounting principles generally accepted in the United States of America to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards,* we have also issued our report dated October 17, 2014 on our consideration of TRC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters for the year ended June 30, 2014. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering TRC's internal control over financial reporting and compliance.

PricewaterhouseCoopers LLP

October 17, 2014

This Management Discussion and Analysis provides an overview of the financial position and activities of Transportation Research Center Inc. (TRC Inc.) for the fiscal year ended June 30, 2014, with comparative information for the fiscal years ended June 30, 2013 and June 30, 2012.

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

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

TRC Inc. is governed by a seven-member board chaired by the Dean of the College of Engineering at The Ohio State University. The TRC Inc. Board of Directors are the sole members of TRC Inc. The Ex-Officio Directors on the TRC Inc. Board of Directors represent The Ohio State University and its interest within TRC Inc. The Ex-Officio Directors on the TRC Inc. Board of Directors are the persons who hold the following positions at The Ohio State University: the University Controller (currently R. Michael Gray); the Senior Vice President for Research of the University (currently Dr. Caroline C. Whitacre); the Dean of the College of Engineering of the University (currently Dr. David B. Williams); and the Director of Transportation Research Center Inc. (currently Jeffrey A. Sprague). Rick Gildow retired from TRC Inc. on June 30, 2014, and Jeffrey A. Sprague was named as the Interim President. The financial statements of TRC Inc. are included in the financial statements of The Ohio State University.

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

Key Financial Highlights
Significant financial events during fiscal year 2014 were:

- Excess Revenue Over Expense before the unrealized gain in the fair value of investments of $1,530,007;

- The transfer of TRC Inc.'s fiscal year 2013 Excess Revenue Over Expense before unrealized gain on investments of $210,928 in October 2013 to the College of Engineering at The Ohio State University entirely from its operating cash fund;

- An increase in Research and Testing Operating Revenues of $2,019,513, or 7%;

- A decrease in Owner's Maintenance and Repair Revenue of $14,776,631, due to the $15 million test track restoration project being completed in fiscal year 2013;

- A decrease in Direct Expenses of $13,250,056, or 37%, due to the $15 million test track restoration project being completed in fiscal year 2013;

- The final payment and retirement of the long-term debt during fiscal year 2014;

- The improvement in the market value of investments resulted in an unrealized capital gain of $385,388;

- The reduction of Trade Accounts Receivable of $1,237,073 due to improved collections;

- The donation of 15 vehicles valued at $151,245 received from a customer; and

- The receipt of refunds from The Ohio Bureau of Workers Compensation of $187,443 in fiscal year 2014.

Financial Statement Overview
For a summary of TRC Inc.'s significant accounting policies, please see footnote number two attached to the financial statements.

Presented in the financial statements are the Statements of Net Position at June 30, 2014 and June 30, 2013; the Statements of Revenues, Expenses and Changes in Net Position for fiscal years ended June 30, 2014 and 2013; and the Statements of Cash Flows for fiscal years ended June 30, 2014 and 2013.

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

The Statements of Revenues, Expenses and Changes in Net Position reflect information showing how net position changed during the fiscal year.

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

Statements of Net Assets
The major components of the Statement of Net Position at June 30, 2014, June 30, 2013 and June 30, 2012 are reflected below:

	June 30, 2014	June 30, 2013	Changes	June 30, 2012
Assets				
Current assets	$ 14,064,556	$ 11,657,252	20.7%	$ 13,865,207
Net property and equipment	429,034	632,979	-32.2%	797,353
Total assets	$ 14,493,590	$ 12,290,231	17.9%	$ 14,662,560
Liabilities				
Current liabilities	$ 4,095,352	$ 3,596,460	13.9%	$ 4,272,179
Long term debt	-	-	0.0%	332,000
Total liabilities	4,095,352	3,596,460	13.9%	4,604,179
Net Position	10,398,238	8,693,771	19.6%	10,058,381
Total liabilities and net position	$ 14,493,590	$ 12,290,231	17.9%	$ 14,662,560

Current Assets
Current Assets increased $2,407,304, or 21%, in fiscal year 2014 to $14,064,556. The significant changes in Current Assets were in Cash and Cash Equivalents, Restricted Cash, Investments, Trade Accounts Receivable, and Receivable from HAM.

Cash and Cash Equivalents increased by $2,853,659, or 501%, in fiscal year 2014 to $3,423,623. The increase in cash was due to the collection of Trade Accounts Receivable of $33.6 million in fiscal year 2014, as compared to collections of $31.2 million in fiscal year 2013. This increase in cash supported the payment of the annual transfer to The Ohio State University of $210,928 in fiscal year 2014, which was made entirely from operating cash.

Restricted Cash fell to $0 at June 30, 2014 as TRC Inc. fully paid off its long term debt in fiscal year 2014.

Investments increased by $539,912, or 16%, in fiscal year 2014 to $3,921,723. The increase resulted from:

- The continued market recovery of TRC Inc.'s investments maintained and managed by The Ohio State University's Office of Investments; and

- The reinvestment of interest earned of $154,524 on TRC Inc.'s investments at The Ohio State University in fiscal year 2014.

TRC Inc. owns investments that are maintained and managed by The Ohio State University's Office of Investments. These investments are in stocks and mutual funds.

As required by Governmental Accounting Standards Board Statement Number 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, TRC Inc. records the unrealized gain or loss on its investments each year.

The unrealized gain or loss in the fair value of investments for fiscal years 2014, 2013 and 2012 are as follows:

	2014	2013	2012
Market value of endowment fund	$ 3,921,732	$ 3,381,820	$ 3,060,038
Book value of endowment fund	3,689,036	3,534,512	3,390,065
Net unrealized gain/(loss)	$ 232,696	$ (152,692)	$ (330,027)
Unrealized gain/(loss)	$ 385,388	$ 177,335	$ (173,825)

Although Research and Testing Operating Revenue made on account increased by $2,019,513 in fiscal year 2014, Trade Accounts Receivable decreased $1,237,073, or 20%, in fiscal year 2014 to $5,039,753. This was a result of effective collection efforts that resulted in collections of $33.6 million in fiscal year 2014, as compared to collections of $31.2 million, in fiscal year 2013. Average receivables were outstanding for 57 days in fiscal year 2014, as compared to 75 days in fiscal year 2013, representing a 24% improvement. The valuation of allowance for doubtful accounts fell by $324,725 in fiscal year 2014 to $168,000 at June 30, 2014. TRC Inc. made significant improvement in cash collections with its largest customer. At June 30, 2014, the over 90 day balance of TRC Inc.'s largest customer was $9,375, which was 0.6% of their total receivable. At June 30, 2013, that same customer had $741,588 of receivables over 90 days old. The change year over year reflects a 99% improvement.

Receivables from HAM grew by $352,696, or 30%, in fiscal year 2014 to $1,519,102. This receivable represents the balance due from the owner of Transportation Research Center for maintenance and capital improvements made to the facility by TRC Inc. The increase was due to the invoicing of several large capital improvement projects in June 2014, with the two biggest being $626,100 for pavement done around the proving ground and $317,803 for fencing projects around the facility.

Net Property and Equipment

Net Property and Equipment decreased $203,945, or 32%, in fiscal year 2014 to $429,034. The decrease was due to another year of depreciation of the leasehold improvements made to Building 60, totaling $142,181.

During fiscal year 2014, TRC Inc. made no capital acquisitions. However, TRC Inc. did accept a gift of 15 vehicles valued at $151,245 received from a customer. TRC Inc. capitalized this gift.

During fiscal year 2013, TRC Inc. expended $260,568 on five capital items. The largest acquisition was $128,789 for a snow plow truck used for snow removal at the facility.

During fiscal year 2012, TRC Inc. expended $172,840 on five capital items. The largest acquisition was $98,570 for a global positional tracking system used for vehicle dynamics testing.

The asset with the largest net book value at June 30, 2014 is a dump truck/snow plow, totaling $103,661, or 24%, of the total net book value. The remaining book values of each of the individual remaining 213 capital assets are less than $48,000 and generally are assets used to maintain and secure the 4,500-acre facility, assist in the driver training program, or are vehicles used for travel purposes. Of the 213 capital assets at TRC Inc., 161 are fully depreciated.

Current Liabilities

Current Liabilities increased $498,892, or 14%, in fiscal year 2014 to $4,095,352. The significant changes in Current Liabilities were in Trade Accounts Payable, Accounts Payable - HAM, Deferred Revenue, and the Current Portion of Long-Term Debt.

Trade Accounts Payable reflects obligations due to suppliers of TRC Inc. Trade Accounts Payable increased $553,099, or 43%, in fiscal year 2014 to $1,837,665. The increase was due to the incurrence of obligations for several large capital improvement projects entered into in June 2014, with the two biggest being $626,100 for pavement done around the proving ground and $317,803 for fencing projects around the facility.

Accounts Payable to HAM is composed of obligations to Honda of America Manufacturing for the use of their assets in conducting testing for TRC Inc. customers. Accounts Payable - HAM increased $117,736 or 15%, in fiscal year 2014 to $925,122. The increase was due to the increased use of facilities, equipment and buildings at TRC Inc. in May 2014 and June 2014 as compared to the same period one year prior.

Advance payments for goods and services reflect prepayments received from TRC Inc. customers in advance of testing. Advance payments for goods and services increased $100,003 or 44%, in fiscal year 2014 to $327,140. Some customers want to prepay TRC Inc. for cash flow purposes. TRC Inc. also requires payment before testing for brand new customers. The increase in advance payments for goods and services is due to the increase of customers wanting to prepay TRC Inc. and in new customers testing with TRC Inc. for the first time.

The Current Portion of Long-Term Debt decreased $332,000, or 100%, in fiscal year 2013 to $0. TRC Inc. entered into a note payable with a bank in January 1999 to procure $3,200,000 to fund leasehold improvements for one of TRC Inc.'s largest customers. The note was a 15-year instrument with an interest rate of 2% plus prime. The note was due in semi-annual installments in January and July of each year. The maturity date of the loan was January 1, 2014. TRC Inc. retired the note on August 5, 2013. The remaining balance of the note that existed at August 5, 2013, or $169,000, which was originally due at January 1, 2014, was paid as a result on August 5, 2013.

Statements of Revenues, Expenses and Changes in Net Assets
The major components of the Statements of Revenue, Expenses and Changes in Net Position for fiscal years ended June 30, 2014, 2013 and 2012 are reflected below:

	FY 2014	FY 2013	Changes	FY 2012
Operating revenues	$ 37,843,270	$ 50,600,388	-25.2%	$ 44,279,197
Operating expenses	36,445,986	50,523,201	-27.9%	42,642,405
Operating income	1,397,284	77,187	1710.3%	1,636,792
Nonoperating revenue	132,723	133,742	-0.8%	116,082
Unrealized gain/(loss) on investments	385,388	177,335	117.3%	(173,825)
Excess revenue over expenses	1,915,395	388,264	393.3%	1,579,049
Transfer to Ohio State	(210,928)	(1,752,874)	-88.0%	(1,641,698)
Change in net position	1,704,467	(1,364,610)	-224.9%	(62,649)
Beginning net position	8,693,771	10,058,381	-13.6%	10,121,030
Ending net position	$ 10,398,238	$ 8,693,771	19.6%	$ 10,058,381

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

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

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

Revenue summary for fiscal years 2014, 2013 and 2012 were:

	FY 2014	FY 2013	Changes	FY 2012
Research and testing agreement rev	$ 31,988,002	$ 29,968,489	6.7%	$ 34,131,055
Owner's maintenance and repair rev	5,855,268	20,631,899	-71.6%	10,148,142
Total operating revenue	$ 37,843,270	$ 50,600,388	-25.2%	$ 44,279,197

Research and Testing Revenue increased by $2,019,513, or 7%, in fiscal year 2014 to $31,988,002. Research and Testing Revenue in TRC Inc.'s Laboratory Operations increased $1.3 million, or 30%, in fiscal year 2014. The increase was due to an additional 48 crash tests conducted in fiscal year 2014 in response to a customer who needed to conduct crash tests while their crash test facility was under maintenance. TRC Inc. also recorded the gift of 15 vehicles received from a customer, valued at $151,245, into Research and Testing Revenue.

The composition of the top five customers at TRC Inc. in fiscal year 2014 included two automobile manufacturers, two component manufacturers, and the federal government. Two customers were new to the top five. The top five customers contributed 82% of the Research and Testing Operating Revenue.

TRC Inc. foresees Research and Testing Agreement Operating Revenues in fiscal year 2015 to be about $32 million.

Owner's Maintenance and Repair Revenue decreased by $14,776,631, or 72%, in fiscal year 2014 to $5,855,268. The major components of this revenue are maintenance and capital improvements made to the facility that the facility owner funds each year. The owner spent $15 million to repave the 7.5 mile test track in fiscal year 2013. The owner spent $4.5 million to repave the 50-acre asphalt vehicle dynamics area in fiscal year 2012. Since most of the capital improvements and maintenance items are sold to the facility owner at TRC Inc. cost, increases or decreases in revenue on this line item does not have a major impact upon Excess Revenues over Expenses.

Operating Expenses

Major components of operating expense in fiscal years 2014, 2013 and 2012 were:

	FY 2014	FY 2013	Changes	FY 2012
Direct expense	$ 22,533,579	$ 35,783,635	-37.0%	$ 28,243,882
General and administrative expense	13,557,217	14,320,455	-5.3%	13,967,247
Depreciation expense	355,190	419,111	-15.3%	431,276
Total operating expense	$ 36,445,986	$ 50,523,201	-27.9%	$ 42,642,405

Total Operating Expense decreased by $14,013,294, or 28%, in fiscal year 2014 to $36,445,986. The 37% decrease in Direct Expense in fiscal 2014 was due to the $15 million expense to repave the 7.5 mile test track being completed in fiscal year 2013.

TRC Inc.'s largest operating expense is salaries and benefits. In fiscal year 2014, salaries and benefits were $18,886,792, or 52%, of total operating expense. In fiscal year 2013, salaries and benefits were $19,296,258, or 38%, of total operating expense. In fiscal year 2012, salaries and benefits were $20,227,660, or 47%, of total operating expense. Salaries and benefits decreased 2% in fiscal year 2014, decreased 5% in fiscal year 2013, and decreased 10% in fiscal year 2012. TRC Inc. received refunds from The Ohio Bureau of Workers Compensation of $187,443 in fiscal year 2014, mostly due to a one-time rebate from The Ohio Bureau of Workers Compensation.

Nonoperating Revenues and Expenses

Interest expense represents the interest paid to a bank for the note payable that was described in the Long-Term Debt section. As previously mentioned, the long-term loan was paid in full in fiscal year 2014, thus accounting for the 80% decrease in Interest Expense.

Interest income reflects the interest earned from TRC Inc.'s operating cash account and the interest earned from investments TRC Inc. owns in the endowment fund at The Ohio State University. Interest income was up 3% in fiscal year 2014 due to an increase in the book value of the endowment fund at The Ohio State University.

Net Change in Fair Value of Investments

TRC Inc. owns investments that are maintained and managed by The Ohio State University's Office of Investments. These investments are invested as part of The Ohio State University investment pool.

As required by Governmental Accounting Standards Board Statement Number 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, TRC Inc. records the net unrealized gain or loss on its investments each year.

The net unrealized gain or loss in the fair value of investments for fiscal years 2014, 2013 and 2012 are as follows:

	FY 2014	FY 2013	FY 2012
Market value of Endowment Fund	$ 3,921,732	$ 3,381,820	$ 3,060,038
Book value of Endowment Fund	3,689,036	3,534,512	3,390,065
Net unrealized gain/(loss)	$ 232,696	$ (152,692)	$ (330,027)
Unrealized gain/(loss)	$ 385,388	$ 177,335	$ (173,825)

Excess of Revenue over Expense

Excess revenue over expense before the unrealized gain in the fair value of investments and before the transfer to the Transportation Research Fund increased by $1,319,078, or 625%, in fiscal year 2014 to $1,530,007.

TRC Inc. expects Research and Testing Agreement Revenue to be $32 million in fiscal year 2015. Due to the one time nature of the customer gift and the workers compensation refund, as well as an expected reduction in personnel in Dedicated Contract Services, TRC Inc. foresees Excess Revenues over Expenses before Net Unrealized Gains/Loss in the Fair Value of Investments to be $800,000 in fiscal year 2015.

Transportation Research Center Inc.
Statements of Net Position
June 30, 2014 and 2013

	2014	2013
Assets		
Current assets		
Cash and cash equivalents	$ 3,423,623	$ 569,964
Restricted cash	-	135,691
Investments	3,921,732	3,381,820
Trade accounts receivable, net of allowance for doubtful accounts of $168,000 for 2014 and $492,725 for 2013	5,039,753	6,276,826
Receivable from HAM	1,519,102	1,166,406
Interest receivable	-	3,580
Supplies and prepaid expenses	160,346	122,965
Total current assets	14,064,556	11,657,252
Noncurrent assets		
Property and equipment	7,446,606	7,357,161
Less accumulated depreciation	(7,017,572)	(6,724,182)
Property and equipment, net	429,034	632,979
Total assets	$ 14,493,590	$ 12,290,231
Liabilities		
Current liabilities		
Trade accounts payable	$ 1,837,665	$ 1,284,566
Accounts payable HAM	925,122	807,386
Accrued payroll and related expenses	1,005,425	945,371
Advance payments for goods and services	327,140	227,137
Current portion of long-term debt	-	332,000
Total current liabilities	$ 4,095,352	$ 3,596,460
Net Position		
Investment in property and equipment, net of related debt	429,034	632,979
Unrestricted net position	9,969,204	8,060,792
Total net position	10,398,238	8,693,771
Total liabilities and net position	$ 14,493,590	$ 12,290,231

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

Transportation Research Center Inc.
Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2014 and 2013

	2014	2013
Operating Revenues		
Research and testing	$ 31,988,002	$ 29,968,489
Owner's maintenance and repair	5,855,268	20,631,899
Total operating revenue	37,843,270	50,600,388
Operating Expenses		
Direct	22,533,579	35,783,635
General and administrative	13,557,217	14,320,455
Depreciation	355,190	419,111
Total operating expenses	36,445,986	50,523,201
Total operating income	1,397,284	77,187
Nonoperating Revenue (Expense)		
Gain (loss) on sales of assets	-	12,866
Interest expense	(2,065)	(10,203)
Interest income	134,788	131,079
Total nonoperating revenue	132,723	133,742
Net change in fair value of investments	385,388	177,335
Excess of revenues over expenses before transfers	$ 1,915,395	$ 388,264
Other Transfers and Changes		
Transfer to Transportation Research Fund	$ 210,928	$ 1,752,874
Change in net position	1,704,467	(1,364,610)
Net position, beginning of year	8,693,771	10,058,381
Net position, end of year	$ 10,398,238	$ 8,693,771

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

Transportation Research Center Inc.
Statements of Cash Flows
Years Ended June 30, 2014 and 2013

	2014	2013
Cash Flows from Operating Activities		
Cash received from customers	$ 17,300,845	$ 16,390,404
Cash received from affiliates	21,700,285	35,052,873
Cash paid to suppliers	(6,149,587)	(5,971,412)
Cash paid for taxes	(577,622)	(438,828)
Cash paid to affiliates	(10,084,270)	(24,897,086)
Cash paid to employees	(13,989,980)	(14,353,795)
Cash paid for fringe benefits and payroll taxes	(4,920,554)	(5,052,740)
Advances to employees	-	1,298
Net cash provided by operating activities	3,279,117	730,714
Cash Flows from Noncapital Financing Activities		
Transfer to Transportation Research Fund	(210,928)	(1,752,874)
Noncapital financing interest expense	(2,065)	(10,203)
Cash used in noncapital financing activities	(212,993)	(1,763,077)
Cash Flows from Capital and Related Financing Activities		
Proceeds from sale of property and equipment	-	18,697
Payment of long term debt	(332,000)	(310,000)
Additions to property and equipment	-	(260,568)
Restricted cash	135,691	(9,148)
Net cash used in capital and related financing activities	(196,309)	(561,019)
Cash Flows from Investing Activities		
Interest income	138,368	127,499
Purchase of investments	(365,452)	(1,897,321)
Proceeds from sale of investments	210,928	1,752,874
Net cash provided by investing activities	(16,156)	(16,948)
Increase/(Decrease) in cash and cash equivalents	2,853,659	(1,610,330)
Cash and cash equivalents, beginning of year	569,964	2,180,294
Cash and cash equivalents, end of year	$ 3,423,623	$ 569,964
Reconciliation of Operating Income to Net Cash Provided By Operating Activities		
Operating income	$ 1,397,284	$ 77,187
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	355,190	419,111
Provision for bad debt expense	(324,725)	93,725
Donation of assets recorded as revenue	(151,245)	-
Decrease in trade accounts receivable	1,561,798	1,122,729
Increase in receivable from HAM	(352,696)	(279,201)
Increase in supplies and prepaid expenses	(37,381)	(5,118)
Increase in payable to HAM	117,736	(670,159)
Increase in trade accounts payable	553,099	(25,322)
Increase in accrued payroll and related expenses	60,054	(2,897)
Increase in advance payments for goods and services	100,003	659
Net cash provided by operating activities	1,881,833	653,527
Net cash provided by operating activities	$ 3,279,117	$ 730,714
Supplemental Cash Flow Information		
Unrealized gain on investments	$ 385,388	$ 177,335

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

1. Description of the Business

The Transportation Research Center of Ohio (the "Center") was created by the General Assembly of the State of Ohio in October 1972. On January 26, 1988, substantially all of the assets of the Center were sold to Honda of America Manufacturing ("HAM").

In conjunction with the sale, the legislation which initially established the Transportation Research Board was repealed. The Center was reincorporated as a not-for-profit organization, Transportation Research Center Inc. ("TRC"), with The Ohio State University Affiliates, Inc. ("OSU") as the sole member of TRC. TRC is organized exclusively for educational, charitable, and scientific purposes within the meaning of Section 501(c)(3) and Section 509(a)(3) of the Internal Revenue Code by conducting and supporting humanistic, scientific and engineering research and development activities solely and exclusively to the conduct of, or providing assistance in connection with the conduct of, research in automotive, vehicular and related forms of transportation, and for the development of improved highway facilities for vehicular traffic. TRC is considered a component unit of OSU. Therefore, TRC's financial statements are consolidated with OSU's for purposes for complying with OSU's reporting requirements.

2. Summary of Significant Accounting Policies

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

Basis of Accounting
The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board (GASB). TRC 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 Center presents Management's Discussion and Analysis, a Statement of Net Position, a Statement of Revenues, Expenses and Other Changes in Net Position, a Statement of Cash Flows and Notes to the Financial Statements.

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

Significant Customers
TRC derives a substantial portion of total revenues from a limited number of commercial enterprises and government agencies. For the year ended June 30, 2014 and 2013, the revenue from the four highest volume commercial enterprises and one government agency was $26,312,220 and $25,627,969, respectively. The above amounts are exclusive of revenues related to the HAM management agreement.

Revenue Recognition

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

Included in accounts receivables are $218,288 and $464,097 of unbilled accounts receivable for fiscal years 2014 and 2013, respectively. Unbilled accounts receivable represent revenue earned in excess of amounts billed.

Cash and Cash Equivalents

TRC considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. Cash is held in one bank at June 30, 2014 and 2013.

Restricted Cash

TRC was required to deposit funds monthly into a sinking fund as part of its long-term debt agreement (see Note 7). TRC did not have access to these funds once they were deposited into the sinking fund. The long-term debt was fully paid in 2014 and the related restricted cash was released.

Investment Policy

All investments consist of amounts invested in The Ohio State University Long Term Investment Pool and are recorded at fair value. The university's Office of Financial Services commingles the funds with other university-related organizations. Earned investment income is allocated to each organization based on its share of the total funds invested at the beginning of each year. Investments are carried at market value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. The net change in the value of investments during the years ended June 30, 2014 and 2013 is an increase of $539,912 and $321,782, respectively. These amounts take into account all changes in fair value (including purchases and sales) that occurred during each respective year.

The calculation of realized gain or loss is independent of the calculation of the net increase in fair value of investments. As of June 30, 2014, there is a cumulative unrealized gain on investments of $232,696. As of June 30, 2013, there was a cumulative unrealized loss on investments of $152,692. Investment income from endowment investments is unrestricted by the donors, and as such becomes a part of unrestricted net position.

GASB Pronouncements

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

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

In April 2013, the GASB issued Statement No. 70, Accounting and Reporting for Nonexchange Financial Guarantees. Statement No. 70 requires a state or local government guarantor that offers a nonexchange financial guarantee to another organization or government to recognize a liability on its financial statements when it is more likely than not that the guarantor will be required to make a payment to the obligation holders under the agreement. The standard also requires guarantors or issuers to disclose information about the amounts and nature of nonexchange financial guarantees. It is effective for periods beginning after June 15, 2013.

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

TRC management is currently assessing the impact that implementation of GASB Statements No. 68, 69, 70 and 71 will have on TRC's financial statements.

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

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

3. Income Taxes

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

TRC is subject to unrelated business tax for the leasing of certain TRC employees. Unrelated income tax expense in 2014 is estimated to be approximately $580,494 and was $477,633 for 2013.

4. Cash, Cash Equivalents and Investments

Cash, cash equivalents, and investments at June 30, 2014 and 2013 were as follows:

	2014	2013
Cash on hand	$ 600	$ 600
Cash in bank	3,423,023	569,364
Restricted cash	-	135,691
Investment in OSU's long term investment pool	3,921,732	3,381,820
Total	$ 7,345,355	$ 4,087,475

At June 30, 2014 and 2013, the bank statement balances of cash in banks were $3,498,516 and $1,231,739, respectively. Of the bank statement balances, $0 and $135,691, respectively, represent restricted cash. Of the bank statement balances, $3,498,516 and $1,096,048, respectively, represented overnight sweep investments which are generally not covered by FDIC. The remaining bank balances were covered by FDIC insurance, which covers up to $250,000 per financial institution.

TRC's investments are maintained in the university's investment pool and as such, all collateralization is held by the university. The pool consists of more than 5,200 named funds. Each named fund is assigned a number of shares, based on the value of the gifts, income-to-principal transfers, or transfers of operating funds to that named fund. The pool is invested in a diversified portfolio of equities and fixed income securities, as well as a number of alternative investment funds, such as real estate limited partnerships, hedge funds, private equity funds, venture capital funds and natural resources funds. The pool is intended to provide the long-term growth necessary to preserve the value of these funds, adjusted for inflation, while making distributions to support TRC's mission.

Annual distributions to named funds in the university investment pool are computed using the share method of accounting for pooled investments. Annual distribution per share is 4.25% of the average market value per share of the Long Term Investment Pool over the most recent seven year period.

TRC Inc. held 624.5327 and 599.2441 shares in the university's investment pool at June 30, 2014 and 2013, respectively. The market values of these investments were $3,921,732 and $3,381,820 at June 30, 2014 and 2013, respectively. Total net realized and net unrealized gains/(losses) for the year ended June 30, 2014 were $0 and $385,388 and at June 30, 2013 were $0 and $177,335. TRC may redeem its shares in the university investment pool at its discretion.

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

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

5. Property

The property balance at June 30, 2014 consists of the following:

	Balance 30-Jun-13	Additions	Disposals/ Transfers	Balance 30-Jun-14
Capital Assets				
Building/leasehold improvements	$ 3,020,574	$ -	$ -	$ 3,020,574
Equipment	4,250,455	151,245	61,800	4,339,900
Other	86,132	-	-	86,132
Total capital assets	7,357,161	151,245	61,800	7,446,606
Less accumulated depreciation				
Building/leasehold improvements	2,831,000	142,181	-	2,973,181
Equipment	3,807,050	213,009	61,800	3,958,259
Other	86,132	-	-	86,132
Total accumulated depreciation	6,724,182	355,190	61,800	7,017,572
Property, net	$ 632,979	$ (203,945)	$ -	$ 429,034

The property balance at June 30, 2013 consists of the following:

	Balance 30-Jun-12	Additions	Disposals/ Transfers	Balance 30-Jun-13
Capital Assets				
Building/leasehold improvements	$ 3,020,574	$ -	$ -	$ 3,020,574
Equipment	4,130,228	260,568	140,341	4,250,455
Other	86,132	-	-	86,132
Total capital assets	7,236,934	260,568	140,341	7,357,161
Less accumulated depreciation				
Building/leasehold improvements	2,641,425	189,575	-	2,831,000
Equipment	3,712,024	229,536	134,510	3,807,050
Other	86,132	-	-	86,132
Total accumulated depreciation	6,439,581	419,111	134,510	6,724,182
Property, net	$ 797,353	$ (158,543)	$ 5,831	$ 632,979

6. Management Agreement

Under the terms of the Management Agreement with HAM, the owner of the Transportation Research Center of Ohio (facility), retains TRC as the sole and exclusive manager and agent to control, manage, supervise and direct the operations of the facility. The term of the Agreement commenced on January 28, 1988 and is automatically renewed for successive two year terms. The Agreement may be terminated by either party at the end of any term, by giving at least 180 days prior written notice thereof to the other party. Under the Management Agreement, TRC remits to HAM certain revenues for use of the facilities (owner revenues). Additionally, expenses for repairs and capital improvements made by TRC are reimbursed by HAM (owner expenses).

For the years ended June 30, 2014 and 2013 the amounts of transactions with HAM are as follows:

	2014	2013
Owner revenues	$ 5,783,033	$ 5,048,579
Owner expenses	5,855,268	20,631,899

At June 30, 2014 and 2013, there was a receivable from HAM for owner expenses of $1,519,102 and $1,166,406, respectively. In addition, at June 30, 2014 and 2013, there was a payable to HAM for owner revenues earned of $925,122 and $807,386, respectively.

TRC also earns operational revenues from Honda of America Manufacturing and affiliated entities outside of the Management Agreement. These revenues were $15,186,423 and $13,996,834 for the years ended June 30, 2014 and 2013, respectively. Trade accounts receivable at June 30, 2014 and 2013 included $2,634,139 and $3,645,429, respectively, related to these operational revenues.

7. Long-Term Debt

In January 1999, TRC entered into a promissory note agreement (the "Note") for $3.2 million with a lending institution. The Note was paid in full in August 2013. The Note bore interest at a floating rate of interest, which was adjusted weekly by the lender. Interest on the Note was due monthly and principal payments were due in semi-annual installments through January 1, 2014. The lending institution made the loan from proceeds received from the sale of the Lender's Floating Rate Option Notes. The Floating Rate Option Notes of the lender were secured by an initial $3.2 million letter of credit ("LOC") issued by a bank. The available LOC balance decreases semi-annually in conjunction with the scheduled payments on the Note. The LOC bears interest at a rate of prime plus 2% and expired on January 6, 2012. As allowed under the terms of the LOC, the expiration date was extended for a year until January 6, 2013, with the option for additional extensions on the expiration date, subject to certain conditions set forth in the agreement. There were no amounts outstanding on the LOC as of June 30, 2012.

In January 1999, TRC also entered into a reimbursement agreement with the bank that issued the LOC. Under the reimbursement agreement with the bank, TRC was required to make monthly principal and interest payments into a sinking fund account on the first of each month through January 1, 2014. The sinking fund was owned by TRC, but use of the funds was restricted to payment of the scheduled semi-annual payments on the Note. The Reimbursement Agreement contained restrictive covenants and warranties, which, among others, required TRC to maintain complete and accurate accounting records. In addition, in order to secure the payment of amounts due under the Reimbursement Agreement, TRC assigned to the bank its interest in certain leaseholds, buildings, and land created by the Ground and Existing Building Lease with HAM (see Note 11) as well as future rental payments received from the sublease of the same leasehold, building and land. The reimbursement agreement was terminated in conjunction with the full payment of the Note in August 2013.

Debt activity for the year ended June 30, 2014 is as follows:

	Beginning Balance	Principal Payment	Ending Balance	Current Portion
Promissory note	$ 332,000	$ 332,000	$ -	$ -

Debt activity for the year ended June 30, 2013 is as follows:

	Beginning Balance	Principal Payment	Ending Balance	Current Portion
Promissory note	$ 642,000	$ 310,000	$ 332,000	$ 332,000

8. Deferred Compensation Plan

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

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

9. Net Assets

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

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

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

At June 30, 2014 and 2013, the net position was comprised of the following:

	2014	2013
Investment in property and equipment	$ 429,034	$ 632,979
Unrestricted net position	9,969,204	8,060,792
Total net position	$ 10,398,238	$ 8,693,771

Net position includes a cumulative unrealized gain/(loss) in investments at June 30, 2014 and 2013 of $232,696 and ($152,692), respectively.

10. Defined Benefit Pension Plan and Post-Employment Benefits

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

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

Defined Benefit Plans

OPERS offer statewide cost-sharing multiple-employer defined benefit pension plans. OPERS provides 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. OPERS issues separate, publicly available financial reports that include financial statements and required supplemental information. These reports may be obtained by contacting the organization.

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

In addition to the retirement benefits described above, OPERS provides post-employment health care benefits.

OPERS currently provides post-employment health care benefits to service retirees with ten or more years of qualifying service credit. These benefits are advance-funded on an actuarially determined basis and are financed through employer contributions and investment earnings. OPERS determines the amount, if any, of the associated health care costs that will be absorbed by OPERS. Under the Ohio Revised Code (ORC), funding for medical costs paid from the funds of OPERS is included in the employer contribution rate. For calendar year 2013, OPERS allocated 1.0% of the employer contribution rate to fund the health care program for retirees, and this rate was increased to 2.0% for calendar year 2014 as recommended by the OPERS actuary.

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

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

Defined Contribution Plans

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

Combined Plans

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

OPERS currently provides post-employment health care benefits to retirees with ten or more years of qualifying service credit. These benefits are advance-funded on an actuarially determined basis and are financed through employer contributions and investment earnings. OPERS determines the amount, if any, of the associated health care costs that will be absorbed by OPERS. Under Ohio Revised Code (ORC), funding for medical costs paid from the funds of OPERS is included in the employer contribution rate. For calendar year 2013, OPERS allocated 1.0% of the employer contribution rate to fund the health care program for retirees, and this rate was increased to 2.0% for calendar year 2014 as recommended by the OPERS actuary.

Funding Policy

ORC provides OPERS statutory authority to set employee and employer contributions. The required contribution rates (as a percentage of covered payroll) for plan members and TRC are 10% and 14%, respectively.

TRC's contributions, which represent 100% of required employer contributions, for the year ended June 30, 2014 and for each of the two preceding years were $41,129, $58,027, and $99,314, respectively.

11. Leases

As an agent for HAM, TRC leases various buildings to TRC's customers. Lease terms range from one to four years with various renewal option features. The leases are accounted for as operating leases. At June 30, 2014, future minimum lease receipts are due as follows:

2015	$ 936,400
2016	846,515
2017	799,480
2018	806,347
2019	190,385
Total	$ 3,579,128

TRC leases office space from HAM under agreements with terms expiring through July 31, 2024. These operating leases contain renewal options with an indefinite term. The lease amount is subject to annual adjustment based on the consumer price index. As of June 30, 2014, future minimum rental payments under operating leases with initial terms in excess of one year are summarized as follows:

2015	$ 1,035,682
2016	1,037,400
2017	1,037,400
2018	1,037,400
2019	1,037,400
2020-2025	5,273,449
Total	$ 10,458,731

Rental expense charged to operations was $948,931 and $961,726 during 2014 and 2013, respectively.

12. Risk Management

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

13. Employees' Retirement Savings Plan And Trust

TRC maintains the Employees' Retirement Savings Plan and Trust (the "Plan"). The Plan is intended to comply with Section 401(a) of the Internal Revenue Code. All employees are eligible to participate in the Plan. Employer contributions to the Plan are determined solely at the discretion of TRC's board of directors. For the years ended June 30, 2014 and 2013, TRC expended $372,068 and $369,973, respectively, for contributions to the Plan.

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of Transportation Research Center Inc. ("TRC"), a component unit of The Ohio State University, which comprise the statement of net position as of June 30, 2014, and the related statements of revenue, expenses, and changes in net position and of cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 17, 2014.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

PricewaterhouseCoopers LLP

October 17, 2014

Transportation Research Center Inc. Employee's Retirement Savings Plan and Trust

Financial Statements
December 31, 2013 and 2012, and
Supplemental Schedule at December 31, 2013

Transportation Research Center Inc.
Employees' Retirement Savings Plan and Trust
Index
December 31, 2013 and 2012

Page(s)

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

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Independent Auditor's Report

To the Participants and Administrator of the
Transportation Research Center Inc. Employees'
Retirement Savings Plan and Trust

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the Transportation Research Center Inc. Employees' Retirement Savings Plan and Trust (the "Plan"), which comprise the statements of net assets available for benefits as of December 31, 2013 and 2012 and the related statements of changes in net assets available for benefits for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 5, which was certified by Reliance Trust Company, the custodian of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the plan administrator that the custodian holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the custodian as of December 31, 2013 and 2012 and for the years then ended, that the information provided to the plan administrator by the custodian is complete and accurate.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements.

Other Matter

The supplemental Schedule of Assets (Held at End of Year) at December 31, 2013 is required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and is presented for the purpose of additional analysis and is not a required part of the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on this supplemental schedule.

Report on Form and Content in Compliance with DOL Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the custodian, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

PricewaterhouseCoopers LLP

October 8, 2014

Transportation Research Center Inc.
Employees' Retirement Savings Plan and Trust
Statements of Net Assets Available for Benefits
December 31, 2013 and 2012

	2013	2012
Assets		
Investments, at fair value		
Mutual funds	$ 13,844,827	$ 11,170,397
Guaranteed investment contract	2,214,485	2,126,346
Total investments	16,059,312	13,296,743
Receivables		
Employer contributions	15,615	1,624
Employee contributions	24,084	-
Notes receivable from participants	620,504	494,999
Total receivables	660,203	496,623
Cash	3,337	5,771
Total assets	16,722,852	13,799,137
Liabilities		
Due to broker for securities purchased	3,337	5,771
Total liabilities	3,337	5,771
Net assets available for benefits, at fair value	16,719,515	13,793,366
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	-	(208,300)
Net assets available for benefits	$ 16,719,515	$ 13,585,066

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

Transportation Research Center Inc.
Employees' Retirement Savings Plan and Trust
Statements of Changes in Net Assets Available for Benefits
Years Ended December 31, 2013 and 2012

	2013	2012
Additions		
Investment income		
Interest and dividends	$ 438,038	$ 348,973
Net appreciation in fair value of investments	2,269,891	1,256,363
Total investment income	2,707,929	1,605,336
Contributions		
Employee contributions	663,881	658,221
Employer contributions	364,769	367,885
Rollovers	57,711	8,307
Total contributions	1,086,361	1,034,413
Interest on notes receivable from participants	23,063	17,307
Total additions	3,817,353	2,657,056
Deductions		
Benefit payments	634,151	778,003
Administrative expenses	48,753	38,081
Total deductions	682,904	816,084
Net increase in net assets available for benefits	3,134,449	1,840,972
Net assets available for benefits, beginning of year	13,585,066	11,744,094
Net assets available for benefits, end of year	$ 16,719,515	$ 13,585,066

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

1. Plan Description

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

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

Custodian and Recordkeeper
The Company has entered into an agreement with Reliance Trust Company whereby it has the authority as custodian to invest and control all contributions made to it under the Plan. The Standard is recordkeeper of the plan. The Company has entered into an agreement with The Standard Retirement Services, Inc., whereby The Standard provides the Company with an array of core services, most notably recordkeeping, transaction processing, and compliance testing.

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

Plan Participation
Participants employed in a job classification covered by the Plan become eligible to make contributions, receive employer contributions, and receive Safe Harbor Match contributions upon completion of one year (1,000 hours) of service.

Contributions
Participants may contribute up to 75% of their compensation, as defined by the Plan, on a pretax and/or after-tax basis, subject to Internal Revenue Code ("IRC") limitations ($17,500 for 2013 and $17,000 for 2012 except that participants age 50 or over may be eligible to make an additional catch-up contribution of up to $5,500 per year). After-tax contributions were permitted by the Plan starting in 2013. Participants may also contribute funds from another qualified plan ("rollover contributions"), subject to certain requirements. The Company's matching contribution is equivalent to 100% of the first 3% of the participant's contribution and 50% of the next 2% of the participant's contribution. Employer profit sharing contributions are determined based on the discretion of the Board of Directors of the Company. The Company did not make any discretionary profit sharing contributions for the years ended December 31, 2013 and 2012.

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

Vesting

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

Investments

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

Notes Receivable from Participants

A participant may borrow a minimum of $1,000 or a maximum equal to the lesser of $50,000 or 50% of the participant's vested account balance, subject to Plan limitations. Loans are collateralized by the participant's nonforfeitable interest in the Plan and are supported by a promissory note with interest rates ranging from 4.25% to 7.00% at December 31, 2013 and 4.25% to 9.25% at December 31, 2012. Loans must be repaid over a period not to exceed five years, except if used to purchase a primary residence. Principal and interest are paid through payroll deductions.

Distribution of Benefits

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

Plan Termination

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

Forfeitures

When certain terminations of participation in the Plan occur, the nonvested portion of a participant's account represents a forfeiture, as defined by the Plan. If a forfeiting participant is re-employed and fulfills certain requirements, as set forth in the Plan, the participant's account will be restored. Remaining forfeitures are allocated among participants' accounts. Forfeitures of $401 and $0 were allocated among participant's accounts for the years ended December 31, 2013 and 2012, respectively. Unallocated forfeitures remaining at December 31, 2013 and 2012 were $1,444 and $401, respectively.

2. Summary of Significant Accounting Policies

Basis of Accounting

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

Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 4 for discussion of fair value measurements.

Investment contracts held by a defined contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the plan. The Plan has evaluated guaranteed investment contracts held in the guaranteed investment contract and the common collective trust and determined that they are fully benefit-responsive contracts. Accordingly, the Statements of Net Assets Available for Benefits present the fair value of the investment contracts as well as the adjustment of the fully benefit-responsive investment contracts from fair value to contract value. The Statements of Changes in Net Assets Available for Benefits is prepared on a contract value basis. See Note 6 for discussion of the guaranteed investment contract.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Notes Receivable from Participants

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

Contributions

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

Payments of Benefits

Benefit payments are recorded when paid.

Use of Estimates

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

Risks and Uncertainties

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

3. Investments

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

	2013	2012
The Standard Stable Asset Fund A	$ 2,214,485	$ 1,918,046
Pimco Total Return Fund	1,722,243	1,855,379
Dodge & Cox Stock Fund	2,204,044	1,593,049
American Funds Europacific Growth Fund R4	1,288,928	1,072,677
Vanguard 500 Index Fund Signal	1,954,778	1,481,135
T Rowe Price Blue Chip Growth Fund Advisor	1,953,963	1,415,248
Vanguard Intermediate - Term Treasury Fund Investor	943,508	951,672

The Plan's investments, including gains and losses on investments bought and sold, as well as held during the year, appreciated (depreciated) in value for the years ended December 31, as follows:

	2013	2012
Mutual funds	$ 2,217,781	$ 1,203,519
Common collective trust	-	47,041
Guaranteed investment contract	52,110	5,803
	$ 2,269,891	$ 1,256,363

4. Fair Value Measurements

Accounting guidance for fair value measurements establishes a framework for measuring fair value and expanded disclosures regarding fair value measurements. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under accounting guidance for fair value measurements are described as follows:

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

Level 2 Inputs to the valuation methodology include:

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

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

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

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

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

Common Collective Trusts: The Plan’s interest in the collective trust, which was liquidated in 2012, was valued based on information reported by the investment advisor using audited financial statements of the collective trust at year-end. The fair value and contract value were based on the fair value and contract value of the underlying investments of the trust. Underlying securities for which quotations were readily available were valued at their most recent bid prices in the principal market in which such securities are normally traded. Underlying securities for which quotations were not readily available were valued at original cost plus accrued interest or at amortized costs, which approximates current value. Investments in underlying funds were valued at their closing net asset value.

Generally, under ordinary market conditions, all common collective trust positions provide daily market liquidity to Plan participants and the Plan. The Plan invested in the Morely Investment Omnibus Institutional Fund, a bank collective investment trust, in which participant transactions (issuances and redemptions) may occur daily. Were the Plan to initiate a full redemption of the collective trust, the investment advisor reserves the right to temporarily delay withdrawal from the trust in order to ensure that securities liquidation will be carried out in an orderly business manner.

Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

Guaranteed investment contract: Valued at fair value by the insurance company based on current yields of similar instruments with comparable durations considering the creditworthiness of the issuer. See Note 6.

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

The following tables set forth by level, within fair value hierarchy, the Plan's assets at fair value as of December 31, 2013 and 2012:

	Assets at Fair Value as of December 31, 2013			
	Level 1	**Level 2**	**Level 3**	**Total**
Mutual funds				
Equities - large cap	$ 6,112,785	$ -	$ -	$ 6,112,785
Equities - mid cap	2,253,357	-	-	2,253,357
Equities - small cap	1,025,197	-	-	1,025,197
Bond funds	2,925,146	-	-	2,925,146
Real estate	207,828	-	-	207,828
Balanced hybrid funds	31,586	-	-	31,586
International/global equity funds	1,288,928	-	-	1,288,928
Total mutual funds	13,844,827	-	-	13,844,827
Guaranteed investment contract	-	-	2,214,485	2,214,485
Total assets, at fair value	$ 13,844,827	$ -	$ 2,214,485	$ 16,059,312

	Assets at Fair Value as of December 31, 2012			
	Level 1	Level 2	Level 3	Total
Mutual funds				
Equities - large cap	$ 4,489,432	$ -	$ -	$ 4,489,432
Equities - mid cap	1,663,896	-	-	1,663,896
Equities - small cap	698,158	-	-	698,158
Bond funds	3,086,489	-	-	3,086,489
Real estate	134,397	-	-	134,397
Balanced hybrid funds	25,348	-	-	25,348
International/global equity funds	1,072,677	-	-	1,072,677
Total mutual funds	11,170,397	-	-	11,170,397
Guaranteed investment contract	-	-	2,126,346	2,126,346
Total assets, at fair value	$ 11,170,397	$ -	$ 2,126,346	$ 13,296,743

The following table sets forth a summary of changes in the fair value of the Plan’s Level 3 assets for the years ended December 31, 2013 and 2012:

	Level 3 Assets Guaranteed Investment Contract	
	Year Ended December 31, 2013	Year Ended December 31, 2012
Balance, beginning of year	$ 2,126,346	$ -
Interest	52,110	5,812
Purchase/transfers in	509,887	1,920,315
Sales/transfers out	(265,558)	(8,081)
Changes in fair value	(208,300)	208,300
Balance, end of year	$ 2,214,485	$ 2,126,346

Quantitative Information about Significant Unobservable Inputs Used in Level 3 Fair Value Measurements

The following table represents the Plan's level 3 financial instruments, the valuation techniques used to measure the fair value of those financial instruments, and the significant unobservable inputs and the ranges of values for those inputs.

Instrument	Fair Value	Principal Value Technique	Unobservable Inputs	Range of Significant Input Values	Weighted Average
Guaranteed investment contract	$ 2,214,485	Current yields of similar instruments/ duration/credit w orthiness	Credit rating	2.53%	n/a
			Current yields on similar instruments	1.3 - 2.5%	
			Duration	10 - 15 years	
			U.S. Industrial A Curve 10-15 years	3.6 - 4.2%	

5. Information Certified by the Custodian

The following financial information and data at December 31, 2013 and 2012 and for the years then ended was certified as complete and accurate by Reliance Trust Company, the custodian of the Plan, in accordance with Section 2520.103-5 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA:

	2013	2012
Statements of Net Assets Available for Benefits		
Investments, at fair value		
Mutual funds	$ 13,844,827	$ 11,170,397
Investments, at contract value		
Guaranteed investment contract	2,214,485	1,918,046
Statements of Changes in Net Assets Available for Benefits		
Interest and dividends	438,038	348,973
Net appreciation in fair value of investments	2,269,891	1,256,363

6. Guaranteed Investment Contract with Insurance Company

The Plan and Company entered into a fully benefit-responsive guaranteed investment contract with Standard Insurance Company ("Standard") in 2012. The Standard maintains the contributions in a general account named The Standard Stable Asset Fund A. The account is credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. The guaranteed investment contract issuer is contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Plan, which is 1% as of December 31, 2013 and 2012.

Because the guaranteed investment contract is fully benefit-responsive, contract value is the relevant measurement attribute for that portion of the net assets available for benefits attributable to the guaranteed investment contract. The guaranteed investment contract is presented on the face of the statements of net assets available for benefits at fair value with an adjustment to contract value in arriving at net assets available for benefits. Contract value, as reported to the Plan by The Standard, represents contributions made under the contract, plus earnings, less participant withdrawals and administrative expenses. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value.

There are no reserves against contract value for credit risk of the contract issuer or otherwise. The fair value of the investment contract at December 31, 2013 and 2012 was $2,214,485 and $2,126,346 respectively. The average yield and crediting interest rates were 2.53% and 2.53% for the year ended December 31, 2013, respectively. The average yield and crediting interest rates were 2.66% and 2.68% for the year ended December 2012, respectively. Crediting rates are reset quarterly by the standard.

Certain events limit the ability of the Plan to transact at contract value with the issuer. Such events include termination of the contract, spin-offs, divestitures, layoffs, corporate relocation, partial or total plan termination, retirement incentive programs, and the liberalization of plan withdrawal or transfer rules. Upon occurrence of any of these events, a payout adjustment may apply. The plan administrator believes that any events that would limit the Plan's ability to transact at contract value with participants are probable of not occurring.

The guaranteed investment contract may be terminated for reasonable cause, which includes the contract owner's failure to abide by state and federal law, failure to render performance necessary to comply with the terms of the contract, failure to maintain assets of at least $25,000, and plan disqualification. Upon termination, a payout value adjustment may apply.

7. Investment Contracts in Common Collective Trust

The Plan maintained an investment contract in a common collective trust, Morely Investment Omnibus Institutional, which was liquidated in 2012 The account was credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. The contract is included in the financial statements at contract value, because it is fully benefit-responsive. Withdrawals from this account for other than payment of benefits may be subject to a market value adjustment for Form 5500 reporting purposes. The investment contract held in the common collective trust was reported in the accompanying financial statements at contract value. There were no reserves against contract value for credit risk of the contract issuer or otherwise. The average yield and crediting interest rates were 1.62% and 1.65% for the year ended December 31, 2012, respectively. The crediting interest rate was based on a formula agreed upon with the issuer and there was no minimum credit rate. Such interest rates were reviewed annually for resetting.

8. Tax Status

The Plan obtained its latest determination letter on October 10, 2011, in which the Internal Revenue Service (the "IRS") stated that the Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code. The Plan has been amended since receiving the determination letter. However, the Plan Administrator believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code and the Plan and related trust continue to be tax-exempt. Therefore, no provisions for income taxes have been included in the Plan's financial statements.

Accounting principles generally accepted in the United States of America require Plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan administrator has analyzed the tax positions by the Plan and has concluded that as of December 31, 2013, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan administrator believes it is no longer subject to income tax examinations for years prior to 2010.

9. Related Party Transactions

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

10. Subsequent Events

The Plan has evaluated subsequent events through October 8, 2014 as this was the date financial statements were made available to be issued. No matters were identified that would materially impact the financial statements or require disclosure.

Transportation Research Center Inc.
Employees' Retirement Savings Plan and Trust
Schedule H, Line 4i - Schedule of Assets (Held at End of Year)
December 31, 2013

(a)	(b) Identity of Issuer, Borrower, Lessor or Similar Party	(c) Description of Investment	(d) Cost **	(e) Current Value ***
	Guaranteed Investment Contract			
*	The Standard Stable Asset Fund A	Guaranteed investment contract		$ 2,214,485
	Mutual Funds			
	Pimco Total Return Fund	Mutual fund		1,722,243
	Vanguard 500 Index Fund Signal	Mutual fund		1,954,778
	T. Rowe Price Blue Chip Growth Fund Advisor	Mutual fund		1,953,963
	Vanguard Intermediate -Term Treasury Fund Investor	Mutual fund		943,508
	American Funds Europacific Growth Fund R4	Mutual fund		1,288,928
	Artisan Mid Cap Fund IV	Mutual fund		694,318
	Columbia Funds Acorn Fund A	Mutual fund		620,959
	Dodge & Cox Stock Fund	Mutual fund		2,204,044
	Goldman Sachs Small Cap Value Fund A	Mutual fund		756,936
	Goldman Sachs Mid Cap Value Fund A	Mutual fund		659,271
	T. Rowe Price New Horizons Fund	Mutual fund		268,261
	Loomis Sayles Bond Fund Retail	Mutual fund		80,876
	Templeton Global Bond Fund United States	Mutual fund		104,262
	Blackrock Inflation Protected Bond - Investment A	Mutual fund		74,257
	Wasatch 1st Source Long/Short Fund	Mutual fund		278,809
	Cohen & Steers Realty Shares, Inc.	Mutual fund		207,828
	Vanguard Balanced Index Fund Investor	Mutual fund		31,586
	Other			
*	Participant loans	Interest rates ranging from 4.25% to7.00%		620,504
				$ 16,679,816

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

* Reliance Trust Company and The Standard are parties-in-interest

** Information omitted because all investments are participant directed.

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

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Dave Yost • Auditor of State

TRANSPORTATION RESEARCH CENTER INC.

FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
DECEMBER 16, 2014

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