The Ohio University Foundation and Subsidiaries

Consolidated Financial Statements as of and for the Years Ended June 30, 2013 and 2012 with Supplemental Schedules as of and for the Year Ended June 30, 2013 and Independent Auditor's Report

The Ohio University Foundation and Subsidiaries

Contents

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Independent Auditor's Report

To the Board of Trustees
The Ohio University Foundation and Subsidiaries

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of The Ohio University Foundation, an Ohio not-for-profit corporation, and Subsidiaries (the "Foundation"), which comprise the consolidated statements of financial position as of June 30, 2013 and 2012 and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

To the Board of Trustees
The Ohio University Foundation and Subsidiaries

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Ohio University Foundation and Subsidiaries as of June 30, 2013 and 2012 and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As further explained in Note 5, the consolidated financial statements include investments that are not listed on national exchanges nor for which quoted market prices are available. These investments include limited partnerships, hedge funds, funds-of-funds, and commingled funds that are not mutual funds. Such investments totaled $93,789,496 (20.7 percent of net assets) and $91,863,930 (22.0 percent of net assets) at June 30, 2013 and 2012, respectively. Where a publicly listed price is not available, management uses alternative sources of information including the funds' audited financial statements, unaudited interim reports, lists of underlying fund holdings, and similar evidence provided by the fund managers to determine fair values of the investments.

Other Matters

Our audit was conducted for the purpose of forming opinions on the consolidated financial statements that collectively comprise the consolidated financial statements of the Foundation taken as a whole. The consolidating information, as identified on pages 34-36, is presented for the purpose of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2013 on our consideration of The Ohio University Foundation and Subsidiaries' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Ohio University Foundation and Subsidiaries' internal control over financial reporting and compliance.

Plante & Moran, PLLC

October 9, 2013

The Ohio University Foundation and Subsidiaries

Consolidated Statements of Financial Position
June 30, 2013 and 2012

	2013	2012
Assets		
Cash and cash equivalents	$ 8,071,986	$ 15,756,637
Accounts receivable - Net	346,123	299,071
Pledges receivable - Net	15,423,440	16,847,251
Bequests receivable	1,351,091	562,953
Interest and dividends receivable	72,664	127,301
Prepaid expenses	776,232	791,257
Investments	410,375,301	366,557,508
Cash surrender value - Life insurance policies	1,264,216	1,572,911
Charitable gift annuities	2,380,660	2,426,539
Charitable trusts	17,196,625	16,707,079
Deposits with trustees - Restricted cash	3,928,534	3,547,222
Property and equipment - Net	29,885,459	30,520,718
Other assets	614,287	778,893
Total assets	**$ 491,686,618**	**$ 456,495,340**
Liabilities and Net Assets (Deficit)		
Liabilities		
Accounts payable:		
Ohio University	$ 1,398,164	$ 1,779,983
Trade and other	1,290,107	1,386,480
Deposits held in custody for others	418,478	345,969
Annuities payable	1,854,050	1,967,854
Charitable trusts obligations	3,627,098	3,613,620
Bonds payable	25,970,000	26,750,000
Notes payable	2,792,400	3,034,400
Other liabilities	349,345	248,894
Total liabilities	37,699,642	39,127,200
Net Assets (Deficit)		
Unrestricted	(1,213,597)	(3,711,995)
Temporarily restricted	286,348,808	257,626,404
Permanently restricted	168,851,765	163,453,731
Total net assets (deficit)	453,986,976	417,368,140
Total liabilities and net assets (deficit)	**$ 491,686,618**	**$ 456,495,340**

The Ohio University Foundation and Subsidiaries

Consolidated Statements of Activities
Year Ended June 30, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and other support:				
Gifts and contributions	$ 214,409	$ 8,234,593	$ 5,011,179	$ 13,460,181
University support	5,436,801	-	-	5,436,801
Income from investments:				
Interest and dividends	364,958	7,496,263	-	7,861,221
Sold during the year (realized gain)	824,495	17,004,576	225,698	18,054,769
Held at year end (unrealized gain)	434,810	16,549,363	214,157	17,198,330
Revenue from sales, services, and events	444,579	84,168	-	528,747
Change in value of split-interest agreements	31,240	437,179	26,972	495,391
Administrative fee income	4,689,073	(4,689,073)	-	-
Other	115,326	150,448	87,168	352,942
Related entity revenue	8,239,853	2,325,796	-	10,565,649
Total revenue and other support	20,795,544	47,593,313	5,565,174	73,954,031
Net assets released from restrictions - Satisfaction of program restrictions:				
Academic support	1,314,395	(1,314,395)	-	-
Alumni relations	7,519	(7,519)	-	-
Fundraising and development	116,575	(116,575)	-	-
Institutional support	785,813	(785,813)	-	-
Instruction and departmental research	8,841,674	(8,841,674)	-	-
Intercollegiate athletics	1,482,623	(1,482,623)	-	-
Public service	463,594	(463,594)	-	-
Research	743,369	(743,369)	-	-
Student aid	3,699,972	(3,532,832)	(167,140)	-
Student services	280,052	(280,052)	-	-
Related entity operations	1,302,463	(1,302,463)	-	-
Total net assets released from restrictions	19,038,049	(18,870,909)	(167,140)	-
Total revenue, other support, and net assets released from restrictions	39,833,593	28,722,404	5,398,034	73,954,031

The Ohio University Foundation and Subsidiaries

Consolidated Statements of Activities (Continued)
Year Ended June 30, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Expenses:				
Program services:				
Academic support	$ 1,314,395	$ -	$ -	$ 1,314,395
Alumni relations	1,781,387	-	-	1,781,387
Institutional support	913,435	-	-	913,435
Instruction and departmental research	8,846,362	-	-	8,846,362
Intercollegiate athletics	1,482,623	-	-	1,482,623
Public service	463,594	-	-	463,594
Research	873,202	-	-	873,202
Student aid	3,699,972	-	-	3,699,972
Student services	280,052	-	-	280,052
Support services:				
Fundraising and development	8,359,945	-	-	8,359,945
Fund administration	651,734	-	-	651,734
Related entity operations	8,668,494	-	-	8,668,494
Total expenses	37,335,195	-	-	37,335,195
Changes in Net Assets	2,498,398	28,722,404	5,398,034	36,618,836
Net Assets (Deficit) - Beginning of year	(3,711,995)	257,626,404	163,453,731	417,368,140
Net Assets (Deficit) - End of year	**$ (1,213,597)**	**$ 286,348,808**	**$ 168,851,765**	**$ 453,986,976**

The Notes to Consolidated Financial Statements
are an Integral Part of this Statement.

The Ohio University Foundation and Subsidiaries

Consolidated Statements of Activities
Year Ended June 30, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and other support:				
Gifts and contributions	$ 492,734	$ 10,707,575	$ 9,406,919	$ 20,607,228
University support	5,274,285	-	-	5,274,285
Income from investments:				
Interest and dividends	187,465	6,248,896	-	6,436,361
Sold during the year (realized gain)	1,952,519	40,503,059	186,505	42,642,083
Held at year end (unrealized loss)	(1,016,366)	(18,293,819)	(255,067)	(19,565,252)
Revenue from sales, services, and events	373,600	58,362	9,750	441,712
Change in value of split-interest agreements	23,600	(53,193)	(186,321)	(215,914)
Administrative fee income	2,132,253	(2,132,253)	-	-
Other	110,353	218,135	370,828	699,316
Related entity revenue	7,916,499	1,713,554	-	9,630,053
Total revenue and other support	17,446,942	38,970,316	9,532,614	65,949,872
Net assets released from restrictions - Satisfaction of program restrictions:				
Academic support	1,245,982	(1,245,982)	-	-
Alumni relations	35,198	(35,198)	-	-
Fundraising and development	5,305	(5,305)	-	-
Institutional support	1,250,571	(1,250,571)	-	-
Instruction and departmental research	6,267,700	(6,267,700)	-	-
Intercollegiate athletics	869,873	(869,873)	-	-
Public service	425,028	(425,028)	-	-
Research	611,255	(611,255)	-	-
Student aid	3,697,726	(3,697,726)	-	-
Student services	292,961	(292,961)	-	-
Related entity operations	1,691,754	(1,691,754)	-	-
Total net assets released from restrictions	16,393,353	(16,393,353)	-	-
Total revenue, other support, and net assets released from restrictions	33,840,295	22,576,963	9,532,614	65,949,872

The Ohio University Foundation and Subsidiaries

Consolidated Statements of Activities (Continued)
Year Ended June 30, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Expenses:				
Program services:				
Academic support	$ 1,245,982	$ -	$ -	$ 1,245,982
Alumni relations	1,700,118	-	-	1,700,118
Institutional support	1,416,701	-	-	1,416,701
Instruction and departmental research	6,322,737	-	-	6,322,737
Intercollegiate athletics	869,873	-	-	869,873
Public service	425,028	-	-	425,028
Research	843,596	-	-	843,596
Student aid	3,715,891	-	-	3,715,891
Student services	292,961	-	-	292,961
Support services:	-	-	-	
Fundraising and development	7,715,663	-	-	7,715,663
Fund administration	718,784	-	-	718,784
Related entity operations	8,898,088	-	-	8,898,088
Total expenses	34,165,422	-	-	34,165,422
Changes in Net Assets	(325,127)	22,576,963	9,532,614	31,784,450
Net Assets (Deficit) - Beginning of year	(3,386,868)	235,049,441	153,921,117	385,583,690
Net Assets (Deficit) - End of year	**$ (3,711,995)**	**$ 257,626,404**	**$ 163,453,731**	**$ 417,368,140**

The Notes to Consolidated Financial Statements
are an Integral Part of this Statement.

The Ohio University Foundation and Subsidiaries

Consolidated Statements of Cash Flows

	Years Ended June 30	
	2013	2012
Cash Flows from Operating Activities		
Changes in net assets	$ 36,618,836	$ 31,784,450
Adjustments to reconcile changes in net assets to net cash from operating activities		
Realized investment gains - Net	(18,054,769)	(42,642,083)
Noncash items:		
Depreciation and amortization	1,560,275	1,594,629
Loss on disposition of property	3,282	-
Unrealized investment (gains) losses - Net	(17,198,330)	19,525,456
Decrease in cash surrender value of life insurance policies	308,695	268,587
Increase in investments subject to annuity agreements	(239,882)	(264,288)
Increase in charitable remainder trust assets	(1,285,370)	(514,728)
Increase in annuity obligations	(113,804)	(93,038)
Decrease (increase) in trust obligations	13,478	(223,391)
Contributions of securities	(923,031)	(1,737,030)
Contributions restricted for endowment investments	(5,011,179)	(9,406,919)
Changes in current assets and liabilities:		
(Increase) decrease in accounts receivable	(47,052)	24,714
Decrease (increase) in pledges receivable	1,423,811	(1,802,482)
(Increase) decrease in bequests receivable	(788,138)	368,047
Decrease in interest and dividends receivable	54,637	194,030
Increase in prepaid expenses	(7,762)	(29,501)
Decrease (increase) in other assets	136,349	(106,468)
(Decrease) increase in accounts payable	(478,192)	331,763
Increase in other liabilities	100,451	153,828
Increase (decrease) in deposits held in custody for others	72,509	(2,603)
Net cash used in operating activities	(3,855,186)	(2,577,027)
Cash Flows from Investing Activities		
Purchases of property and equipment	(877,254)	(752,118)
Purchases of investments	(125,649,976)	(206,391,976)
Proceeds from sales of investments	118,008,313	193,001,054
Contributions to new charitable gift annuities	(50,000)	(8,553)
Payments on charitable gift annuities	335,761	321,540
Payments on charitable remainder trusts	795,824	830,575
Net cash used in investing activities	(7,437,332)	(12,999,478)
Cash Flows from Financing Activities		
Contributions restricted for endowment investment	5,011,179	9,406,919
Payments on notes and bonds payable	(1,022,000)	(967,400)
Increase in restricted cash	(381,312)	(348,679)
Net cash provided by financing activities	3,607,867	8,090,840
Net Decrease in Cash and Cash Equivalents	(7,684,651)	(7,485,665)
Cash and Cash Equivalents - Beginning of year	15,756,637	23,242,302
Cash and Cash Equivalents - End of year	**$ 8,071,986**	**$ 15,756,637**
Supplemental Disclosure of Cash Flow Information -		
Cash paid during the year for interest	**$ 129,515**	**$ 129,455**
Supplemental Disclosure of Noncash Activities -		
Contributions of securities	**$ 923,031**	**$ 1,737,030**

The Notes to Consolidated Financial Statements are an Integral Part of this Statement.

Note 1 – Organization and Operation

The Ohio University Foundation (the "Foundation") was incorporated in Ohio in October 1945 to support the educational undertakings of Ohio University (the "University"). The Foundation is authorized to solicit and receive gifts and contributions for the benefit of the University and to ensure that funds and property received are applied to the uses specified by the donor.

The Foundation's wholly owned subsidiary, Inn-Ohio of Athens, Inc. (the "Inn"), owns and operates a 139-room hotel and restaurant facility in Athens, Ohio known as The Ohio University Inn (see Note 10).

Another controlled entity, Housing for Ohio, Inc. ("Housing"), constructed and operates a 182-unit student housing facility in Athens, Ohio (see Note 11). It has been granted tax-exempt status under Section 501(a)(3) of the Internal Revenue Code (the "Code") as an organization described in Section 501(c)(3).

The Foundation entered into an agreement with the Sugar Bush Foundation ("Sugar Bush"), an Ohio not-for-profit corporation, in August 2005. Sugar Bush is a supporting organization as defined in Code Section 509(a)(3) and the Foundation is its primary supported organization receiving 51 percent of its charitable distributions. This agreement was further amended in August 2007 with Sugar Bush pledging to commit all of its charitable distributions to the Foundation. Upon dissolution of Sugar Bush and payment of all Sugar Bush liabilities, all of its assets shall be transferred to the Foundation, provided the Foundation is then recognized as a nonprofit Ohio corporation and as a tax-exempt organization under Section 501(c)(3) of the Code. The Foundation consolidates this supporting organization that is deemed to be financially interrelated.

During 2009, the Foundation created three limited liability companies to receive property distributions from The Dolores H. Russ Trust for the benefit of the Russ College of Engineering. The three limited liability companies are Fritz J. and Dolores H. Russ Holdings LLC, Russ North Valley Road LLC, and Russ Research Center LLC (collectively referred to as the "Russ LLCs"). The limited liability companies are treated as disregarded entities for federal income tax purposes. The Foundation is the sole member of Fritz J. and Dolores H. Russ Holdings LLC. Fritz J. and Dolores H. Russ Holdings LLC is the sole member of Russ North Valley Road LLC and Russ Research Center LLC.

Note 2 – Summary of Significant Accounting Policies

Basis of Accounting – The consolidated financial statements of the Foundation have been prepared on the accrual basis of accounting. The accompanying consolidated financial statements present the financial position and results of activities of the Foundation and its wholly owned subsidiary and other related entities – the Inn, Housing, one supporting organization, and three limited liability companies. All intercompany transactions have been eliminated.

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 disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of Credit Risk – Financial instruments, which potentially subject the Foundation to a concentration of credit risk, consist principally of pledges receivable, investments for the Foundation, and receivables related to operations of the Inn and Russ Research Center LLC. Exposure to losses on pledges receivable is principally dependent on each donor's financial condition. The Foundation monitors the exposure for credit losses and maintains allowances for anticipated losses on receivables.

Investments are recorded at fair value. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect the Foundation's consolidated statements of financial position and activities.

The management companies that operate the Inn and the Russ Research Center are responsible for collection of receivables. Each entity provides a reserve for any estimated uncollectible balances, as appropriate.

Gifts and Contributions – Contributions are recorded at their fair value on the date of receipt. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset categories. When a donor restriction expires (when a stipulated time restriction ends or the purpose of restriction is accomplished), temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions.

Contributed property is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used or restrict the use of such assets for a specific purpose, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property are recorded as unrestricted support.

Contributions of charitable gift annuities are reduced by the actuarially determined liability resulting from acceptance of the gift. Contributions are held in charitable trusts at the present value of their estimated future benefits to be received when the trust assets are distributed upon notification of the donor's death (see Note 9).

Pledges Receivable – Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discount on those amounts is computed using an assumed inflation rate at the time the pledge is made. The discount rate utilized was 4.92 and 4.99 percent for the years ended June 30, 2013 and 2012, respectively. Amortization of the discounts is included in contribution revenue. Unconditional promises to give, which are silent as to the due date, are presumed to be time restricted by the donor until received and are reported as temporarily restricted net assets. Conditional promises to give are not included as support until the conditions on which they depend are substantially met.

Intentions – The Foundation receives communications from donors indicating that the Foundation has been included in the donor's will or life insurance policy as beneficiary, representing intentions to give rather than promises to give. Such communications are not unconditional promises to give because the donors retain the ability to modify their wills and insurance policies during their lifetimes. The total realizable value of these intended gifts has not been established, nor have the intended gifts been recognized as an asset or contribution revenue. Such gifts are recorded when the Foundation is notified of the donor's death, the will is declared valid by a probate court, and the proceeds are measurable.

Cash Surrender Value of Insurance Policies – The Foundation records as an asset the cash surrender value of insurance policies for which it is the owner and beneficiary.

Investments – Investments in securities are recorded at fair value based on quoted market values, with changes in market value during the year reflected in the consolidated statements of activities. Investments not publicly traded are either stated at cost, which approximates market, or at appraised market values when applicable. Alternatives are recorded at their most recent available valuation as provided by the investment custodian. Purchases and sales of investments are accounted for as of the trade date. See Note 5 for the valuation policy for alternative investments.

Income from Investments – All investment income in the form of interest and dividends is credited to unrestricted net assets unless otherwise designated by the donor. All capital appreciation/depreciation earned on permanently restricted, temporarily restricted, and unrestricted investments is credited to unrestricted net assets unless otherwise restricted by the donor or by state law.

Property and Equipment – Property and equipment are recorded at the estimated fair value, if received as a gift, or at the purchase cost, plus any expenditures for improvements.

Depreciation of buildings is recorded over periods ranging from 20 to 40 years using the straight-line method. Depreciation and amortization of other property, equipment, and improvements are recorded over periods ranging from 3 to 15 years using the straight-line method.

Annually, or more frequently if events or circumstances change, a determination is made by management to ascertain whether property and equipment and intangibles have been impaired based on the sum of expected future undiscounted cash flows from operating activities. If the estimated net cash flows are less than the carrying amount of such assets, the Foundation will recognize an impairment loss in an amount necessary to write down the assets to a fair value as determined from expected future discounted cash flows. Based upon its most recent analysis, the Foundation has determined that no impairment to the carrying value of its long-lived assets existed at June 30, 2013 and 2012.

Cash – At times, cash may exceed federally insured amounts. The Foundation believes it mitigates risks by depositing cash with major financial institutions. At June 30, 2013, the Foundation held $10,223,165 in cash that was uninsured by the Federal Deposit Insurance Corporation (FDIC).

Cash Equivalents – The Foundation considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents.

Restricted Cash – Restricted cash represents cash that, under terms of the bond issue trust indenture agreement (the “Trust Indenture”) (related to Housing for Ohio, Inc., see Note 11), is restricted for various purposes. In accordance with the terms of the Trust Indenture and related agreements, the proceeds from the bonds not used to construct the student housing facility and certain equipment and improvements were deposited with the trustee. The Foundation is also required to deposit all revenue directly into a designated revenue fund. The trustee is then authorized, without further direction from the Foundation, to transfer funds out of the revenue fund to other funds as outlined in the Trust Indenture.

Functional Allocation of Expenses – The costs of providing the various programs and support services have been summarized on a functional basis in the consolidated statements of activities. Certain costs have been allocated among the programs and support services benefited. Although methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

Income Taxes – The Internal Revenue Service has determined that the Foundation is an exempt organization under Section 501(c)(3) of the Internal Revenue Code, except for taxes on unrelated income. The provision for income taxes for the Inn, including deferred tax expenses, totaled $194,233 and $127,924 for the years ended June 30, 2013 and 2012, respectively.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Foundation and to recognize a tax liability if the Foundation has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities. Management has analyzed the tax positions taken by the Foundation and has concluded that as of June 30, 2013 and 2012, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the consolidated financial statements. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes that it is no longer subject to income tax examinations for years prior to June 30, 2010.

Fair Value of Financial Instruments – The carrying values of the Foundation's financial instruments in the accompanying consolidated statements of financial position approximate their respective estimated fair value at June 30, 2013 and 2012.

The Foundation has estimated the fair values of its financial instruments using available quoted market information and other valuation methodologies. Accordingly, the estimates presented are not necessarily indicative of the amounts that the Foundation could realize in a current market exchange. Determinations of fair value are based on subjective data and significant judgment relating to timing of payments and collections and the amounts to be realized. Different market assumptions and/or estimation methodologies might have a significant effect on the estimated fair value amounts.

The fair values of short-term financial instruments, including cash equivalents and trade accounts receivable and payable, approximate the carrying amounts in the accompanying consolidated financial statements due to the short maturity of such instruments. The fair value of long-term obligations approximates the carrying amounts in the accompanying consolidated financial statements. The carrying value of the debt approximates fair value based on current borrowing rates. The inputs are based upon terms in contractual agreements. The fair value of these financial instruments is determined using Level 2 inputs (see Note 5).

Advertising Costs – Advertising costs of the Inn are included in marketing expenses and are expensed as incurred.

Subsequent Events – The consolidated financial statements and related disclosures include evaluation of events up through and including October 9, 2013, which is the date the consolidated financial statements were issued.

Note 3 – Net Assets

Unrestricted Net Assets – The unrestricted net assets consist of operating funds available for any purpose authorized by the board of trustees.

Unrestricted net assets as of June 30, 2013 and 2012 are available for the following purposes:

	2013	2012
Designated:		
Board-designated 1804 grants	$ 92,011	$ 183,284
Designated underwater accounts	(648,358)	(290,619)
Subtotal designated	(556,347)	(107,335)
Undesignated:		
The Inn	3,673,949	3,358,564
Housing	(997,451)	(1,555,888)
Other	(3,333,748)	(5,407,336)
Subtotal undesignated	(657,250)	(3,604,660)
Total unrestricted net assets	$(1,213,597)	$(3,711,995)

Temporarily Restricted Net Assets – Temporarily restricted net assets consist of funds that are restricted for a specific use or time determined by the donor. Temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions when the restrictions are satisfied either by the passage of time or by actions of the Foundation. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Foundation reports the support as unrestricted.

Temporarily restricted net assets as of June 30, 2013 and 2012 are available for the following purposes:

	2013	2012
Academic support	$ 13,608,421	$ 12,077,219
Alumni relations	242,530	445,761
Fundraising and development	656,757	789,485
Institutional support	11,831,713	16,876,518
Instruction and departmental research	201,076,911	177,598,567
Intercollegiate athletics	1,961,953	1,923,578
Public service	467,460	623,143
Research	1,742,620	1,835,790
Student aid	53,038,090	44,008,337
Student services	1,722,353	1,448,006
Total	$ 286,348,808	$ 257,626,404

Permanently Restricted Net Assets – Permanently restricted net assets consist of funds arising from a gift or bequest in which the donor has stipulated, as a condition of the gift, that the principal be maintained in perpetuity and only the investment income from investment of the funds be expended. Certain donor endowments also specify that a portion of the earnings from the investment be reinvested as principal, or that all income earned over a period of time be reinvested. Amounts are also transferred for specific uses as authorized from time to time by the donor. Earnings, gains, and losses on restricted net assets are classified as unrestricted unless otherwise restricted by the donor or by applicable state laws.

Permanently restricted net assets as of June 30, 2013 and 2012 are available for the following purposes:

	2013	2012
Academic support	$ 10,569,687	$ 9,570,274
Alumni relations	98,067	405,091
Fundraising and development	76,843	306,856
Institutional support	3,397,541	4,405,321
Instruction and departmental research	71,643,577	70,095,672
Intercollegiate athletics	1,731,020	1,623,669
Public service	360,793	367,518
Research	1,188,095	3,126,589
Student aid	77,013,240	70,893,957
Student services	2,772,902	2,658,784
Total	$ 168,851,765	$ 163,453,731

Note 4 - Pledges Receivable

Amounts included in pledges receivable for unconditional promises to give at June 30, 2013 and 2012 are as follows:

At June 30, 2013	Temporarily Restricted	Permanently Restricted	Total
Gross amounts due in:			
Less than one year	$ 5,234,880	$ 4,390,561	$ 9,625,441
One to five years	4,407,008	7,106,705	11,513,713
More than five years	204,433	1,000	205,433
Gross pledges receivable	9,846,321	11,498,266	21,344,587
Less allowance for uncollectible pledges	(2,210,985)	(2,581,928)	(4,792,913)
Less discount to present value	(386,105)	(742,129)	(1,128,234)
Total pledges receivable - Net	$ 7,249,231	$ 8,174,209	$ 15,423,440

At June 30, 2012	Temporarily Restricted	Permanently Restricted	Total
Gross amounts due in:			
Less than one year	$ 4,500,808	$ 4,007,597	$ 8,508,405
One to five years	5,524,406	8,939,497	14,463,903
More than five years	283,900	2,000	285,900
Gross pledges receivable	10,309,114	12,949,094	23,258,208
Less allowance for uncollectible pledges	(2,172,850)	(2,689,823)	(4,862,673)
Less discount to present value	(489,495)	(1,058,789)	(1,548,284)
Total pledges receivable - Net	$ 7,646,769	$ 9,200,482	$ 16,847,251

The allowance for uncollectible contributions is a general valuation based on the percentage of prior years' pledge write-offs. Specific pledges deemed uncollectible are charged against the allowance for uncollectible pledges in the period in which the determination is made. Both the general allowance and the specific write-offs are reported as the loss on fair value of pledges receivable in the statement of activities.

As of June 30, 2013, the Foundation has approximately $47 million in numerous outstanding pledges that are considered to be intentions to give and are contingent upon future events. These pledges are not accrued as pledges receivable or recognized as revenue because they do not represent unconditional promises to give. It is not practicable to estimate the ultimate realizable value of these commitments or the period over which they might be collected.

Note 5 - Fair Value Measurements

The Foundation's investments include endowed funds, as well as a portion of working capital funds. The Foundation's investment policy provides that the long-term objective of the investment pool is to maximize the real return, or the nominal return less inflation, of the assets over a complete market cycle with emphasis on preserving capital and reducing volatility through prudent diversification. Further, the investment strategy seeks to provide real growth of assets in excess of endowment spending requirements plus inflation. The asset allocation of the Foundation's investments at June 30, 2013 and 2012 is summarized in the following table:

Fair Value and Cost of Investments at June 30, 2013 and 2012

	June 30, 2013		June 30, 2012	
	Fair Value	Cost	Fair Value	Cost
Fixed-income investments:				
Money market mutual funds	$ 21,113,517	$ 21,113,517	$ 10,791,592	$ 10,791,592
Bonds and bond mutual funds	40,300,495	39,188,554	38,863,601	36,865,330
TIPS mutual funds	12,073,226	11,814,984	12,989,052	11,603,588
Subtotal fixed income	73,487,238	72,117,055	62,644,245	59,260,510
Public equity investments:				
Domestic large-cap equity	91,589,917	75,039,493	89,717,278	77,566,333
Domestic small-cap equity	9,362,263	7,542,023	8,349,008	8,512,989
REITs	730,519	722,448	713,090	732,708
Developed international equity	89,133,259	78,253,139	80,095,680	80,000,605
Commodities	22,159,516	23,843,737	7,597,814	8,085,500
Emerging markets international equity	30,123,093	23,996,460	25,576,463	19,404,091
Subtotal public equity	243,098,567	209,397,300	212,049,333	194,302,226
Alternative investments:				
Commodities	8,845,589	12,254,000	9,504,659	12,098,277
Absolute return funds	45,497,617	51,330,119	49,180,019	52,407,230
Private equity funds	23,863,532	15,806,438	17,146,101	16,409,797
Private real estate funds	10,880,456	9,480,533	11,474,746	10,046,623
Venture capital funds	4,702,302	3,961,005	4,558,405	3,636,558
Subtotal alternative investments	93,789,496	92,832,095	91,863,930	94,598,485
Total investments	$ 410,375,301	$ 374,346,450	$ 366,557,508	$ 348,161,221

The Foundation reports investments and split-interest agreements at estimated fair value, in accordance with the fair value hierarchy prescribed by Financial Accounting Standards Board Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*. The framework for determining fair value is based on a hierarchy that prioritizes the valuation techniques and inputs used to measure fair value, as follows:

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access. The Foundation’s Level 1 assets consist primarily of fixed-income or equity mutual funds, publicly traded large- and small-cap stocks, and REITs. Prices for these investments are widely available through major financial reporting services.

Level 2 – Inputs other than quoted prices that are observable, either directly or indirectly. These may include quoted prices for similar assets and liabilities in active markets, and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals. The Foundation’s Level 2 assets include government and corporate bonds, as well as commingled money market, bond, and equity funds that are not registered with the Securities and Exchange Commission and do not trade on an exchange.

Level 3 – Inputs that are unobservable, including inputs that are available in situations where there is little, if any, market activity for the related asset or liability. The Foundation’s Level 3 assets include allocations to commodities, absolute return funds, private equity, private real estate, and venture capital funds. The Foundation’s Level 3 assets also include split-interest agreements that are valued using an actuarial approach. The Foundation has processes in place to select the appropriate valuation technique and unobservable inputs to perform Level 3 fair value measurements. These processes include quarterly meetings with the Foundation's investment committee for calibration and review of Level 3 investment monthly or quarterly fund manager statements and annual audited financial statements. The Foundation cannot independently assess the value of these underlying positions through a public exchange or over-the-counter market. The Foundation utilizes a third-party investment manager to monitor, participate in fund manager calls, and obtain underlying financial information on the Level 3 investments.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the least observable input that is significant to the valuation. The Foundation’s assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability. The Foundation’s fair value assets and liabilities, by level, at June 30, 2013 and 2012 are summarized in the following tables:

Assets Measured at Fair Value on the Recurring Basis at June 30, 2013

		Fair Value at Reporting Date Using		
	June 30, 2013	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Fixed-income investments:				
Money market mutual funds	$ 21,113,517	$ 21,104,883	$ 8,634	$ -
Bonds and bond mutual funds	40,300,495	37,342,273	2,958,222	-
TIPS mutual funds	12,073,226	12,073,226	-	-
Subtotal fixed income	73,487,238	70,520,382	2,966,856	-
Public equity investments:				
Domestic large-cap equity	91,589,917	91,589,917	-	-
Domestic small-cap equity	9,362,263	9,362,263	-	-
REITs	730,519	730,519	-	-
Developed international equity	89,133,259	89,133,259	-	-
Commodities	22,159,516	22,159,516	-	-
Emerging markets international equity	30,123,093	18,194,911	11,928,182	-
Subtotal public equity	243,098,567	231,170,385	11,928,182	-
Alternative investments:				
Commodities (1)	8,845,589		-	8,845,589
Absolute return funds (2)	53,634,717	-	-	53,634,717
Private equity funds (3)	15,726,432	-	-	15,726,432
Private real estate funds (4)	10,880,456	-	-	10,880,456
Venture capital funds (5)	4,702,302	-	-	4,702,302
Subtotal alternative investments	93,789,496	-	-	93,789,496
Total investments	$ 410,375,301	$ 301,690,767	$ 14,895,038	$ 93,789,496
Split-interest Agreements Assets				
Charitable gift annuities	$ 2,380,660	$ 1,562,552	$ 818,108	$ -
Charitable trusts (6)	17,196,625	15,896,894	478,479	821,252
Total split-interest agreements	$ 19,577,285	$ 17,459,446	$ 1,296,587	$ 821,252
Total fair value measurements	$ 429,952,586	$ 319,150,213	$ 16,191,625	$ 94,610,748

Assets Measured at Fair Value on the Recurring Basis at June 30, 2012

		Fair Value at Reporting Date Using		
	June 30, 2012	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Fixed-income investments:				
Money market mutual funds	$ 10,791,592	$ 4,708	$ 10,786,884	$ -
Bonds and bond mutual funds	38,863,601	36,239,278	2,624,323	-
TIPS mutual funds	12,989,052	12,989,052	-	-
Subtotal fixed income	62,644,245	49,233,038	13,411,207	-
Public equity investments:				
Domestic large-cap equity	89,717,278	89,717,278	-	-
Domestic small-cap equity	8,349,008	8,349,008	-	-
REITs	713,090	713,090	-	-
Developed international equity	80,095,680	80,095,680	-	-
Commodities	7,597,814	7,597,814	-	-
Emerging markets international equity	25,576,463	14,355,834	11,220,629	-
Subtotal public equity	212,049,333	200,828,704	11,220,629	-
Alternative investments:				
Commodities (1)	9,504,659	-	-	9,504,659
Absolute return funds (2)	49,180,019	-	-	49,180,019
Private equity funds (3)	17,146,101	-	-	17,146,101
Private real estate funds (4)	11,474,746	-	-	11,474,746
Venture capital funds (5)	4,558,405	-	-	4,558,405
Subtotal alternative investments	91,863,930	-	-	91,863,930
Total investments	$ 366,557,508	$ 250,061,742	$ 24,631,836	$ 91,863,930
Split-interest Agreements Assets				
Charitable gift annuities	$ 2,426,539	$ 2,058,182	$ 368,357	$ -
Charitable trusts (6)	16,707,079	15,626,806	292,921	787,352
Total split-interest agreements	$ 19,133,618	$ 17,684,988	$ 661,278	$ 787,352
Total fair value measurements	$ 385,691,126	$ 267,746,730	$ 25,293,114	$ 92,651,282

(1) Commodities funds investing in areas that offer strong relative performance in rising inflation environments and are broadly diversified across the commodities markets, including futures, options on futures, and forward contracts on exchange-traded agricultural goods, metals, minerals, and energy products. The fair value of this investment has been estimated using the net asset value per share of the investment.

(2) Hedge funds broadly diversified across managers, investment strategies, and investment venues. Includes both fund investments as well as fund-of-funds investments. The fair value of this investment has been estimated using the net asset value per share of the investment.

(3) Private equity funds broadly diversified across managers, investment stages, geography, industry sectors, and company size. Includes individual fund investments, as well as fund-of-funds investments. The fair value of this investment has been estimated using the net asset value per share of the investment.

(4) Private real estate funds broadly diversified across managers, investment strategies, geography, and industry sectors. The fair value of this investment has been estimated using the net asset value per share of the investment.

(5) Venture capital funds with the objective of investing in early stage business entities and enterprises with a primary focus on medical and information technologies. The fair value of this investment has been estimated using the net asset value per share of the investment.

(6) Level 3 assets represent the present value of the revenue expected to be received from charitable trusts, where the Foundation does not serve as trustee. The Foundation estimates the fair value of these liabilities based upon the present value of the expected future cash flows using management's best estimates of key assumptions including life expectancies of annuitants, payment periods, and a discount rate commensurate with the current market and other risks involved. Significant changes in these key assumptions would result in a significantly lower or higher fair value measurement.

Investments are reported as Level 3 assets if the valuation is based on significant unobservable inputs. Often, these assets trade infrequently, or not at all. For some Level 3 assets, both observable and unobservable inputs may be used to determine fair value. As a result, the unrealized gains and losses presented in the tables below may include changes in fair value that were attributable to both observable and unobservable inputs.

The Foundation's policy is to recognize transfers between levels of the fair value hierarchy as of the beginning of the reporting period. For the fiscal years ended June 30, 2013 and June 30, 2012, there were no transfers between levels of the fair value hierarchy.

Additional information on the changes in Level 3 assets is summarized in the tables below as of June 30, 2013 and 2012:

Changes in Level 3 Assets Measured at Fair Value on a Recurring Basis for the Year Ended June 30, 2013

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)		
		Alternative Investments	
	Total Level 3 Investments	Commodities	Hedge Funds
Beginning balance	$ 91,863,930	$ 9,504,659	$ 49,180,019
Gains (losses) included in changes in net assets:			
Realized gains (losses)	1,826,679	(3,322)	(605,756)
Unrealized gains (losses)	3,840,731	(654,164)	5,523,879
Total gains (losses)	5,667,410	(657,486)	4,918,123
Purchases and sales:			
Purchases	14,548,625	56,859	11,762,720
Sales	(18,290,469)	(58,443)	(12,226,145)
Total purchases and sales	(3,741,844)	(1,584)	(463,425)
Ending balance	$ 93,789,496	$ 8,845,589	$ 53,634,717

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3) (Continued)		
	Alternative Investments (Continued)		
	Private Equity Funds	Private Real Estate Funds	Venture Capital Funds
Beginning balance	$ 17,146,101	$ 11,474,746	$ 4,558,405
Gains (losses) included in changes in net assets:			
Realized gains	2,029,510	347,534	58,713
Unrealized losses	(818,764)	(29,671)	(180,549)
Total gains (losses)	1,210,746	317,863	(121,836)
Purchases and sales:			
Purchases	1,288,448	1,068,114	372,484
Sales	(3,918,863)	(1,980,267)	(106,751)
Total purchases and sales	(2,630,415)	(912,153)	265,733
Ending balance	$ 15,726,432	$ 10,880,456	$ 4,702,302

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3) (Continued)
	Split-interest Agreements
	Charitable Trust Assets
Beginning balance	$ 787,352
Change in value of split-interest agreements included in changes in net assets:	
Change in actuarial estimate	33,900
Total change in value	33,900
Ending balance	$ 821,252

Changes in Level 3 Assets Measured at Fair Value on a Recurring Basis for the Year Ended June 30, 2012

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)			
		Fixed Income	Alternative Investments	
	Total Level 3 Investments	Bond Mutual Funds	Commodities	Absolute Return Funds
Beginning balance	$ 122,544,113	$ 175,000	$ 10,968,983	$ 50,500,753
Gains (losses) included in changes in net assets:				
Realized gains (losses)	37,597,817	-	(2,785)	1,849,206
Unrealized losses	(13,855,823)	-	(1,426,010)	(3,169,940)
Total gains (losses)	23,741,994	-	(1,428,795)	(1,320,734)
Purchases and sales:				
Purchases	4,055,414	-	113,201	-
Sales	(58,477,591)	(175,000)	(148,730)	-
Total purchases and sales	(54,422,177)	(175,000)	(35,529)	-
Ending balance	$ 91,863,930	$ -	$ 9,504,659	$ 49,180,019

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3) (Continued)			
	Alternative Investments (Continued)			
	Private Equity Funds	Private Real Estate Funds	Venture Capital Funds	Direct Private Equity Investments
Beginning balance	$ 28,954,097	$ 10,705,252	$ 3,434,857	$ 17,805,171
Gains (losses) included in changes in net assets:				
Realized gains	3,604,193	120,237	-	32,026,966
Unrealized (losses) gains	(4,958,280)	(96,123)	1,480,424	(5,685,894)
Total (losses) gains	(1,354,087)	24,114	1,480,424	26,341,072
Purchases and sales:				
Purchases	1,877,152	1,865,061	200,000	-
Sales	(12,331,061)	(1,119,681)	(556,876)	(44,146,243)
Total purchases and sales	(10,453,909)	745,380	(356,876)	(44,146,243)
Ending balance	$ 17,146,101	$ 11,474,746	$ 4,558,405	$ -

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3) (Continued)
	Split-interest Agreements
	Charitable Trust Assets
Beginning balance	$ 705,585
Change in value of split-interest agreements included in changes in net assets:	
Change in actuarial estimate	81,767
Total change in value	81,767
Ending balance	$ 787,352

Investments in Entities that Calculate Net Asset Value per Share

The Foundation holds shares or interests in investment companies at year end whereby the fair value of the investment held is estimated based on the net asset value per share (or its equivalent) of the investment company.

Certain investments measured at net asset value per share (or its equivalent) may be classified within Level 2 of the fair value hierarchy if the investment can be redeemed at, or within 1-10 days. If the investment holdings cannot be redeemed at, or within this timeframe, due to redemption restrictions or other factors, then the investment is classified within Level 3 of the fair value hierarchy. Although the Foundation considers all available data in reporting the fair value of investments, the NAV, or its equivalent, is used as the primary valuation input for some Level 2 and most Level 3 assets.

The following tables provide additional information regarding the fair value, liquidity, and unfunded commitment for investments where the NAV was used as a practical expedient.

Level 2 and Level 3 Investments Reported at Net Asset Value at June 30, 2013

	Fair Value	Redemption Frequency	Redemption Notice Period	Estimated Termination Date (Fiscal Year)	Unfunded Commitment
Fixed-income investments:					
Money market mutual funds (Level 2)	$ 8,634	daily	none	not applicable	$ -
Bonds and bond mutual funds (Level 2)	1,672,279	daily	1 day	not applicable	-
Subtotal fixed income	1,680,913				-
Public equity investments:					
Emerging markets international equity mutual funds (Level 2)	11,928,182	monthly	30 days	not applicable	-
Subtotal public equity	11,928,182				-
Alternative investments:					
Commodities (Level 3)	8,845,589	monthly	10 - 30 days	not applicable	-
Absolute return funds (Level 3)	53,634,717	quarterly	60 - 95 days	not applicable	-
Private equity funds (Level 3)	15,726,432	not liquid	not liquid	2013 - 2022	16,468,825
Private real estate funds (Level 3)	10,880,456	not liquid	not liquid	2013 - 2018	500,502
Venture capital funds (Level 3)	4,702,302	not liquid	not liquid	2013 - 2014	442,598
Subtotal alternative investments	93,789,496				17,411,925
Total investments	$ 107,398,591				$ 17,411,925

Level 2 and Level 3 Investments Reported at Net Asset Value at June 30, 2012

	Fair Value	Redemption Frequency	Redemption Notice Period	Estimated Termination Date (Fiscal Year)	Unfunded Commitment
Fixed-income investments:					
Money market mutual funds (Level 2)	$ 10,786,884	daily	none	not applicable	$ -
Bonds and bond mutual funds (Level 2)	1,270,038	daily	1 day	not applicable	-
Subtotal fixed income	12,056,922				-
Public equity investments:					
Emerging markets international equity mutual funds (Level 2)	11,220,629	monthly	30 days	not applicable	-
Subtotal public equity	11,220,629				-
Alternative investments:					
Commodities (Level 3)	9,504,659	monthly	10 - 30 days	not applicable	-
Absolute return funds (Level 3)	49,180,019	quarterly	60 - 95 days	not applicable	-
Private equity funds (Level 3)	17,146,101	not liquid	not liquid	2012 - 2021	8,223,776
Private real estate funds (Level 3)	11,474,746	not liquid	not liquid	2012 - 2018	757,575
Venture capital funds (Level 3)	4,558,405	not liquid	not liquid	2012 - 2014	815,082
Subtotal alternative investments	91,863,930				9,796,433
Total investments	$ 115,141,481				$ 9,796,433

Note 6 - Donor-restricted and Board-designated Endowments

The Foundation's endowment includes both donor-restricted endowment funds and funds designated by the board of trustees as quasi-endowments. Certain quasi-endowments have been created with unrestricted funds, while others have been created with gifts that were temporarily restricted by the donor for the benefit of a particular college within the university. Both types of quasi-endowments have been included in the following schedules because both have been invested to provide income for a long, but unspecified period in accordance with board-imposed restrictions. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions or board-imposed restrictions.

Interpretation of Relevant Law - The Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the contributed value of the original gift of donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the

Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to distribute or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund

(2) The purposes of the gifting organization or individual and the donor-restricted endowment fund

(3) General economic conditions

(4) The possible effect of inflation and deflation

(5) The expected total return from income and the appreciation of investments

(6) Other resources of the Foundation

(7) The investment policies of the Foundation

Endowment Net Asset Composition by Type of Fund as of June 30, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment	$ (648,358)	$ 129,236,725	$ 157,859,625	$ 286,447,992
Board-designated (quasi) endowment created with donor-restricted funds	-	92,166,008	-	92,166,008
Total funds	$ (648,358)	$ 221,402,733	$ 157,859,625	$ 378,614,000

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Market value - Beginning of the year	$ (290,619)	$ 195,422,276	$ 152,083,400	$ 347,215,057
Net realized and unrealized gains and losses and investment income	(357,739)	41,093,134	439,853	41,175,248
Contributions	-	-	5,336,372	5,336,372
Spending policy transfer	-	(10,406,944)	-	(10,406,944)
Transfers from board-designated endowments	-	(16,660)	-	(16,660)
Administrative fee	-	(4,689,073)	-	(4,689,073)
Market value - End of the year	$ (648,358)	$ 221,402,733	$ 157,859,625	$ 378,614,000

Endowment Net Asset Composition by Type of Fund as of June 30, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment	$ (290,619)	$ 103,175,081	$ 152,083,400	$ 254,967,862
Board-designated (quasi) endowment created with donor-restricted funds	-	92,247,195	-	92,247,195
Total funds	$ (290,619)	$ 195,422,276	$ 152,083,400	$ 347,215,057

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Market value - Beginning of the year	$ 12,168,755	$ 167,992,691	$ 142,078,701	$ 322,240,147
Net realized and unrealized gains and losses and investment income	(670,534)	28,550,828	(68,562)	27,811,732
Contributions	-	-	10,073,261	10,073,261
Spending policy transfer	-	(142,494)	-	(142,494)
Transfers (from) to board - designated endowments	(11,788,840)	1,153,504	-	(10,635,336)
Administrative fee	-	(2,132,253)	-	(2,132,253)
Market value - End of the year	$ (290,619)	$ 195,422,276	$ 152,083,400	$ 347,215,057

Funds with Deficiencies – From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the contributed value that the donor or UPMIFA requires the Foundation to retain as the corpus. These funds are known as "underwater accounts." In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets were $648,358 and $290,619 as of June 30, 2013 and 2012, respectively. These deficiencies resulted from unfavorable market fluctuations and allowable distributions made over time.

Return Objectives and Risk Parameters – The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the long-term purchasing power of the endowment assets. Endowment assets include donor-restricted funds that are held in perpetuity or for donor-specified periods, as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to outperform, over rolling 12-quarter periods, a composite benchmark of appropriately weighted indices, while maintaining acceptable risk levels. The Foundation anticipates the endowment funds will provide an average rate of return of approximately 7.6 percent annually, gross of investment management fees of approximately 1 percent. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives - To satisfy its long-term rate-of-return objectives, the Foundation relies on a total-return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy - For the fiscal year ended June 30, 2013, the Foundation's spending policy stipulated that 6 percent of a three-year moving average of the market value of the endowment was available to spend, with 2 percent of the amount being set aside to support the Foundation's administrative expenses. The spending rate applied to all endowment accounts except underwater accounts, where spending was limited to 1 percent of a three-year moving average of the market value. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow the endowment to grow at an average of 1.6 percent annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through investment returns and new gifts.

Note 7 - Property and Equipment

As of June 30, 2013 and 2012, property and equipment are as follows:

	2013	2012
Land	$ 2,455,998	$ 2,455,998
Land improvements	829,229	780,105
Building and building improvements	40,084,104	39,821,131
Furnishings, fixtures, and equipment	5,339,174	4,898,374
Subtotal	48,708,505	47,955,608
Less accumulated depreciation and amortization	(18,823,046)	(17,434,890)
Property and equipment - Net	$ 29,885,459	$ 30,520,718

Total depreciation expense of $1,509,232 and $1,543,586 was recorded in fiscal years 2013 and 2012, respectively.

Note 8 - Support from Related Organizations

During 2013 and 2012, the University paid certain payroll costs amounting to $5,436,801 and $5,274,285, respectively, for the Foundation's Development Office, Office of Alumni Relations, and Accounting Office. The support costs paid by the University are reflected in the consolidated statements of activities as University support, with a like amount included in expenses.

The University provides office space and the use of certain common facilities and services to the Foundation at no cost. These costs have not been recorded as University support because they are not considered to be significant to the results of activities of the Foundation.

The Foundation has a noncontrolling economic interest in Ohio South East

Enterprise Development Fund, Inc. (SEED), a tax-exempt organization under Code Section 501(c)(4). SEED was created in July 1994 for the purpose of supporting the scientific and technological research, educational activities, and economic development of Ohio University. Currently, the Foundation is the named beneficiary of SEED's assets in the event that the entity is dissolved. During 2013 and 2012, SEED distributed $0 and $200,000, respectively, to the Foundation. Distributions from SEED are reflected in the consolidated statements of activities as gifts and contributions.

Note 9 - Split-interest Agreements

Charitable Gift Annuities - Under charitable gift annuity agreements, all assets are held by the Foundation. Therefore, the Foundation has recorded the donated assets at fair value and the liabilities to the donor or his/her beneficiaries discounted to the present value of the estimated future payments to be distributed by the Foundation to such individuals. The amount of the contribution is the difference between the asset and liability and is recorded as contribution revenue. The Foundation uses the Internal Revenue Service (IRS) discount rate, or Applicable Federal Rate, to determine net present value of the liability. This rate is published monthly and represents the annual rate of return that the IRS assumes the gift assets will earn during the gift term. The discount rate for each charitable gift annuity is established at the beginning of the agreement. The discount rate applied to gift annuities held at June 30, 2013 and 2012 ranged from 1.2 to 9.4 percent.

Charitable Remainder Trusts - Under charitable remainder trust agreements, the Foundation serves as the remainderman and will receive the net assets of the trust upon death of the donor's beneficiary. During the life of the trust, the donor, or the donor-designated beneficiary, will receive regular payments as established by the trust.

In instances where the donor has not specifically reserved the right to change the remainderman, and all assets of charitable remainder trust are maintained by a third-party trustee in an irrevocable trust for the benefit of the Foundation, the Foundation will recognize, as contribution revenue and as a receivable, the present value of the estimated future benefits to be received when the trust assets are distributed. The trustee disburses income earned on the assets of the charitable remainder trust to the donor or donor-designated beneficiaries.

In instances where the donor has not specifically reserved the right to change the remainderman, and the Foundation serves as the trustee, the Foundation will recognize the fair market value of the assets of the trust, as well as a liability for the net present value of future payments to be distributed by the Foundation to the donor or his/her designated beneficiaries. The amount of the contribution is the difference between the asset and liability at the inception of the trust. The Foundation uses the IRS discount rate, or Applicable Federal Rate, to determine net present value of the liability. This rate is published monthly and represents the annual rate of return that the IRS assumes the gift assets will earn during the gift term. The discount rate for each charitable remainder trust is established at the beginning of the agreement. The discount rate applied to charitable remainder trusts held at June 30, 2013 and 2012 ranged from 3.4 to 8.2 percent.

Certain charitable remainder trust transactions are not reported on the consolidated statements of financial position or the consolidated statements of activities as, in these cases, the remainderman can be changed by the donor prior to his/her death.

Adjustments to the receivable to reflect amortization of the discount, revaluation of the present value of the estimated future payments to the donor-designated beneficiaries, and changes in actuarial assumptions during the term of the trust are recognized as changes in the value of split-interest agreements. Upon the death of the donor-designated beneficiaries, the receivable is closed, the assets received from the trust are recognized at fair value, and any difference is reported as a change in the value of split-interest agreements.

Lead Trusts – Charitable lead trusts provide an income stream to the Foundation for a set period of time established by the donor. The income stream is recorded at the net present value of the payments. Once the set period of time ends, the Foundation will no longer receive the income stream and the remaining principal is transferred back to the donor. If the Foundation serves as trustee, an asset and a liability will be recorded for the trust. The asset is booked at the fair market value. The liability is recorded at fair market value less the net present value of the income stream. If the Foundation does not serve as trustee, only the asset, at the net present value of the income stream, will be recorded for the trust. The Foundation uses the IRS discount rate, or Applicable Federal Rate, to determine net present value of the income stream. This rate is published monthly and represents the annual rate of return that the IRS assumes the gift assets will earn during the gift term. The discount rate for each charitable lead trust is established at the beginning of the agreement. The discount rate applied to the lead trusts held at June 30, 2013 and 2012 ranged from 1.05 to 5.00 percent.

Perpetual and Other Trusts – Perpetual trusts are those trusts that provide a perpetual income stream to the Foundation but are held by a third party. An asset and revenue are recorded for the fair market value of the instrument. Each year, the net change in fair market value to the asset is recorded as an increase or decrease in revenue.

Pooled Income Fund – A pooled income fund allows a donor to place funds into an investment pool from which an income stream is provided. The income stream is paid to the donor and/or the donor-designated beneficiaries, and the Foundation will receive the net assets of the fund upon their death.

Revocable Trusts – Under revocable trust agreements, the Foundation serves as the remainderman and will receive the net assets of the trust upon death of the donor's beneficiary. All assets of the trust may be maintained by a third-party trustee for the benefit of the Foundation, or by the Foundation if named as a trustee. The trustee disburses income earned on the assets of the trust to the donor or donor-designated beneficiaries. Under revocable trust agreements, the donor maintains the ability to legally dissolve the trusts and may or may not reserve the right to change the remainderman. For these reasons, the Foundation does not report revocable trust transactions on the consolidated statements of financial position or the consolidated statements of activities if the trust is held by a third-party trustee.

Note 10 - Inn-Ohio of Athens, Inc.

The Inn was purchased by the Foundation on August 30, 1986. The primary purpose for which the Foundation invested in the Inn was to provide affordable and convenient housing, dining, and conference facilities for University employees, alumni, and guests. As a significant portion of the Inn's revenue is derived from these customers, the Foundation is committed to financially supporting the Inn.

The Inn's business is subject to all of the risks inherent in the lodging industry. These risks include, among other factors, varying levels of demand for rooms and related services, adverse effects of general and local economic and market conditions, changes in governmental regulations that influence wages or prices, changes in interest rates, the availability of credit, changes in real estate taxes and other operating expenses, and the recurring need for renovation, refurbishment, and improvements.

Operations - The Inn's operations for the years ended June 30, 2013 and 2012 are summarized below:

	2013	2012
Revenue	$ 4,838,051	$ 4,457,098
Operating and general expenses	3,754,778	3,567,486
Depreciation and amortization	493,850	536,105
Interest expense - Net	33,048	45,198
Provision for income taxes	194,233	127,924
Total expenses	4,475,909	4,276,713
Net income	362,142	180,385
Unrealized (losses) gains	(46,757)	39,796
Change in net assets	$ 315,385	$ 220,181

Effective November 30, 1996, a management agreement (the "Management Agreement") was entered into with Winegardner & Hammons, Inc. (the "Manager"). The Management Agreement was amended during fiscal 2001 to automatically renew annually unless notified in writing 60 days prior to the end of the fiscal year. The Manager's compensation is a base fee plus 15 percent of the hotel's net available operating profit as defined in the Management Agreement.

In fiscal years 2013 and 2012, base management fees incurred by the Inn with respect to the Manager were $100,000 per year and incentive fees were $136,887 and $97,489, respectively.

Debt Obligations - Long-term debt of the Inn as of June 30, 2013 and June 30, 2012 consists of the following:

	2013	2012
Term loan - Principal due through June 2021, interest at 3.31 percent through June 2016 and adjusted thereafter	$ 2,582,400	$ 2,824,400
Less current portion of long-term debt	(257,400)	(242,000)
Total	$ 2,325,000	$ 2,582,400

In June 2006, the Inn obtained a $4,000,000 term loan, the proceeds of which were used to pay a dividend of $3,000,000 in June 2006 and $1,000,000 of which was placed in the bond fund to retire the 1996 Serial and Term Project Bonds in November 2006. The term loan is guaranteed by the Foundation.

Substantially all of the property and equipment are pledged as collateral for the term loan. The interest rate on the term loan was fixed at 6.20 percent through June 2011 and was adjusted to 3.31 percent as of July 1, 2011. The interest rate will be adjusted to the index rate as defined in the agreement plus 1.40 percent in June 2016 and every five years thereafter.

Maturities of long-term debt at June 30, 2013 are set forth in the following schedule:

Years Ending June 30	Amount
2014	$ 257,400
2015	273,800
2016	291,300
2017	291,300
2018	291,300
Thereafter	1,177,300
Total	$ 2,582,400

The fair value of the debt obligations approximates the carrying value at June 30, 2013 and 2012.

Note 11 - Housing for Ohio, Inc.

In November 1999, the Foundation established Housing, a limited liability company and 501(c)(3) corporation, with the purpose of acquiring, developing, constructing, and operating a 182-unit student-housing rental project which contains 580 beds. The property, known as University Courtyard Apartments (the "Project"), is located in Athens, Ohio on property owned by the University and leased to Housing. The facility is managed and operated by a private entity.

Operations - Housing's operations for the years ended June 30, 2013 and 2012 are summarized below:

	2013	2012
Revenue	$ 3,448,559	$ 3,419,605
Operating and general expenses	1,340,422	1,360,555
Depreciation and amortization	748,904	786,069
Interest expense and bond fees	592,138	704,817
Tax and insurance	208,658	78,180
Total expenses	2,890,122	2,929,621
Change in net assets	$ 558,437	$ 489,984

Debt - In September 2000, Housing offered $31,985,000 of variable-rate, tax-exempt bonds (the "2000 Bonds"). The proceeds of the 2000 Bonds financed the construction, installation, and equipping of the Project. The 2000 Bonds will be fully matured at June 2032 and bear interest at an adjustable rate as determined weekly by the remarketing agent, based on its knowledge of prevailing market conditions, except that in no event will the interest rate exceed 12 percent.

The average interest rates for the years ended June 30, 2013 and 2012 were 0.14 percent, and the actual interest rates at June 30, 2013 and 2012 were 0.08 and 0.20 percent, respectively.

As collateral, until all principal and interest on any of the 2000 Bonds have been paid, Housing has pledged, assigned, and granted a security interest to its right, title, and interest in gross revenue of University Courtyard Apartments and related assets. The Foundation has made no additional pledge of assets or revenue to the 2000 Bonds, which are nonrecourse to the Foundation.

Principal payments for the bonded debt for the years subsequent to June 30, 2013 are summarized as follows:

Years Ending June 30	Principal
2014	$ 820,000
2015	865,000
2016	910,000
2017	960,000
2018	1,010,000
Thereafter	21,405,000
Total	$ 25,970,000

Debt issuance costs are included in property on the consolidated statements of financial position and are amortized over the term of the 2000 Bonds. Amortization was $26,157 during each of the years ended June 30, 2013 and 2012.

Additionally, Housing has an outstanding promissory note to the Project's developer in the original amount of $700,000. The note is payable in 10 annual installments of $70,000 through June 2014. The payment terms are predicated on the Project's current management company remaining the manager of the Project. In the event that the current management company's services are terminated prior to the final payment, the remaining balance shall become immediately due and payable. There is no interest accruing on the note, and management of Housing believes that the present value discount of future payments and the calculation of imputed interest on this note are not significant to the consolidated financial statements.

In March 2012, Housing was notified by a financial institution that the developer had listed the remaining installment payments as collateral on a loan with that financial institution. The notification advised that all subsequent payments were to be made to that financial institution. Although a payment was due June 1, 2013 and 2012, Housing was in the process of negotiating a settlement of all payments with the financial institution, and the outstanding promissory note balance was $210,000 on June 30, 2013 and 2012. During September 2013, Housing and the financial institution reached a settlement agreement and the $210,000 balance was paid in full.

Supplemental Information

The Ohio University Foundation and Subsidiaries

Consolidating Schedule of Financial Position
June 30, 2013

	The Foundation	The Inn	Housing	Supporting Organization	Russ LLCs	Eliminations	Total
Assets							
Cash and cash equivalents	$ 4,792,802	$ 1,042,385	$ 1,245,256	$ -	$ 991,543	$ -	$ 8,071,986
Accounts receivable - Net	140,178	79,326	8,453	-	118,166	-	346,123
Pledges receivable - Net	15,423,440	-	-	-	-	-	15,423,440
Bequests receivable	1,351,091	-	-	-	-	-	1,351,091
Interest and dividends receivable	72,664	-	-	-	-	-	72,664
Prepaid expenses	41,400	13,266	721,566	-	-	-	776,232
Investments	404,716,945	1,677,342	-	5,658,356	-	(1,677,342)	410,375,301
Investment in Inn-Ohio of Athens, Inc.	3,673,949	-	-	-	-	(3,673,949)	-
Cash surrender value - Life insurance policies	1,264,216	-	-	-	-	-	1,264,216
Charitable gift annuities	2,380,660	-	-	-	-	-	2,380,660
Charitable trusts	17,196,625	-	-	-	-	-	17,196,625
Deposits with trustees - Restricted cash	-	-	3,928,534	-	-	-	3,928,534
Property and equipment - Net	876,939	4,113,437	19,050,689	-	5,844,394	-	29,885,459
Other assets	-	93,127	521,160	-	-	-	614,287
Total assets	**$ 451,930,909**	**$ 7,018,883**	**$ 25,475,658**	**$ 5,658,356**	**$ 6,954,103**	**$ (5,351,291)**	**$ 491,686,618**
Liabilities and Net Assets (Deficit)							
Liabilities:							
Accounts payable - Ohio University	$ 1,380,018	$ -	$ -	$ -	$ 18,146	$ -	$ 1,398,164
Accounts payable - Trade	379,384	541,347	118,680	-	250,696	-	1,290,107
Deposits held in custody for others	2,004,127	-	46,271	-	45,422	(1,677,342)	418,478
Annuities payable	1,854,050	-	-	-	-	-	1,854,050
Charitable trusts obligations	3,627,098	-	-	-	-	-	3,627,098
Bonds payable	-	-	25,970,000	-	-	-	25,970,000
Notes payable	-	2,582,400	210,000	-	-	-	2,792,400
Other liabilities	-	221,187	128,158	-	-	-	349,345
Total liabilities	9,244,677	3,344,934	26,473,109	-	314,264	(1,677,342)	37,699,642
Net assets (deficit):							
Unrestricted	(216,146)	-	(997,451)	-	-	-	(1,213,597)
Temporarily restricted	274,050,613	-	-	5,658,356	6,639,839	-	286,348,808
Permanently restricted	168,851,765	-	-	-	-	-	168,851,765
Total net assets (deficit)	442,686,232	-	(997,451)	5,658,356	6,639,839	-	453,986,976
Stockholders' equity:							
Common stock	-	3,429,182	-	-	-	(3,429,182)	-
Additional paid-in capital	-	4,140,455	-	-	-	(4,140,455)	-
Retained earnings	-	(3,895,688)	-	-	-	3,895,688	-
Total stockholders' equity	-	3,673,949	-	-	-	(3,673,949)	-
Total liabilities and net assets (deficit)	**$ 451,930,909**	**$ 7,018,883**	**$ 25,475,658**	**$ 5,658,356**	**$ 6,954,103**	**$ (5,351,291)**	**$ 491,686,618**

The Ohio University Foundation and Subsidiaries

Consolidating Schedule of Activities
Year Ended June 30, 2013

	Unrestricted	The Inn	Housing	Total Unrestricted	Temporarily Restricted	Supporting Organization	Russ LLCs	Total Temporarily Restricted	Total Permanently Restricted	Eliminations	Total
Revenue and Other Support											
Gifts and contributions	$ 214,409	$ -	$ -	$ 214,409	$ 8,234,593	$ -	$ -	$ 8,234,593	$ 5,011,179	$ -	$ 13,460,181
University support	5,436,801	-	-	5,436,801	-	-	-	-	-	-	5,436,801
Income from investments:											
Interest and dividends	364,958	-	-	364,958	7,496,263	-	-	7,496,263	-	-	7,861,221
Sold during the year (realized gain)	824,495	-	-	824,495	17,004,576	-	-	17,004,576	225,698	-	18,054,769
Held at year end (unrealized gain)	434,810	-	-	434,810	16,549,363	-	-	16,549,363	214,157	-	17,198,330
Revenue from sales, services, and events	444,579	-	-	444,579	84,168	-	-	84,168	-	-	528,747
Change in value of split-interest agreements	31,240	-	-	31,240	437,179	-	-	437,179	26,972	-	495,391
Administrative fee income	4,689,073	-	-	4,689,073	(4,689,073)	-	-	(4,689,073)	-	-	-
Other	115,326	-	-	115,326	150,448	-	-	150,448	87,168	-	352,942
Related entity revenue	315,385	4,791,294	3,448,559	8,555,238	458,711	663,435	1,662,361	2,784,507	-	(774,096)	10,565,649
Total revenue and other support	12,871,076	4,791,294	3,448,559	21,110,929	45,726,228	663,435	1,662,361	48,052,024	5,565,174	(774,096)	73,954,031
Net assets released from restrictions -											
Satisfaction of program restrictions:											
Academic support	1,314,395	-	-	1,314,395	(1,314,395)	-	-	(1,314,395)	-	-	-
Alumni relations	7,519	-	-	7,519	(7,519)	-	-	(7,519)	-	-	-
Fundraising and development	116,575	-	-	116,575	(116,575)	-	-	(116,575)	-	-	-
Institutional support	785,813	-	-	785,813	(785,813)	-	-	(785,813)	-	-	-
Instruction and departmental research	8,841,674	-	-	8,841,674	(8,841,674)	-	-	(8,841,674)	-	-	-
Intercollegiate athletics	1,482,623	-	-	1,482,623	(1,482,623)	-	-	(1,482,623)	-	-	-
Public service	463,594	-	-	463,594	(463,594)	-	-	(463,594)	-	-	-
Research	743,369	-	-	743,369	(743,369)	-	-	(743,369)	-	-	-
Student aid	3,699,972	-	-	3,699,972	(3,532,832)	-	-	(3,532,832)	(167,140)	-	-
Student services	280,052	-	-	280,052	(280,052)	-	-	(280,052)	-	-	-
Related entity operations	1,302,463	-	-	1,302,463	-	(208,711)	(1,552,463)	(1,761,174)	-	458,711	-
Total net assets released from restrictions	19,038,049	-	-	19,038,049	(17,568,446)	(208,711)	(1,552,463)	(19,329,620)	(167,140)	458,711	-
Total revenue, other support, and net assets released from restrictions	31,909,125	4,791,294	3,448,559	40,148,978	28,157,782	454,724	109,898	28,722,404	5,398,034	(315,385)	73,954,031
Expenses											
Program services:											
Academic support	1,314,395	-	-	1,314,395	-	-	-	-	-	-	1,314,395
Alumni relations	1,781,387	-	-	1,781,387	-	-	-	-	-	-	1,781,387
Institutional support	913,435	-	-	913,435	-	-	-	-	-	-	913,435
Instruction and departmental research	8,846,362	-	-	8,846,362	-	-	-	-	-	-	8,846,362
Intercollegiate athletics	1,482,623	-	-	1,482,623	-	-	-	-	-	-	1,482,623
Public service	463,594	-	-	463,594	-	-	-	-	-	-	463,594
Research	873,202	-	-	873,202	-	-	-	-	-	-	873,202
Student aid	3,699,972	-	-	3,699,972	-	-	-	-	-	-	3,699,972
Student services	280,052	-	-	280,052	-	-	-	-	-	-	280,052
Support services:											
Fundraising and development	8,359,945	-	-	8,359,945	-	-	-	-	-	-	8,359,945
Fund administration	651,734	-	-	651,734	-	-	-	-	-	-	651,734
Related entity operations	1,302,463	4,475,909	2,890,122	8,668,494	-	-	-	-	-	-	8,668,494
Total expenses	29,969,164	4,475,909	2,890,122	37,335,195	-	-	-	-	-	-	37,335,195
Changes in Net Assets	1,939,961	315,385	558,437	2,813,783	28,157,782	454,724	109,898	28,722,404	5,398,034	(315,385)	36,618,836
Net Assets (Deficit) - Beginning of year	(2,156,107)	3,358,564	(1,555,888)	(353,431)	245,892,831	5,203,632	6,529,941	257,626,404	163,453,731	(3,358,564)	417,368,140
Net Assets (Deficit) - End of year	**$ (216,146)**	**$ 3,673,949**	**$ (997,451)**	**$ 2,460,352**	**$ 274,050,613**	**$ 5,658,356**	**$ 6,639,839**	**$ 286,348,808**	**$ 168,851,765**	**$ (3,673,949)**	**$ 453,986,976**

The Ohio University Foundation and Subsidiaries

Consolidating Schedule of Cash Flows
Year Ended June 30, 2013

	The Foundation	The Inn	Housing	Supporting Organization	Russ LLCs	Total
Cash Flows From Operating Activities						
Changes in net assets	$ 35,180,392	$ 315,385	$ 558,437	$ 454,724	$ 109,898	$ 36,618,836
Adjustments to reconcile changes in net assets to net cash from operating activities:						
Realized investment gains - Net	(18,054,769)	-	-	-	-	(18,054,769)
Noncash items:						
Depreciation and amortization	11,860	493,850	778,904	-	275,661	1,560,275
Loss on disposition of property	-	3,282	-	-	-	3,282
Unrealized investment gains - Net	(17,198,330)	-	-	-	-	(17,198,330)
Decrease in cash surrender value of life insurance policies	308,695	-	-	-	-	308,695
Increase in investments subject to annuity agreements	(239,882)	-	-	-	-	(239,882)
Increase in charitable remainder trust assets	(1,285,370)	-	-	-	-	(1,285,370)
Increase in annuity obligations	(113,804)	-	-	-	-	(113,804)
Decrease in trust obligations	13,478	-	-	-	-	13,478
Contributions of securities	(923,031)	-	-	-	-	(923,031)
Contributions restricted for endowment investment	(5,011,179)	-	-	-	-	(5,011,179)
Changes in current assets and liabilities:						
(Increase) decrease in accounts receivable	(11,384)	(37,321)	(1,176)	-	2,829	(47,052)
Decrease in pledges receivable	1,423,811	-	-	-	-	1,423,811
Increase in bequests receivable	(788,138)	-	-	-	-	(788,138)
Decrease in interest and dividends receivable	54,637	-	-	-	-	54,637
(Increase) decrease in prepaid expenses	(28,991)	2,672	18,557	-	-	(7,762)
Decrease in other assets	-	116,564	19,785	-	-	136,349
(Decrease) increase in accounts payable	(346,429)	1,757	(72,962)	-	(60,558)	(478,192)
Increase in other liabilities	-	57,901	42,550	-	-	100,451
Increase (decrease) in deposits held in custody for others	95,707	-	(19,297)	-	(3,901)	72,509
Net cash (used in) provided by operating activities	(6,912,727)	954,090	1,324,798	454,724	323,929	(3,855,186)
Cash Flows From Investing Activities						
Purchases of property and equipment	-	(516,189)	(218,444)	-	(142,621)	(877,254)
Purchases of investments	(124,526,587)	(409,158)	-	(714,231)	-	(125,649,976)
Proceeds from sales of investments	117,748,806	-	-	259,507	-	118,008,313
Contributions to new charitable gift annuities	(50,000)	-	-	-	-	(50,000)
Payments on charitable gift annuities	335,761	-	-	-	-	335,761
Payments on charitable remainder trusts	795,824	-	-	-	-	795,824
Net cash used in investing activities	(5,696,196)	(925,347)	(218,444)	(454,724)	(142,621)	(7,437,332)
Cash Flows from Financing Activities						
Contributions restricted for endowment investment	5,011,179	-	-	-	-	5,011,179
Payments on notes and bonds payable	-	(242,000)	(780,000)	-	-	(1,022,000)
Increase in restricted cash	-	-	(381,312)	-	-	(381,312)
Net cash provided by (used in) financing activities	5,011,179	(242,000)	(1,161,312)	-	-	3,607,867
Net (Decrease) Increase in Cash and Cash Equivalents	(7,597,744)	(213,257)	(54,958)	-	181,308	(7,684,651)
Cash and Cash Equivalents - Beginning of year	12,390,546	1,255,642	1,300,214	-	810,235	15,756,637
Cash and Cash Equivalents - End of year	**$ 4,792,802**	**$ 1,042,385**	**$ 1,245,256**	**$ -**	**$ 991,543**	**$ 8,071,986**

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

Independent Auditor's Report

To Management and the Board of Trustees
The Ohio University Foundation and Subsidiaries

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of The Ohio University Foundation, an Ohio not-for-profit corporation, and Subsidiaries, which comprise the consolidated statements of financial position as of June 30, 2013 and the related consolidated statements of activities and cash flows for the year then ended, and related notes to the consolidated financial statements, and have issued our report thereon dated October 9, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered The Ohio University Foundation and Subsidiaries' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the entity'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 consolidated 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 The Ohio University Foundation and Subsidiaries' consolidated 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 consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

To Management and the Board of Trustees
The Ohio University Foundation and Subsidiaries

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.

Plante & Moran, PLLC

October 9, 2013