

OHIO UNIVERSITY  
ATHENS COUNTY  
REGULAR AND SINGLE AUDIT  
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020



OHIO AUDITOR OF STATE  
KEITH FABER



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We have reviewed the *Independent Auditor's Report* of the Ohio University, Athens County, prepared by Crowe LLP, for the audit period July 1, 2020 through June 30, 2021. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

November 23, 2021

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**Ohio University**  
(a component unit of the State of Ohio)

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**Financial Statements**  
**June 30, 2021 and 2020**

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## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Ohio University  
Athens, Ohio

**Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities of Ohio University (the "University"), a component unit of the State of Ohio, and the aggregate discretely presented component unit as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the 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 the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Ohio University and the aggregate discretely presented component unit as of June 30, 2021 and 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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(Continued)

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A), the Schedule of University's Proportionate Share of the Net Pension Liability, the Schedule of University Pension Contributions, the Schedule of University's Proportionate Share of the Net OPEB Liability/Asset, and the Schedule of University Net OPEB Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Ohio University's basic financial statements. The schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic 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 15, 2021 on our consideration of Ohio University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's 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 Ohio University's internal control over financial reporting and compliance.

*Crowe LLP*

Crowe LLP

Columbus, Ohio  
October 15, 2021

Management's discussion and analysis (MD&A) provides an unaudited overview of the financial position and activities of Ohio University for the year ended June 30, 2021, with selected comparative information for the years ended June 30, 2020 and 2019. The financial statements are prepared on the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recorded when the related liability is incurred. As the MD&A presentation includes highly summarized information, it should be read in conjunction with the accompanying financial statements and related notes to the financial statements. The financial statements, notes, and this discussion are the responsibility of the University management.

The Ohio University Foundation (the "Foundation") has been determined to be a component unit of the University. Accordingly, the Foundation is discretely presented in the University's financial statements. The Foundation's primary function is fundraising to supplement resources that are available to the University in support of its programs. The Foundation is governed by a separate board of trustees comprised of graduates and friends of the University. Nearly all the assets of the Foundation are restricted by donors to activities of the University. Ohio University provides both support for advancement operations as well as administrative support to the Foundation for critical business functions.

### Financial Highlights

- The continuing COVID-19 pandemic, along with enrollment declines, negatively impacted the University's operating revenues for fiscal year 2021. However, increases in grant funding related to COVID-19, state appropriations and investment income along with decreases in expenditures caused a significant increase in net position. Without the effects of the unfunded pension and OPEB adjustments, net position for the University increased \$153 million during fiscal year 2021 as compared to an increase of \$7.4 million in fiscal year 2020.

Changes in net position represent the University's results for the year and are summarized for the 3 years ended June 30, 2021 as follows:

(in thousands)	<b>2021</b>	<b>2020</b>	<b>2019</b>
Operating revenues	\$ 398,222	\$ 473,423	\$ 519,988
Other nonoperating revenues	121,367	72,689	64,677
State appropriations	186,805	176,388	171,866
Total expenses excluding unfunded pension & OPEB adjustments	<u>(687,900)</u>	<u>(736,310)</u>	<u>(734,677)</u>
Subtotal	18,494	(13,810)	21,854
Net investment income	<u>134,518</u>	<u>21,219</u>	<u>29,554</u>
Increase in net position excluding unfunded pension & OPEB adjustments	153,012	7,409	51,408
Unfunded pension and OPEB adjustments	<u>101,762</u>	<u>(37,579)</u>	<u>(1,943)</u>
Increase (decrease) in net position	<u>\$ 254,774</u>	<u>\$ (30,170)</u>	<u>\$ 49,465</u>

- Student tuition and fees revenue decreased due to declines in undergraduate enrollment. There were also increases in aid due to one-time scholarships associated with COVID-19 and increases in scholarships due to a commitment by the University to better support and assist students. The total decrease to net student tuition and fees was \$26.3 million for fiscal year 2021.
- Due to the continuing COVID-19 pandemic fall 2020 and spring 2021 semester classes were offered as a hybrid of in-person and remote learning. Residence halls and culinary venues were open, but the requirement for freshmen and sophomores to live on campus was lifted. This caused large decreases to residential room and culinary board revenues.
- The Higher Education Emergency Relief Fund (HEERF) was approved by Congress as part of the March 2020 Coronavirus Aid, Relief and Economic Security (CARES) Act from the US Department of Education. Two additional COVID-19 relief bills were enacted into law including the Consolidated Appropriations Act in December 2020 and the American Rescue Plan Act in March 2021. These acts awarded HEERF I, II and III funds for institutional costs, lost revenue, and student aid, as well as a Strengthening Institutions Program for regional campus distance learning technology. During fiscal year 2021 the University recognized \$41.3 million of federal HEERF funds as nonoperating revenue. An additional \$25.6 million in HEERF III institutional revenue is expected to be recognized in fiscal year 2022 for expenditures that were incurred in fiscal year 2021. Another \$27.2 million in HEERF III student aid is expected to be awarded to students and the corresponding \$27.2 million will be recognized in revenue during fiscal year 2022. As required by HEERF I and III half of the funds are awarded as emergency financial aid grants to students and recorded as student aid expense. The institutional portion was used to cover costs associated with the disruption of campus operations from the pandemic.
- The Coronavirus Relief Fund (CRF) authorized by the CARES Act, was awarded by the US Treasury to states to cover necessary expenditures incurred due to COVID-19. The funds were received as a pass through from various agencies with the majority awarded by the Ohio Department of Higher Education in August and November 2020 to assist in dealing with challenges created by the pandemic. During fiscal year 2021 the University recognized \$22.5 million of federal CRF as nonoperating revenue. These funds were used to prevent the spread of COVID-19, to facilitate distance learning, and for student mental health support.
- During fiscal year 2020 the Ohio Department of Higher Education enacted cuts to Ohio University's state share of instruction (SSI) of \$6.9 million. Additional cuts to SSI were enacted for fiscal year 2021 which would have reduced state appropriation revenue, but these cuts were then restored. Overall state appropriations revenue increased \$10.4 million from fiscal year 2020 to fiscal year 2021.
- Strategic expense reductions during fiscal year 2021 included a reopening of the voluntary separation or retirement program (VSRP) which was first offered in fiscal year 2020. The VSRP was offered to targeted employee groups and included an incentive plan to achieve voluntary reductions-in-force. The cost associated with this plan during fiscal year 2021 was \$2.8 million and is included in operating expenditures. Due to the ongoing COVID-19 pandemic spending controls continued to be in effect and travel, which was restricted during fiscal year 2020, continued to be restricted during fiscal year 2021.

- Investment income increased \$113.3 million from fiscal year 2020 to fiscal year 2021. The University's investment income is comprised of interest, dividends, realized gains (losses), and unrealized gains (losses). Investment income stems from two primary sources. First, the University's endowment assets, as well as a portion of its working capital, are invested in a long-term, broadly diversified portfolio. This "long-term pool" achieved a return of 28.1% for fiscal year 2021, slightly underperforming its diversified benchmark of 28.91% for the same period. Additionally, a portion of the University's working capital is invested in several tiers of investment-grade fixed-income securities. Tier II working capital investments achieved a return of 1.19% for fiscal year 2021, outperforming its benchmark of .22% for the same period. The Tier III working capital investments achieved a return of 3.32%, outperforming its benchmark of -0.07% for the same period.
- The unfunded pension and OPEB liabilities/asset will change each year based on the University's proportionate share of contributions to the pension plans relative to total contributions of all participating employers to the plans. The net pension and OPEB liabilities/asset are determined by actuarial valuations as of the measurement dates of the retirement plans. The effect of changes in the net pension and OPEB liabilities/asset due to the differences between projected and actual investment earnings, differences between expected and actual experience, change in assumptions about economic and demographic factors, and change in the employer's proportionate share of net pension and OPEB liabilities/asset result in changes to deferred outflows of resources and deferred inflows of resources. The current year impact from these factors is an increase to net position of \$101.8 million. The impact for fiscal year 2020 was a decrease to net position of \$37.6 million.

### Statement of Net Position

The statement of net position is the University's balance sheet. It reflects the total assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position (equity) of the University as of the end of the fiscal year. Net position represents the residual interest in the University's assets and deferred outflows of resources after the deduction of its liabilities and deferred inflows of resources. The change in net position measures whether the overall financial condition has improved or deteriorated during the year. Except for capital assets, all other assets and liabilities are measured at a point in time using current values. Capital assets are recorded at historical costs less an allowance for depreciation.

The following is a summary of the statement of net position for the three years ended June 30, 2021:

(in thousands)	2021	2020	2019
<b>Assets:</b>			
Current assets	\$ 522,022	\$ 454,790	\$ 476,528
Capital assets, net	1,142,011	1,126,526	1,067,021
Other assets	496,442	423,320	412,468
Total assets	<u>2,160,475</u>	<u>2,004,636</u>	<u>1,956,017</u>
Deferred outflows of resources	62,071	106,980	130,921
<b>Liabilities:</b>			
Current liabilities	130,585	123,618	136,685
Noncurrent liabilities	994,735	1,197,212	1,172,659
Total liabilities	<u>1,125,320</u>	<u>1,320,830</u>	<u>1,309,344</u>
Deferred inflows of resources	164,312	112,646	69,284
Total net position	<u>\$ 932,914</u>	<u>\$ 678,140</u>	<u>\$ 708,310</u>

- **Assets** - Total assets grew by \$155.8 million as a result of the following changes:
  - Cash and cash equivalents increased \$12.2 million due primarily to reduced operating expenses in fiscal year 2021.
  - Current investments increased by \$42.2 million due to positive investment returns earned on intermediate-term and long-term working capital investments.
  - Accounts receivable increased \$14.9 million due primarily to an increase of \$17.4 million in grants and contracts receivables for HEERF funds, offset by a decrease of \$1.8 million in student tuition and fees receivable.
  - Restricted cash and cash equivalents decreased \$29.2 million due to continued spending of prior year bond funds.
  - Noncurrent investments increased by \$47.8 million due to investment income of \$59.0 million, which was offset by \$11.2 million in spending of the century bond funds on construction projects.
  - Endowment investments increased by \$40.6 million due to increases of \$33.6 million of investment income and \$12.8 million of transfers into quasi-endowments offset by a decrease of \$5.8 million of distributions for spending.
  - Net OPEB assets increased \$13.7 million. Although the University is required to record the net OPEB assets, the University does not have a claim on these assets.
  - Net capital assets increased by \$15.5 million due to spending on capital projects, machinery, and equipment offset by depreciation.
- **Deferred Outflows of Resources** – Decreased \$44.9 million as a result of the following changes:
  - Deferred outflows related to pensions decreased \$26.5 million and deferred outflows related to OPEB decreased \$18.4 million. There are multiple factors affecting these changes, please see Note 11 for detailed information.
- **Liabilities** - Total liabilities decreased by \$195.5 million as a result of the following changes:
  - Accounts payable stayed the same at \$74.6 million, but had decreases for vendor payables of \$7.7 million, offset by increases of \$1.2 million in legal reserves, \$2.7 million for the increase in

the current portion of severance payments, and \$3.8 million for the payable to the Ohio University Foundation due to the timing of intercompany activity.

- Unearned revenue increased \$6.6 million mainly driven by large HEERF grant revenue deferrals.
  - Other noncurrent liabilities decreased \$5.9 million and includes a decrease of \$5.8 million for the scheduled payments from the voluntary separation and retirement program.
  - Long-term debt decreased \$13.5 million. This decrease is due primarily to principal payments on existing bonds. Please see Note 7 for more information on issuances and repayments of debt.
  - Net pension liability decreased \$59.5 million and net OPEB liability decreased \$125.2 million. Although the University is required to record the net pension and net OPEB liabilities, the University is not setting aside reserve cash balances or budgeting to fund these liabilities.
- **Deferred Inflows of Resources** - Increased \$51.7 million as a result of the following changes:
    - Deferred inflows related to pensions increased \$19.7 million and deferred inflows related to OPEB increased \$32.1 million. There are multiple factors affecting these changes, please see Note 11 for detailed information.
  - **Net Position** - Is classified into three major categories:
    - Net investment in capital assets - The net equity in property, plant, and equipment owned by the University.
    - Restricted - Owned by the University, but the use or purpose of the funds is restricted by an external source or entity. The restricted category is subdivided further into nonexpendable and expendable.
      - Restricted nonexpendable - Endowment funds whose principal may be invested; however, only interest, dividends, and capital gains may be spent.
      - Restricted expendable - May be spent by the institution, but only for the purpose specified by the donor, grantor, or other external entity. This category includes the unspent balance in grant funds, loan funds, capital funds, and the interest, dividends, and capital gains on endowment funds.
    - Unrestricted - Resources derived primarily from student tuition, fees, state appropriations, and auxiliary enterprises. These are used for the general obligations of the University and may be used at the discretion of the board of trustees for any purpose furthering the University's mission.

Net position for the three years ended June 30, 2021 is as follows:

(in thousands)	2021	2020	2019
Net Investment in capital assets	\$ 678,669	\$ 692,388	\$ 683,457
Restricted:			
Nonexpendable	23,671	22,682	22,727
Expendable	37,959	28,443	29,829
Total Restricted	61,630	51,125	52,556
Unrestricted	192,615	(65,373)	(27,703)
Total net position	\$ 932,914	\$ 678,140	\$ 708,310

Total net position increased \$254.8 million in fiscal year 2021. This includes an increase of \$101.8 million for the current year impact of GASB Statement Nos. 68 and 75, and an additional increase of \$153.0 million from fiscal year 2021 activity. There is a long-term strategy in place to position the University to remain relevant and competitive. This strategy encompasses prudent resource planning and utilization including:

- Managing expenses while strategically investing in new programs.
- Creating reserves for protection from revenue shortfalls and improvement in the financial strength of the University.
- Management of cash flows, reserve balances and debt in a strategic manner.

### Statement of Revenues, Expenses, and Changes in Net Position

The statement of revenues, expenses, and changes in net position is the University's income statement and presents the results of operations. It should be noted that the required subtotal for net operating income or loss will generally reflect a loss for state-supported colleges and universities.

In accordance with GASB reporting principles, the revenues and expenses are primarily reported as either operating or nonoperating. Revenue is generated by providing goods and services to customers, predominately students. Nonoperating revenue includes the instructional subsidy from the State of Ohio, which Ohio University relies upon for current operations. Other revenue includes state capital appropriations. Operating expenses include all expenses except for interest on debt and disposal and write-offs of plant facilities, which are reported as nonoperating expenses.

The following is a summary of the statement of revenues, expenses, and changes in net position for the three years ended June 30, 2021:

(in thousands)	2021	2020	2019
Net position - Beginning of year	\$ 678,140	\$ 708,310	\$ 658,845
Operating revenues	398,222	473,423	519,987
Operating expenses	557,256	739,371	701,919
Operating loss	(159,034)	(265,948)	(181,932)
Net nonoperating revenue	393,118	212,675	210,757
Income (loss) before other revenue	234,084	(53,273)	28,825
Other revenue	20,690	23,103	20,640
Increase (decrease) in net position	254,774	(30,170)	49,465
Net position - End of year	<u>\$ 932,914</u>	<u>\$ 678,140</u>	<u>\$ 708,310</u>

Highlights from the statement of revenues, expenses, and changes in net position include:

- Operating revenues decreased \$75.2 million for fiscal year 2021.
  - Net student tuition and fees revenue decreased \$26.3 million and is comprised of a \$20.0 million decrease in student tuition and fees and a \$6.3 million increase in scholarships. The revenue decrease was driven by enrollment declines for undergraduate students on the Athens campus as well as smaller declines for regional campuses and online programs.
  - Net auxiliary enterprises revenue decreased \$42.8 million and is comprised of a \$49.7 million decrease in revenue offset by a \$6.9 decrease in auxiliary scholarships. The decreases, driven by a hybrid reopening strategy due to COVID-19, include \$24.6 million in residential life room revenue and \$17.9 million in culinary board revenue. Athletics auxiliary



- revenue decreases include \$1.2M in ticket sales, \$1.0 million in game guarantees, and \$0.9M in sponsorships. There were also revenue decreases of \$2.4 million for food and beverage sales and \$0.8 million for parking and transportation services during fiscal year 2021.
- Grants and contracts included in the operating revenue category decreased \$0.6 million for fiscal year 2021 and is comprised of a \$7.0 million increase in federal grants, a \$1.1 million decrease in private grants, and a \$6.5 million decrease in state grants, and is due to the cyclical nature of grant funding.
  - Royalty revenue decreased \$2.8 million for fiscal year 2021 due to expiring patents.
  - Sales and services revenue decreased \$3.7 million mainly due to COVID-19 related closures and includes decreases of \$1.3 million in childcare and professional services, \$0.8 million in ticket and event sales, and additional smaller decreases in recreation, health, and wellness sales, and rentals and leases.
  - Other sources revenue increased \$1.0 million and includes \$3.4 million of increases for rebates from contractual obligations offset by decreases of \$1.4 million in noncredit instructional fees and additional other revenue decreases.
- Operating expenses decreased \$182.1 million for fiscal year 2021.
    - The biggest factor causing this was a \$139.3 million decrease from the unfunded pension and OPEB adjustments. There was a \$101.8 million decrease to pension and OPEB expense in fiscal year 2021 and a \$37.5 million increase to expense in fiscal year 2020, causing the net \$139.3 decrease in operating expense. Without these adjustments, operating expenses decreased a net \$42.8 million.
    - Early retirement incentive plans were offered to eligible faculty and staff to encourage voluntary reductions-in-force within targeted employee groups. The costs associated with these plans was \$11.3 million in fiscal year 2020 and \$2.8 million in fiscal year 2021. In addition, there were position abolishments due to University-wide realignments as well as departmental reorganizations during fiscal year 2020. All these factors caused decreases in salaries and wages, and benefits during fiscal year 2021. See note 9 for detailed information on changes in functional and natural expenditure categories.
    - Due to travel restrictions related to COVID-19, travel and entertainment costs decreased \$9.5 million from fiscal year 2020 to 2021.
    - Student aid expense increased \$16.5 million and includes an increase of \$11.1 million of HEERF grant funds awarded as emergency aid to students.
    - Depreciation expense increased \$1.8 million for fiscal year 2021 due to increased capital expenditures in recent years.
    - Auxiliary enterprises expense decreases for cost of goods sold, mainly related to food costs, supplies and services, utilities, and salaries and wages totaled \$30.3 million for fiscal year 2021.
  - Net nonoperating revenues increased \$180.4 million for fiscal year 2021.
    - State appropriations increased \$10.4 million mainly caused by a one-time only cut due to COVID-19 in fiscal year 2020.
    - The University recognized an increase of \$32.9 million of federal HEERF revenue during fiscal year 2021.
    - Federal Pell grant revenue decreased \$4.2 million due to decreased student enrollment and fewer Pell eligible students.
    - Federal Grants nonexchange increased \$22.8 million mainly due to new CRF awards.

# Ohio University

## Management's Discussion and Analysis (Continued)

- Net investment income increased \$113.3 million mainly due to positive investment returns.
- Other revenue decreased \$2.4 million and is made up of an increase of \$2.7 million in State capital appropriations offset by a decrease of \$5.1 million in capital grants and gifts due to the timing of capital projects.

One of the University's operational strengths is the diverse streams of revenue that supplement its student tuition and fees. This includes private support from individuals, foundations, and corporations, along with government and other sponsored programs, state appropriations, and investment income. Consistent with its mission, the University continues to seek funding from all possible sources to supplement student tuition and to responsibly manage financial resources used to fund operating activities.

A comparison of operating and nonoperating revenue for the three years ended June 30, 2021 is as follows:

(in thousands)	2021	% of Total	2020	% of Total	2019	% of Total
Student tuition and fees, net	\$ 296,435	35.3%	\$ 322,714	43.4%	\$ 336,510	42.8%
State appropriations	186,805	22.2%	176,388	23.7%	171,866	21.9%
Investment income, net	134,518	16.0%	21,219	2.9%	29,554	3.8%
Gifts, grants, and contracts	128,406	15.4%	78,865	10.6%	64,061	8.1%
Auxiliary enterprises, net	27,989	3.3%	70,829	9.5%	98,280	12.5%
Pell grants	27,947	3.3%	32,168	4.3%	35,944	4.6%
State capital appropriations	15,406	1.8%	12,662	1.7%	11,917	1.5%
Sales and services	12,030	1.4%	15,680	2.1%	19,016	2.4%
Other sources	11,186	1.3%	10,199	1.4%	13,557	1.7%
Royalties	190	0.0%	2,994	0.4%	5,379	0.7%
Total	<u>\$ 840,912</u>	<u>100.0%</u>	<u>\$ 743,718</u>	<u>100.0%</u>	<u>\$ 786,084</u>	<u>100.0%</u>

Although total operating and nonoperating revenue increased \$97.2 million for fiscal year 2021 the increase was mainly due to funds from HEERF and CRF grants and large increases in investment income. Net student tuition and fees, and auxiliary enterprises income had large revenue decreases as detailed above.

## Management's Discussion and Analysis (Continued)

A comparison of operating and nonoperating expenses for the three years ended June 30, 2021 is as follows:

(in thousands)	2021	% of Total	2020	% of Total	2019	% of Total
Instruction	\$ 230,558	33.5%	\$ 257,492	35.0%	\$ 252,134	34.3%
Academic support	60,398	8.8%	73,777	10.0%	79,843	10.9%
Depreciation	60,176	8.7%	58,330	7.9%	56,416	7.7%
Public service	53,539	7.8%	28,257	3.8%	28,312	3.9%
Auxiliary enterprises	48,778	7.1%	79,083	10.7%	88,493	12.0%
Operation and maintenance of plant	47,123	6.9%	48,863	6.6%	44,681	6.1%
Institutional support	46,389	6.7%	52,509	7.1%	49,108	6.7%
Student services	43,925	6.4%	50,826	7.0%	49,226	6.7%
Research	36,268	5.3%	37,255	5.1%	41,460	5.6%
Student aid	31,864	4.6%	15,401	2.1%	10,304	1.4%
Interest on debt	26,191	3.8%	27,969	3.8%	27,923	3.8%
Other nonoperating expense	2,691	0.4%	6,548	0.9%	6,778	0.9%
Subtotal	687,900	100.0%	736,310	100.0%	734,678	100.0%
Pension and OPEB expense (revenue)	(101,762)		37,579		1,943	
Total	<u>\$ 586,138</u>		<u>\$ 773,889</u>		<u>\$ 736,621</u>	

Although many functional expense categories have decreased during fiscal year 2021 due to Covid-19 related expense reductions, public service has increased due to considerable Covid-19 related testing, cleaning, and other public health measures. A review of the order of functional expenditures and percent of total comparisons year over year are useful for analysis.

Student aid is listed as an operating expenditure and is defined as the funds a student receives for financial aid in excess of his or her tuition and fees for a given term that is then disbursed back to the student. For fiscal year 2021 this includes \$15.3 million in emergency aid to students from the HEERF grant. This should be added to scholarships, which are shown as offsetting tuition and fees and auxiliary enterprises revenue, to determine total scholarships and aid awarded for the fiscal year.

The University continues to make cost containment a priority. This strategy will allow the University to direct financial resources to the most strategic activities of the institution. This is critical as the University continues to face significant financial pressures due to declining enrollments as well as deferred maintenance of buildings and infrastructure. In addition to a functional classification of expenses above, the University has prepared operating expenses by natural classification in Note 9 to the financial statements.

### Statement of Cash Flows

The statement of cash flows provides additional information about the University's financial results and presents detailed information about the major sources and uses of cash for the institution for the fiscal year. The cash flow analysis is divided into four sections: (1) operating activities, (2) noncapital financing activities (which include state appropriations as well as gift revenue), (3) capital and related financing activities (which include debt activity), and (4) investing activities.

A comparative summary of the statement of cash flows for the three years ended June 30, 2021 is as follows:

(in thousands)	2021	2020	2019
Cash (used in) provided by:			
Operating activities	\$ (211,821)	\$ (175,286)	\$ (109,668)
Noncapital financing activities	287,427	226,841	217,991
Capital financing activities	(96,877)	(79,376)	(105,388)
Investing activities	4,222	49,104	15,058
Net increase in cash	(17,049)	21,283	17,992
Cash - Beginning of year	181,568	160,285	142,293
Cash - End of year	<u>\$ 164,519</u>	<u>\$ 181,568</u>	<u>\$ 160,285</u>

### Capital Assets

The University made significant additions to capital assets during fiscal year 2021. These capital asset additions were financed with University funds, bond funds, state capital appropriations, gifts, and grants. The largest additions to capital during the fiscal year were the construction of the new Heritage College of Osteopathic Medicine (HCOM) Heritage Hall, the new Chemistry Building, and a new Chilled Water Plant. There were also major renovations to the Medical Education Building.

Investments to construction in progress during fiscal year 2021, include \$8.3 million for Clippinger renovations and \$1.5 million of design costs for the Russ Research Opportunity Center. Cumulative costs associated with capital projects continuing after the fiscal year ended June 30, 2021 total \$18.9 million and are included in capital assets as construction in progress. More detailed information about the University's capital assets is presented in Note 5 to the financial statements.

### Debt Administration

As of June 30, 2021, the University had \$640 million in bonds and notes outstanding, compared to \$652.6 million at the end of 2020. The decrease is due to the annual principal payments. Detailed information exists in Note 7 related to borrowings and retirements for fiscal years 2021 and 2020.

Ohio University takes its stewardship responsibility seriously and works diligently to manage the institution's resources effectively, including the use of debt to finance capital projects. The University is committed to using debt conservatively to maintain an acceptable credit rating and debt burden ratio. A solid debt rating and debt burden ratio is a key measurement of financial strength. Standard & Poor's and Moody's reaffirmed their long-term credit rating in November 2020 and February 2020, respectively. Standard & Poor's Rating Services' long-term rating on Ohio University's outstanding general and subordinated general receipts bonds is an "A+" with an "unstable" outlook and Moody's Investors Service's rating is an "Aa3" with a "stable" outlook.

Additional debt issuances may be needed in the future for the purpose of various academic and auxiliary facility needs.

### Senate Bill 6 Ratios

Senate Bill 6 ratios, enacted into law in 1997 by the Ohio General Assembly, are used to assist the State in monitoring the financial accountability of state colleges and universities by using a standard set of measures with which to monitor the fiscal health of campuses. To meet the legislative intent, there are

three ratios from which four scores are generated. The data and methodology used to compute the ratios are as follows:

- Expendable net position - The sum of unrestricted net position and restricted expendable net position
- Plant debt - Total debt, including bonds payable, notes payable, and capital lease obligations
- Total revenue – The sum of operating revenue, nonoperating revenue, and other revenue
- Total operating expenses – The sum of operating expenses and interest on debt
- Total nonoperating expenses – Other nonoperating expense
- Change in total net position - Total revenue less total expenses (operating and nonoperating)

The methodology for calculating the three ratios is as follows:

- Viability Ratio = Expendable Net Position/Plant Debt
  - This ratio measures the availability of expendable net position to cover debt should the institution need to settle its obligations as of the balance sheet date.
- Primary Reserve Ratio = Expendable Net Position/Total Operating Expenses
  - This ratio provides a snapshot of financial strength and flexibility by indicating how long the institution could function using its expendable reserves without relying on additional net position generated by operations.
- Net Income Ratio = Change in Total Net Position/Total Revenue
  - This ratio offers a measure of profitability as a percentage of all institutional revenue including revenue received for capital needs.

Based on the calculations, each ratio is assigned a score ranging from zero to five according to the table below. A score of 5 indicates the highest degree of fiscal strength in each category.

Scores	0	1	2	3	4	5
Viability Ratio	less than 0	0 to 0.29	0.30 to 0.59	0.6 to 0.99	1.0 to 2.5	greater than 2.5
Primary Reserve Ratio	less than -0.1	-0.1 to 0.049	0.05 to 0.099	0.10 to 0.249	0.25 to 0.49	0.5 or greater
Net Income Ratio	less than -.05	-0.05 to 0	0 to 0.009	0.01 to 0.029	0.03 to 0.049	0.05 or greater

Based on these scores, a summary score, termed the composite score, is determined, which is the primary indicator of fiscal health. The composite score equals the sum of the assigned viability score multiplied by 30%, the assigned primary reserve score multiplied by 50%, and the assigned net income score multiplied by 20%.

In an effort to appropriately recognize the incorporation of GASB Statement Nos. 68 for the unfunded pension liability and No. 75 for the unfunded OPEB liability/asset as an accounting change rather than a structural change in the true financial condition of the institution, the Ohio Department of Higher Education will calculate institutional financial ratios from fiscal year 2015 onward both including and excluding associated impacts of those GASB Statements. Pursuant to administrative rule (126:3-1-01) established in response to Senate Bill 6 of the 122nd General Assembly, a composite score of or below 1.75 for two consecutive years results in an institution being placed on fiscal watch. For the purposes of this determination, the Chancellor will utilize composite scores excluding associated impacts of GASB Statement Nos. 68 and 75.

We have presented the ratios and scores excluding the effects of GASB Statement Nos. 68 and 75 as summarized below:

	2021		2020		2019	
	Ratio	Score	Ratio	Score	Ratio	Score
Viability Ratio	0.975	3	0.702	3	0.775	3
Primary Reserve Ratio	0.911	5	0.628	5	0.632	5
Net Income Ratio	0.182	5	0.0099	2	0.062	5
Viability Score (30%)		0.9		0.9		0.9
Primary Reserve Score (50%)		2.5		2.5		2.5
Net Income Score (20%)		1.0		0.4		1.0
Composite Score		<u>4.4</u>		<u>3.8</u>		<u>4.4</u>

The viability ratio, which uses expendable net position as the numerator and debt as the denominator, has increased due to an increase in expendable net position and a decrease in debt this fiscal year. The primary reserve ratio, which uses expendable net position as the numerator and operating expenses as the denominator, has also increased during fiscal year 2021 due to an increase in expendable net position and a decrease in operating expenses. The net income ratio, which uses the change in total net position as the numerator and total revenue as the denominator, has also increased during fiscal year 2021 due to the larger increase in total net position over a smaller increase in total revenue. Overall, the viability and primary reserve scores have not changed over the 3-year period presented. The net income score has increased this year, causing the composite score to increase from 3.8 in fiscal year 2020 up to 4.4 for fiscal year 2021.

### Economic Outlook

While the University is committed to operating as efficiently as possible and continues a collective focus on reducing expenses, it is also committed to maintaining investment in the University mission and strategic priorities. That level of investment will be balanced with the financial resources available in the University’s competitive environment.

Today’s universities are being called upon by their stakeholders to transform themselves to better meet the needs of our students and the broader society. Many universities across the country are facing an increasingly difficult financial environment. Revenues are flat and costs are increasing. It’s increasingly costly to recruit students.

We have an outstanding financial balance sheet. One-time Federal support due to COVID gives us time to make adjustments in a strategic way so that we can find a sustainable position in the future. We need to make clear strategic choices of what we can and what we cannot afford to do while being constantly focused on the continuous improvement of student success. We need to grow our revenues over expenses, which will allow us to develop new innovative curriculums and invest in faculty and staff and in teaching and learning initiatives.

As we continue to reimagine the University’s academic enterprise through the University’s 2025 Strategic Plan, we are committed to:

- Enacting administrative and academic benchmarking to right-size the institution.
- Investing in growing programs and developing new programs and certificates to poise the institution for strengthened academic quality and offerings.

## Management's Discussion and Analysis (Continued)

- Exploring restructuring traditional campus, college, departmental, and administrative unit functions to ensure fiscal sustainability.
- Developing a budgetary model that is streamlined, data-driven, and more easily utilized by college and administrative units.

The last few years have been difficult for all of higher education, and we will continue to face challenges, but the university has persevered and been successful for more than 200 years. Given our many strengths, we will continue to adapt and meet the changing needs of society and our students.

While it is not possible to predict the results, management believes that prudent planning and aligning resources to strategic priorities will allow the University to both maintain a strong financial position and successfully invest in strategic initiatives.

### **Requests for Information**

This management's discussion and analysis is intended to provide additional information for the reader of the audited financial statements that follow. Further questions may be addressed to: Ohio University Controller's Office, Ridges Building #18, 3rd floor, Athens, Ohio 45701.

## Statements of Net Position

	June 30, 2021		June 30, 2020	
	The Ohio University		The Ohio University	
	Ohio University	Foundation	Ohio University	Foundation
<b>Assets and Deferred Outflows of Resources</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 108,989,252	\$ 26,970,334	\$ 96,804,726	\$ 11,228,543
Investments	329,176,431	61,684,853	286,981,525	53,902,455
Accounts and contributions receivable, net	67,484,191	9,206,736	52,624,045	4,592,630
Interest and dividends receivable	1,229,906	760,740	1,519,963	1,073,326
Notes receivable, net	1,144,168	-	1,222,410	-
Prepaid expenses	11,718,138	490,310	12,481,411	232,117
Inventories	2,279,502	133,863	3,156,173	129,939
Total current assets	522,021,588	99,246,836	454,790,253	71,159,010
<b>Noncurrent Assets</b>				
Restricted cash and cash equivalents	55,529,923	-	84,763,742	-
Contributions receivable, net	-	3,562,836	-	3,452,550
Bequests receivable	-	10,715,463	-	2,142,197
Cash surrender value of life insurance	-	1,232,908	-	1,206,424
Split-interest agreement assets	-	22,557,003	-	19,274,600
Investments - noncurrent	258,637,496	6,867,189	210,853,047	5,664,370
Endowment investments	143,437,124	571,105,191	102,829,448	455,375,223
Notes receivable - noncurrent, net	10,093,078	-	9,849,172	-
Net OPEB asset	28,746,602	-	15,025,409	-
Capital assets, net	1,142,010,508	12,506,034	1,126,525,543	11,816,723
Total noncurrent assets	1,638,454,731	628,546,624	1,549,846,361	498,932,087
Total assets	2,160,476,319	727,793,460	2,004,636,614	570,091,097
<b>Deferred Outflows of Resources</b>				
Deferred outflows related to pensions	49,640,359	-	76,102,305	-
Deferred outflows related to OPEB	12,004,198	-	30,375,633	-
Deferred outflows - other	426,472	-	502,182	-
Total deferred outflows of resources	62,071,029	-	106,980,120	-
Total Assets and Deferred Outflows of Resources	\$ 2,222,547,348	\$ 727,793,460	\$ 2,111,616,734	\$ 570,091,097

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



## Statements of Net Position (Continued)

	June 30, 2021		June 30, 2020	
	The Ohio University		The Ohio University	
	Ohio University	Foundation	Ohio University	Foundation
<b>Liabilities, Deferred Inflows of Resources, and Net Position</b>				
<b>Current Liabilities</b>				
Accounts payable and accrued liabilities	\$ 74,628,149	\$ 970,352	\$ 74,592,392	\$ 1,564,958
Unearned revenue	36,988,754	-	30,368,931	-
Deposits and other liabilities	4,027,999	7,163,698	3,896,776	5,643,170
Long-term debt - current portion	13,635,468	156,407	13,448,271	543,196
Funds held on behalf of others	1,305,087	398,340	1,311,995	440,632
Total current liabilities	130,585,457	8,688,797	123,618,365	8,191,956
<b>Noncurrent Liabilities</b>				
Compensated absences	19,795,142	-	18,212,564	-
Other noncurrent liabilities	18,868,762	-	24,726,442	-
Long-term debt	633,890,537	1,164,152	647,419,175	1,320,559
Net pension liability	322,180,996	-	381,640,538	-
Net OPEB liability	-	-	125,213,548	-
Total noncurrent liabilities	994,735,437	1,164,152	1,197,212,267	1,320,559
Total liabilities	1,125,320,894	9,852,949	1,320,830,632	9,512,515
<b>Deferred Inflows of Resources</b>				
Deferred inflows related to pensions	88,927,123	-	69,209,953	-
Deferred inflows related to OPEB	72,679,642	-	40,597,673	-
Deferred gain on bond refunding	2,705,379	-	2,838,524	-
Total deferred inflows of resources	164,312,144	-	112,646,150	-
<b>Net Position</b>				
Net investment in capital assets	678,668,657	12,523,276	692,388,436	11,422,711
Restricted:				
Nonexpendable:				
Endowments	23,670,895	253,699,878	22,681,571	236,394,816
Other	-	15,870,919	-	6,809,356
Expendable:				
Sponsored programs	6,262,101	-	4,181,987	-
Component unit funds	5,246,624	6,867,189	3,038,547	5,664,370
Capital projects	1,726,299	2,286,818	253,390	2,649,086
Loans	4,887,271	-	7,905,632	-
Endowments	19,837,505	208,055,020	13,063,629	136,628,529
Other	-	73,231,794	-	63,194,205
Unrestricted	192,614,958	145,405,617	(65,373,240)	97,815,509
Total net position	932,914,310	717,940,511	678,139,952	560,578,582
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 2,222,547,348	\$ 727,793,460	\$ 2,111,616,734	\$ 570,091,097

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

# Ohio University

## Statements of Revenues, Expenses, and Changes in Net Position Years ended June 30, 2021 and 2020

	2021		2020	
	The Ohio University		The Ohio University	
	Ohio University	Foundation	Ohio University	Foundation
<b>Operating Revenues</b>				
Student tuition and fees	\$ 381,914,659	\$ -	\$ 401,960,527	\$ -
Less: Pell grants	(24,981,011)	-	(27,466,728)	-
Less: Other scholarships	(60,498,765)	-	(51,779,830)	-
Net Student tuition and fees	296,434,883	-	322,713,969	-
Auxiliary enterprises	32,789,232	-	82,527,625	-
Less: Pell grants-room and board	(611,339)	-	(2,152,732)	-
Less: Other scholarships-room and board	(4,188,830)	-	(9,546,087)	-
Net Auxiliary enterprises	27,989,063	-	70,828,806	-
Federal grants and contracts	33,346,983	-	26,357,881	-
State and other grants and contracts	5,989,353	-	7,111,944	-
Private grants and contracts	11,057,900	-	17,549,653	-
Royalties	189,586	-	2,993,859	-
Sales and services	12,029,986	-	15,680,268	-
Other sources	11,183,831	4,494,150	10,187,115	5,469,993
Total operating revenues	398,221,585	4,494,150	473,423,495	5,469,993
<b>Operating Expenses</b>				
Educational and general:				
Instruction	230,558,360	10,633,677	257,491,839	3,018,255
Research	36,267,706	4,040,391	37,254,946	3,632,105
Public service	53,539,417	732,321	28,257,237	1,054,965
Academic support	60,398,293	940,330	73,777,260	1,129,510
Student services	43,924,478	614,108	50,826,210	511,889
Institutional support	46,388,745	15,293,455	52,508,613	19,893,215
Operation and maintenance of plant	47,122,679	-	48,862,393	-
Student aid (including Pell grants of \$2,354,335 in 2021 and \$2,549,038 in 2020 for Ohio University)	31,863,917	8,623,782	15,401,002	7,823,480
Depreciation	60,175,804	1,196,502	58,329,960	1,180,763
Auxiliary enterprises	48,778,428	-	79,082,886	-
Pension and OPEB expense (revenue)	(101,761,763)	-	37,579,056	-
Operating expenses - related entities	-	4,349,875	-	4,681,921
Total operating expenses	557,256,064	46,424,441	739,371,402	42,926,103
Operating Loss	\$ (159,034,479)	\$ (41,930,291)	\$ (265,947,907)	\$ (37,456,110)

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

# Ohio University

## Statements of Revenues, Expenses, and Changes in Net Position (Continued) Years ended June 30, 2021 and 2020

	2021		2020	
	The Ohio University		The Ohio University	
	Ohio University	Foundation	Ohio University	Foundation
<b>Nonoperating Revenue (Expenses)</b>				
State appropriations	\$ 186,805,431	\$ -	\$ 176,387,998	\$ -
Higher Education Emergency Relief Fund (HEERF)	41,260,480	-	8,344,256	-
Federal grants - Pell	27,946,685	-	32,168,498	-
Federal grants nonexchange	25,611,179	-	2,829,826	-
State and other grants nonexchange	5,859,174	-	6,243,085	-
Private gifts	-	27,051,385	-	11,181,384
University support	-	3,460,441	-	5,121,492
Investment income, net	134,518,466	152,239,357	21,219,036	11,385,458
Interest on debt	(26,191,114)	-	(27,969,268)	-
Other nonoperating expense	(2,691,129)	-	(6,548,367)	-
Net nonoperating revenue	<u>393,119,172</u>	<u>182,751,183</u>	<u>212,675,064</u>	<u>27,688,334</u>
<b>Income (Loss) Before Other Revenue</b>	<u>234,084,693</u>	<u>140,820,892</u>	<u>(53,272,843)</u>	<u>(9,767,776)</u>
<b>Other Revenue</b>				
State capital appropriations	15,406,266	-	12,661,643	-
Capital grants and gifts	5,281,569	-	10,428,838	-
Additions to permanent endowments	<u>1,830</u>	<u>16,541,037</u>	<u>12,218</u>	<u>7,453,095</u>
Total other revenue	<u>20,689,665</u>	<u>16,541,037</u>	<u>23,102,699</u>	<u>7,453,095</u>
<b>Increase (Decrease) in Net Position</b>	<u>254,774,358</u>	<u>157,361,929</u>	<u>(30,170,144)</u>	<u>(2,314,681)</u>
<b>Net Position</b>				
Beginning of year	<u>678,139,952</u>	<u>560,578,582</u>	<u>708,310,096</u>	<u>562,893,263</u>
End of year	<u>\$ 932,914,310</u>	<u>\$ 717,940,511</u>	<u>\$ 678,139,952</u>	<u>\$ 560,578,582</u>

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

**Statements of Cash Flows**  
**Years ended June 30, 2021 and 2020**

	Ohio University	
	2021	2020
<b>Cash Flows From Operating Activities</b>		
Student tuition and fees	\$ 297,174,985	\$ 322,899,498
Grants and contracts	41,010,985	40,839,517
Payments to suppliers	(126,915,482)	(144,664,979)
Payments to or on behalf of employees	(420,909,561)	(459,504,531)
Payments for scholarships and fellowships	(53,583,597)	(39,242,416)
Loans issued to students	(2,383,512)	(976,402)
Collection of loans from students	2,107,888	2,893,047
Auxiliary enterprise sales	28,906,116	70,816,443
Royalties	189,586	4,530,362
Sales and services	11,624,188	17,136,110
Other receipts	10,957,784	9,987,046
Net cash used in operating activities	(211,820,620)	(175,286,305)
<b>Cash Flows From Noncapital Financing Activities</b>		
State appropriations	186,805,431	176,387,998
Gifts and grants for other than capital purposes	100,679,348	49,597,883
Federal direct student loan program receipts	179,677,442	209,332,882
Federal direct student loan program disbursements	(180,059,427)	(209,477,644)
Student organization agency transactions	324,192	1,000,382
Net cash provided by noncapital financing activities	287,426,986	226,841,501
<b>Cash Flows From Capital Financing Activities</b>		
Proceeds from capital debt	-	222,575,000
State capital appropriations	15,155,876	13,903,063
Capital grants and gifts received	5,281,569	10,428,838
Purchases of capital assets	(76,851,895)	(118,137,480)
Principal paid on capital debt and leases	(13,469,473)	(179,349,251)
Interest paid on capital debt and leases	(26,993,227)	(28,795,361)
Net cash used in capital financing activities	(96,877,150)	(79,375,191)
<b>Cash Flows From Investing Activities</b>		
Proceeds from sales and maturities of investments	400,097,130	293,933,077
Investment income	8,551,977	14,251,589
Purchase of investments	(404,427,616)	(259,080,987)
Net cash provided by investing activities	4,221,491	49,103,679
<b>Net Increase In Cash And Cash Equivalents</b>	(17,049,293)	21,283,684
<b>Cash And Cash Equivalents - Beginning of year</b>	181,568,468	160,284,784
<b>Cash And Cash Equivalents - End of year</b>	<u>\$ 164,519,175</u>	<u>\$ 181,568,468</u>
<b>Supplemental Disclosure of Noncash Activities -</b>		
Construction in progress in accounts payable	\$ 7,579,703	\$ 22,126,440

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

**Statements of Cash Flows (Continued)**  
**Years ended June 30, 2021 and 2020**

	Ohio University	
	2021	2020
<b>Reconciliation of Operating Loss to Net</b>		
<b>Cash Used In Operating Activities:</b>		
Operating loss	\$ (159,034,479)	\$ (265,947,907)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	60,175,804	58,329,960
Changes in operating assets and liabilities and deferred outflows of resources and deferred inflows of resources which (used) provided cash:		
Accounts receivable - net	(15,809,261)	3,569,259
Notes receivable - net	352,298	1,402,343
Prepaid expenses	763,274	(1,325,410)
Inventories	876,671	(189,156)
Net OPEB asset	(13,721,193)	392,591
Deferred outflows of resources related to pensions	26,461,946	43,235,100
Deferred outflows of resources related to OPEB	18,371,435	(20,504,764)
Accounts payable and accrued liabilities	(4,134,211)	1,861,664
Unearned revenue	6,619,824	(11,243,320)
Deposits and other liabilities	131,223	677,206
Net pension liability	(59,459,542)	(48,924,279)
Net OPEB liability	(125,213,548)	22,312,936
Deferred inflows of resources related to pensions	19,717,170	31,868,718
Deferred inflows of resources related to OPEB	32,081,969	9,198,754
<b>Net Cash Used In Operating Activities</b>	<u>\$ (211,820,620)</u>	<u>\$ (175,286,305)</u>

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

### **Note 1 - Organization, Basis of Presentation, and Significant Accounting Policies**

**Organization** - Ohio University (the "University") is a public institution established by the State of Ohio (the "State") in 1804 under Chapter 3337 of the Ohio Revised Code (ORC). As such, it is a component unit of the State and is included as a discretely presented entity in the State's Comprehensive Annual Financial Report. The University is the oldest of the State-assisted universities in Ohio. It is defined by statute to be a body politic and corporate and an instrumentality of the State.

The University is governed by a board of trustees composed of nine trustees and two student trustees, all appointed by the governor. The board also includes two national trustees and the chair of the Ohio University Alumni Association Board of Directors or his or her designee. The two national trustees are appointed by the board for staggered three-year terms. The nine trustees appointed by the governor will hold voting privileges. The two student trustees, the two national trustees, and the chair of the Ohio University Alumni Association Board of Directors may not vote on board matters, but their opinions and advice will be actively solicited and welcomed in board deliberations.

**Basis of Presentation** - The financial statements of the University have been prepared in accordance with accounting principles generally accepted in the United States of America. The presentation provides a comprehensive, entity-wide perspective of the University's assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, expenses, and changes in net position, and the direct method of cash flow presentation.

Certain organizations warrant inclusion as part of the financial reporting entity because of the nature and significance of their relationship with the primary government, including their ongoing financial support of the primary government.

Management has determined that The Ohio University Foundation (the "Foundation") should be a discretely presented component unit in the University's financial statements. The Foundation is a separate legal 501(c)(3) entity, the University appoints the voting majority of their board, which is substantially different from the University board, and there is a financial benefit to/burden on the University, but no operational authority. The Foundation's financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Financial Accounting Standards Board. A separate financial report for the Foundation is available by contacting The Ohio University Foundation, 50 University Terrace, Athens, Ohio 45701, or by calling 740-593-1901. See Note 21 for additional disclosures regarding the Foundation.

Management has determined that Tech GROWTH Ohio Fund, University Medical Associates, Inc., the Coalition of Rural and Appalachian Schools, and Muskingum Recreation Center, should be presented as blended component units in the University's financial statements.

Tech GROWTH Ohio Fund (TGO) was established in August 2008, within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. The exclusive purpose of the organization is for charitable, educational, and scientific endeavors in areas involving the advancement of technology, and increasing technology-based and/or other entrepreneurial commercialization ventures throughout southeast Ohio, with a focus on strategic technology-based sectors that offer economic development prospects for the region. TGO meets the criteria for a blended component unit. The University appoints

the voting majority of their board, there is a financial benefit to/burden on the University, and the University has operational authority. See Note 19 for more information.

University Medical Associates, Inc. (UMA) is a not-for-profit organization incorporated in the state of Ohio and has been recognized as tax-exempt pursuant to Section 501(c)(3) of the Internal Revenue Code and applicable state statutes. UMA provided medical services in private physician offices and clinic settings on the campus of Ohio University and surrounding locations. The assets and liabilities of UMA were sold to an outside party during fiscal year 2017. Trailing financial results are included in fiscal years 2021 and 2020. UMA continued to exist as a shell corporation to deal with malpractice and no longer employs the University's doctors or runs the University's clinic. UMA meets the criteria for a blended component unit. The University appoints the voting majority of their board, there is a financial benefit to/burden on the University, and the University has operational authority. UMA is in the process of being dissolved during fiscal year 2021.

Coalition of Rural and Appalachian Schools (CORAS) is a Regional Chapter of Governments pursuant to Chapter 167 of the Ohio Revised Code. CORAS is composed of 118 school districts, institutions of higher learning, and other educational agencies in the 35-county region of Ohio designated as Appalachia. In partnership with the University Patton College of Education the mission of CORAS is to advocate for and support the public schools of rural and Appalachia Ohio in the continuous improvement of educational opportunities available to the region's children. CORAS meets the criteria for a blended component unit due to its financial dependency on the University, the financial benefit to/burden on the University, as well as the University's operational authority. See Note 19 for more information.

Muskingum Recreation Center (MRC) was established in June 2009, as a nonprofit 501(c)(3) corporation of the Internal Revenue Code of 1986, as amended. The organization was originally founded with four entities that came together to form this partnership, one of which included Ohio University Zanesville (OUZ). The purpose of the organization is to promote health and wellness through recreational, fitness, and educational programming to a multi-generational population. It also provides recreational capacity for the students at the OUZ campus. In July 2018, the University became the sole member of the MRC. In October 2019, the University entered into an agreement with Buckeye Valley YMCA to continue the operations of the facilities as a community recreation center. The MRC is treated as a blended component unit of Ohio University due to the nature of the relationship.

**Basis of Accounting** - The University is a special-purpose government entity engaged in business-type activities. Accordingly, the financial statements are presented using an economic resources measurement focus and are presented on the accrual basis of accounting. Under the accrual basis, revenue is recognized when earned and expenses are recorded when incurred. All significant interfund transactions have been eliminated. The financial statements of its component unit are also presented under the accrual basis of accounting.

**Cash and Cash Equivalents** - Cash consists primarily of petty cash, cash in banks, and money market accounts. Cash equivalents are short-term highly liquid investments readily convertible to cash with original maturities of three months or less. The University includes State Treasury Asset Reserve of Ohio (STAR Ohio) balances of \$20,015,323 and \$21,295,368 at June 30, 2021 and 2020, respectively, as cash equivalents. There are no limitations or restrictions on any STAR Ohio participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given to STAR

Ohio 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the STAR Ohio investors will be combined for these purposes.

STAR Ohio is an investment pool managed by the State Treasurer's Office that allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted GASB Statement No. 79, *Accounting and Financial Reporting for Certain External Investment Pools and Pool Participants*, which establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure for financial reporting purposes all of their investments at amortized cost. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price at which the investment could be sold on June 30, 2021 and 2020.

**Investments** - All investments are carried at fair value. Investments in publicly traded securities are stated at fair value as established by major securities markets. Nonpublicly traded investments are valued based on independent appraisals and estimates considering market prices of similar investments. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income (loss) in the statements of revenues, expenses, and changes in net position. Included in long-term investments is \$130.2 million and \$144.9 million of unspent Series 2014 bond proceeds as of June 30, 2021 and 2020, respectively, to be used to promote a sustainable approach to investing in the University's buildings and infrastructure.

**Accounts Receivable** - Accounts receivable consists primarily of amounts due for tuition and fees, grants and contracts, and auxiliary enterprise services. Grants and contracts receivable include amounts due from federal, state, and local governments, or private sources, as reimbursement for certain expenditures made in accordance with agreements. Uncollectible amounts have been reserved.

**Inventories** - Inventories are stated at the lower of weighted-average cost or net realizable value.

**Restricted Cash and Cash Equivalents** - Restricted cash and cash equivalents are funds restricted for capital expenditures subject to bond and note agreements held by bond trustees including \$50.1 million and \$60.2 million for Bond Series 2020, \$1.1 million and \$18.9 million for Bond Series 2017A, and \$2.8 million and \$2.8 million for Bond Series 2012A & B, as of June 30, 2021 and 2020, respectively. In addition, it includes funds held in escrow based on terms and conditions of various agreements.

**Net OPEB Asset** - For purposes of measuring the net OPEB asset, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPERS and STRS Ohio Pension Plan and additions to/deductions from OPERS and STRS Ohio's fiduciary net position have been determined on the same basis as they are reported by OPERS and STRS Ohio. OPERS and STRS Ohio use the economic resources measurement focus and the full accrual basis of accounting. For this purpose, OPERS and STRS Ohio recognize benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Capital Assets** - Purchased or constructed capital assets are recorded at cost. Donated capital assets are recorded at their acquisition value as of the date received. Depreciation is calculated using the straight-line method over the estimated useful life of the asset.



The following are the capitalization levels and estimated useful lives of the University asset classes:

Asset Class	Capitalize At	Estimated Useful Life in years
Land	Any amount	N/A
Land improvements	\$100,000	N/A
Works of art and historical	\$5,000	N/A
Infrastructure	\$100,000	10-50
Buildings	Any amount	40
Machinery and equipment	\$5,000	5-25
Library books and publications	Any amount	10
Transportation equipment	\$5,000	5-10
Purchased software	\$500,000	5-10
Internally developed software	\$500,000	5-10

Building renovations that significantly increase the value, change the use, or extend the useful life of the structure are also capitalized. The costs of normal maintenance and repairs are not capitalized. Land, land improvements, and works of art and historical treasures are not depreciated. Any impairment of capital assets and insurance recoveries is disclosed.

**Deferred Outflows of Resources** - In addition to assets, the statements of net position report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until then. The University's deferred outflows of resources includes amounts related to the net pension liability and the net OPEB liability. See Note 11 for more information. Also included are amounts related to asset retirement obligations and deferred charges arising from losses on bond refundings when the amount transferred to the escrow agent to refund the bonds is in excess of the carrying value of the bonds.

**Unearned Revenue** - Unearned revenue includes amounts for tuition and fees, grants and contracts, and certain auxiliary activities received prior to the end of the fiscal year, related to the subsequent accounting period.

**Compensated Absences** - University employees earn vacation and sick leave benefits based, in part, on length of service. Upon separation from service, employees are paid their accumulated vacation and sick pay based upon the nature of separation (termination, retirement, or death). Certain limits are placed on the hours of vacation and sick leave that employees may accumulate and carry over for payment at termination, retirement, or death. Unused hours exceeding the limits are forfeited. The estimated and accrued liability is recorded at year end in the statements of net position, and the net change from the prior year is recorded as a component of operating expense in the statements of revenues, expenses, and changes in net position.

**Net Pension Liability** - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the OPERS and STRS Ohio Pension Plans and additions to/deductions

from OPERS' and STRS Ohio's fiduciary net position have been determined on the same basis as they are reported by OPERS and STRS Ohio. Both OPERS and STRS Ohio use the economic resources measurement focus and the full accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments (including refunds of employee contributions) are recognized as expense when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Net OPEB Liability** - For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPERS Pension Plan and additions to/deductions from OPERS' fiduciary net position have been determined on the same basis as they are reported by OPERS. OPERS uses the economic resources measurement focus and the full accrual basis of accounting. For this purpose, OPERS recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Deferred Inflows of Resources** - In addition to liabilities, the statements of net position report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The University's deferred inflows of resources includes amounts related to the net pension liability and the net OPEB liability. More detailed information can be found in Note 11. Also included are deferred charges arising when the carrying value of the refunded bonds is in excess of the amount transferred to the escrow agent to refund the bonds.

**Net Position** - Net position is classified into three major categories:

- Net investment in capital assets - The net equity in property, plant, and equipment owned by the University.
- Restricted - Owned by the University, but the use or purpose of the funds is restricted by an external source or entity. The restricted net position category is subdivided further into nonexpendable and expendable.
  - Restricted nonexpendable - Endowment funds whose principal may be invested; however, only interest, dividends, and capital gains may be spent.
  - Restricted expendable - May be spent by the institution, but only for the purpose specified by the donor, grantor, or other external entity. This category includes the unspent balance in grant funds, loan funds, debt service funds, and the interest, dividends, and capital gains on endowment funds.
- Unrestricted - Resources derived primarily from student tuition, fees, state appropriations, and auxiliary enterprises. They are used for the general obligations of the University and may be used at the discretion of the board of trustees for any purpose furthering the University's mission.

**Restricted Versus Unrestricted Resources** - When an expense is incurred that can be paid using either restricted or unrestricted resources, the University's policy is to apply the expense at the discretion of University management.

**Income Taxes** - The University is an organization described in Section 115 of the Internal Revenue Code (Code) and has further been classified as an organization that is not a private foundation in accordance with Sections 509(a)(1) and 170(b)(1)(A)(ii) of the Code. However, certain revenues are considered unrelated business income and are taxable under Code Sections 511 through 513.

**Classification of Revenue** - Revenue is classified as either operating or nonoperating.

- Operating revenue includes revenue from activities that have characteristics similar to exchange transactions. These include student tuition and fees (net of scholarship discounts and allowances), sales and services of auxiliary enterprises (net of scholarship discounts and allowances), and certain federal, state, local and private grants, and contracts. The presumption is that there is a fair exchange of value between all parties to the transaction.
- Nonoperating revenue includes revenue from activities that have the characteristics of nonexchange transactions, such as state appropriations, certain federal, state, and other grants. The implication is that such revenues are derived from more passive efforts related to the acquisition of the revenue, rather than the earning of it.

**Scholarship Discounts and Allowances** - Student tuition and fee revenue, and certain other payments recorded as auxiliary enterprises revenue, are net of scholarship discounts and allowances in the statements of revenues, expenses, and changes in net position. Scholarship discounts and allowances are the difference between the charge for tuition and fees, and the amount paid by students or by third parties on the students' behalf. Scholarship discounts and allowances were \$90,279,945 (of which \$85,479,776 is netted against student tuition and fees and \$4,800,169 is netted against auxiliary enterprises revenue) and \$90,945,377 (of which \$79,246,558 is netted against student tuition and fees and \$11,698,819 is netted against auxiliary enterprises revenue) as of June 30, 2021 and 2020, respectively.

**Auxiliary Enterprises** - Auxiliary revenue is from residence halls, culinary services, intercollegiate athletics, printing services, and parking and transportation services. It is shown net of scholarship discounts and allowances for room and board.

**Operating Revenue - Other Sources** - Other sources revenue is primarily from research consortium memberships, rebates from contractual agreements, and noncredit training programs.

**Eliminations** - The University eliminates interfund assets and liabilities and revenue and expenses related to internal activities and to blended component units.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) may require management to make estimates and assumptions that affect certain amounts reported in the financial statements. The estimates and assumptions are based on currently available information and actual results could differ from those estimates.

**Reclassifications** - Certain prior year amounts have been reclassified to conform to the current year presentation. On the statement of net position \$7,624,160 has been reclassified from refundable advances federal student loans to other noncurrent liabilities. On the statement of revenues, expenses,

and changes in net position \$37,579,056 has been reclassified from functional expenditures to pension and OPEB expense (revenue), to allow better analysis. Net position has not been affected by these changes.

### Recent Accounting Pronouncements

- In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. The University evaluated the impact of this standard, specifically related to holding assets for student club accounts and determined there was no material impact on the financial statements or notes. The provisions of this statement were effective for the University's financial statements for the year ending June 30, 2021.
- In fiscal year 2019 the University adopted GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This statement simplifies accounting for interest cost incurred before the end of construction and requires those costs to be expensed in the period incurred. As a result, interest cost incurred before the end of a construction period is not capitalized and is included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The effective date of the standard is for the year ending June 30, 2022, however, the university elected to adopt the standard early.
- In June 2017, GASB issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The new lease standard is expected to have a significant effect on the University's financial statements as a result of the leases for various facilities and equipment classified as operating leases. The provisions of this statement are effective for the University's financial statements for the year ending June 30, 2022.
- In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*, which clarifies the existing definition of conduit debt, provides a single method of reporting conduit debt obligations by issuers, and eliminates diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. As a result, issuers should not recognize a liability for items meeting the definition of conduit debt; however, a liability should be recorded for additional or voluntary commitments to support debt service if certain recognition criteria are met. The standard also addresses the treatment of arrangements where capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by a third-party obligor. The University is currently evaluating the impact of this standard. The requirements of the standard will be applied retrospectively and are effective for the University's financial statements for the year ending June 30, 2023.

- In January 2020, GASB issued Statement No. 92, *Omnibus 2020*, which enhances the comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during the implementation and application of certain GASB Statements, including No. 84 and No. 87. The University is currently evaluating the impact of this standard. The requirements of this statement are effective for the University's financial statements for the year ending June 30, 2022.
- In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*, which addresses accounting and financial reporting implications resulting from the replacement of an IBOR rate. The University is currently evaluating the impact of this standard. The removal of LIBOR as an appropriate benchmark interest rate is effective for the University's financial statements for the year ending June 30, 2022. The other requirements of this statement were effective for the University's financial statements for the year ending June 30, 2021.
- In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which provides accounting and financial reporting requirements for PPPs that 1) meet the definition of a service concession arrangement or 2) are not within the scope of Statement No. 87. The University is currently evaluating the impact of this standard. The requirements of this statement are effective for the University's financial statements for the year ending June 30, 2023.
- In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. This Statement provides temporary relief in light of the COVID-19 pandemic by postponing the effective dates of certain provisions including Statements No. 84, No. 87, No. 89, No. 90, No. 91, No. 92, and No. 93 whose effective dates have been adjusted in the summaries provided.
- In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, which provides guidance on the accounting and financial reporting requirements for subscription-based information technology arrangements (SBITAs). This statement 1) defines a SBITA; 2) establishes that a SBITA results in a right-to use subscription asset-an intangible asset-and a corresponding subscription liability; 3) provides the capitalization criteria for outlays other than the subscription payments, including implementation costs of a SBITA; and 4) requires note disclosures regarding a SBITA. The University is currently evaluating the impact of this standard. The requirements of this statement are effective for the University's financial statements for the year ending June 30, 2023.
- In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans-an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this statement are to 1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; 2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as

fiduciary component units in fiduciary fund financial statements; and 3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The University is currently evaluating the impact of this standard. 1) and 2) are effective immediately and 3) is effective for the University's financial statements for the year ending June 30, 2022.

### **Note 2 - Deposits with Financial Institutions, Cash and Cash Equivalents, and Investments**

As of June 30, 2021, the carrying amount of the University's cash and cash equivalents for all funds was \$164,519,175 compared to bank balances of \$165,908,745. As of June 30, 2020, the carrying amount of the University's cash and cash equivalents for all funds was \$181,568,468 compared to bank balances of \$183,590,115. The difference in carrying amounts and bank balances is caused by outstanding checks and deposits-in-transit. At June 30, 2021, of the bank balances, \$1,066,055 is covered by the Federal Deposit Insurance Corporation (FDIC) and \$164,842,690 is uninsured but collateralized by pools of securities pledged by the depository banks and held in the name of the respective banks.

Certain University investments, including endowment investments and long-term working capital investments, are pooled with the Foundation's investments, and held in the Foundation's name.

The University's investment portfolio may include investments in the following:

- Obligations of the U.S. Treasury and other federal agencies and instrumentalities
- Municipal and State bonds
- Certificates of deposit
- Repurchase agreements
- Mutual funds
- Commercial paper
- Corporate bonds and notes
- Common and preferred stock
- Asset-backed securities
- Hedge funds
- Private equity, private debt and venture capital
- Real assets

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

U.S. government and agency securities are invested through trust agreements with banks that keep the securities in their safekeeping accounts at the Federal Reserve Bank in "book entry" form. The banks internally designate the securities as owned by or pledged to the University. Common stocks, corporate bonds, money market instruments, mutual funds, and other investments are invested through trust agreements with banks that keep the investments in their safekeeping account in the appropriate

custodial bank in “book entry” form. The banks internally designate the securities as owned by or pledged to the University.

The values of investments as of June 30, 2021 and 2020 are as follows:

Investment Type	2021	2020
Money market mutual funds	\$ 20,023,466	\$ 33,853,780
US government obligations	19,441,346	27,144,926
Mortgage-backed securities	12,120,310	10,146,755
Asset-backed securities	32,693,074	32,344,828
Corporate bonds and notes	47,427,070	51,100,340
Bond mutual funds	140,384,661	143,478,072
Notes and convertible notes	150,000	325,000
US common and preferred stock	13,924,819	5,831,649
US equity mutual funds	181,663,326	147,100,890
US equity commingled funds	23,379,233	-
International equity mutual funds	129,375,464	93,079,542
Hedge funds	23,845,765	9,610,165
REITs	10,198,499	7,659,971
Direct private equity investments	3,681,758	1,743,650
Private capital funds	72,942,260	37,244,452
Total	\$ 731,251,051	\$ 600,664,020

The University’s investment strategy incorporates certain financial instruments that involve, to varying degrees, elements of market risk in excess of amounts recorded in the financial statements. Market risk is the potential for changes in the value of financial instruments due to market changes, including interest and foreign exchange rate movements and rate fluctuations embodied in forwards, futures, commodities, or security prices. Market risk is directly impacted by the volatility and liquidity of the markets in which the related underlying assets are traded.

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

**Notes to Financial Statements (Continued)**  
**June 30, 2021 and 2020**

As of June 30, 2021, maturities of the University's interest-bearing investments are as follows:

Investment Type	Investment Maturities				
	Market Value	Less Than 1 Year	1 to 5 Years	6 to 10 Years	More Than 10 Years
Money market mutual funds	\$ 20,023,466	\$ 20,023,466	\$ -	\$ -	\$ -
US government obligations	19,441,346	3,271,154	11,891,062	-	4,279,130
Mortgage-backed securities	12,120,310	791,218	5,510,620	-	5,818,472
Asset-backed securities	32,693,074	-	30,866,565	1,574,624	251,885
Corporate bonds and notes	47,427,070	9,158,567	37,409,040	647,285	212,178
Bond mutual funds	140,384,661	-	55,820,619	76,849,764	7,714,278
Notes and convertible notes	150,000	150,000	-	-	-
Total	<u>\$ 272,239,927</u>	<u>\$ 33,394,405</u>	<u>\$ 141,497,906</u>	<u>\$ 79,071,673</u>	<u>\$ 18,275,943</u>

As of June 30, 2020, maturities of the University's interest-bearing investments are as follows:

Investment Type	Investment Maturities				
	Market Value	Less Than 1 Year	1 to 5 Years	6 to 10 Years	More Than 10 Years
Money market mutual funds	\$ 33,853,780	\$ 33,853,780	\$ -	\$ -	\$ -
U.S. government obligations	27,144,926	327,290	21,823,834	-	4,993,802
Mortgage-backed securities	10,146,755	2,931,275	2,222,457	-	4,993,023
Asset-backed securities	32,344,828	106,012	31,048,103	805,280	385,433
Corporate bonds and notes	51,100,340	23,751,451	26,688,701	555,968	104,220
Bond mutual funds	143,478,072	6,743,365	84,760,038	44,501,714	7,472,955
Convertible notes	325,000	325,000	-	-	-
Total	<u>\$ 298,393,701</u>	<u>\$ 68,038,173</u>	<u>\$ 166,543,133</u>	<u>\$ 45,862,962</u>	<u>\$ 17,949,433</u>

**Credit Risk** - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The University's risk of loss in the event of counterparty default is typically limited to the amounts recognized in the statement of net position and is not represented by the contract or notional amounts of the instruments. Credit quality, as commonly expressed in terms of credit ratings issued by nationally recognized statistical rating organizations such as Moody's Investors Service, Standard & Poor's, or Fitch Ratings, provides a current depiction of potential variable cash flows and credit risk.



The credit ratings of the University's interest-bearing investments as of June 30, 2021 are as follows:

	Market Value	Credit Quality (S&P)						Unrated
		AAA	AA	A	BBB	BB	B	
Money market mutual funds	\$ 20,023,466	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$20,023,466
US government obligations	19,441,346	19,441,346	-	-	-	-	-	-
Mortgage-backed securities	12,120,310	12,120,310	-	-	-	-	-	-
Asset-backed securities	32,693,074	25,016,700	1,246,488	671,906	-	-	186,509	5,571,471
Corporate bonds and notes	47,427,070	2,333,720	1,594,301	15,174,002	26,728,035	656,726	940,286	-
Bond mutual funds	140,384,661	-	87,351,779	6,839,254	30,144,250	7,368,044	8,681,334	-
Notes and convertible notes	150,000	-	-	-	-	-	-	150,000
Total	<u>\$272,239,927</u>	<u>\$58,912,076</u>	<u>\$90,192,568</u>	<u>\$22,685,162</u>	<u>\$56,872,285</u>	<u>\$ 8,024,770</u>	<u>\$9,808,129</u>	<u>\$25,744,937</u>

The credit ratings of the University's interest-bearing investments as of June 30, 2020 are as follows:

	Market Value	Credit Quality (S&P)						Unrated
		AAA	AA	A	BBB	BB	B	
Money market mutual funds	\$ 33,853,780	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$33,853,780
U.S. government obligations	27,144,926	27,144,926	-	-	-	-	-	-
Mortgage-backed securities	10,146,755	10,146,755	-	-	-	-	-	-
Asset-backed securities	32,344,828	20,729,953	3,990,688	1,345,273	-	-	-	6,278,914
Corporate bonds and notes	51,100,340	1,285,901	5,255,503	23,994,732	17,746,812	1,932,619	884,773	-
Bond mutual funds	143,478,072	-	58,288,684	46,245,888	14,603,200	20,569,012	3,771,273	15
Convertible notes	325,000	-	-	-	-	-	-	325,000
Total	<u>\$298,393,701</u>	<u>\$59,307,535</u>	<u>\$67,534,875</u>	<u>\$71,585,893</u>	<u>\$32,350,012</u>	<u>\$22,501,631</u>	<u>\$4,656,046</u>	<u>\$40,457,709</u>

**Custodial Credit Risk** - Custodial credit risk is the risk that, in the event of failure of the counterparty, the University will not be able to recover the value of its investment or collateral securities that are in possession of an outside party. As of June 30, 2021 and 2020, the University had no custodial credit risk.

**Concentration of Credit Risk** - Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. As of June 30, 2021 and 2020, there were no single-issuer investments that exceeded 5% of total investments.

**Foreign Currency Risk** - Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The University's exposure to foreign currency is limited to its investment in international equity mutual funds. The value of this investment was \$129.4 million and \$93.1 million as of June 30, 2021 and 2020, respectively.

**Fair Value Measurements** - The University categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

**Notes to Financial Statements (Continued)**  
**June 30, 2021 and 2020**

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 lowest level input that is significant to the valuation. The University'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 University has the following recurring fair value measurements as of June 30, 2021 and 2020:

	Balance at June 30, 2021	Fair Value at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>Investments by fair value level</u>				
Fixed-income investments:				
U.S. government obligations	\$ 19,441,346	\$ 19,441,346	\$ -	\$ -
Mortgage-backed securities	12,120,310	-	12,120,310	-
Asset-backed securities	32,693,074	-	32,693,074	-
Corporate bonds and notes	47,427,070	-	47,427,070	-
Bond mutual funds	140,384,661	140,384,661	-	-
Subtotal fixed-income investments	252,066,461	159,826,007	92,240,454	-
Public equity investments:				
U.S. common and preferred stock	13,924,819	13,924,819	-	-
U.S. equity mutual funds	181,663,326	181,663,326	-	-
International equity mutual funds	86,961,897	86,961,897	-	-
REITs	10,198,499	10,198,499	-	-
Subtotal public equity investments	292,748,541	292,748,541	-	-
Alternative investments:				
Notes and convertible notes	150,000	-	-	150,000
Direct private equity investments	3,681,758	-	-	3,681,758
Subtotal alternative investments	3,831,758	-	-	3,831,758
Total investments by fair value level	\$ 548,646,760	\$ 452,574,548	\$ 92,240,454	\$ 3,831,758
<u>Investments measured at net asset value (NAV)</u>				
US equity commingled funds	23,379,233			
International equity mutual funds	42,413,567			
Hedge funds	23,845,765			
Private capital funds	72,942,260			
Subtotal investments measured at NAV	162,580,825			
Total investments measured at fair value	\$ 711,227,585			

**Notes to Financial Statements (Continued)**  
**June 30, 2021 and 2020**

	Balance at June 30, 2020	Fair Value at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>Investments by fair value level</u>				
Fixed-income investments:				
U.S. government obligations	\$ 27,144,926	\$ 27,144,926	\$ -	\$ -
Mortgage-backed securities	10,146,755	-	10,146,755	-
Asset-backed securities	32,344,828	-	32,344,828	-
Corporate bonds and notes	51,100,340	-	51,100,340	-
Bond mutual funds	143,478,072	143,478,072	-	-
Subtotal fixed-income investments	264,214,921	170,622,998	93,591,923	-
Public equity investments:				
U.S. common and preferred stock	5,831,649	5,831,649	-	-
U.S. equity mutual funds	147,100,890	147,100,890	-	-
International equity mutual funds	63,148,805	63,148,805	-	-
REITs	7,659,971	7,659,971	-	-
Subtotal public equity investments	223,741,315	223,741,315	-	-
Alternative investments:				
Convertible notes	325,000	-	-	325,000
Direct private equity investments	1,743,650	-	-	1,743,650
Subtotal alternative investments	2,068,650	-	-	2,068,650
Total investments by fair value level	\$ 490,024,886	\$ 394,364,313	\$ 93,591,923	\$ 2,068,650
<u>Investments measured at net asset value (NAV)</u>				
International equity mutual funds	29,930,737			
Hedge funds	9,610,165			
Private capital funds	37,244,452			
Subtotal investments measured at NAV	76,785,354			
Total investments measured at fair value	\$ 566,810,240			

As of June 30, 2021 and 2020, the University invested in money market funds in the amounts of \$20,023,466 and \$33,853,780, respectively, which are not included in the tables above.

Investments classified in Level 1 are valued using prices quoted in active markets for those securities.

The fair value of many fixed income securities, including mortgage-backed securities, corporate bonds and notes, and municipal bonds, at June 30, 2021 and 2020 was determined primarily based on Level 2 inputs. The University estimates the fair value of these investments using other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

The fair value of certain alternative investments, including convertible notes and direct private equity investments, at June 30, 2021 and 2020 was determined primarily based on Level 3 inputs. The Organization estimates the fair value of these investments using the University's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented in the following table.

**Investments in Entities that Calculate Net Asset Value per Share** - The University holds shares or interests in investment companies where the fair value of the investments are measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

At year end, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Investments Reported at Net Asset Value				
	June 30, 2021	June 30, 2020	June 30, 2021		
	Fair Value	Fair Value	Unfunded Commitment	Redemption Frequency, if Eligible	Redemption Notice Period
Fixed-income investments:					
US equity commingled funds (1)	\$ 23,379,233	\$ -	\$ -	Monthly	30 days
International equity mutual funds (2)	42,413,567	29,930,737	-	Monthly	1-30 days
Hedge funds (3)	23,845,765	9,610,165	-	Quarterly or Annually	45-90 days
Private capital funds (4)	72,942,260	37,244,452	51,131,091	None	None
Total	\$ 162,580,825	\$ 76,785,354	\$ 51,131,091		

- (1) US equity commingled funds include a fund which invests in domestic large cap stocks with the objective of achieving over time a total return that exceeds that of the S&P 500 Composite Index. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.
- (2) International equity mutual funds include a fund which seeks to achieve total return in excess of the MSCI Emerging Markets Index through investing in the world's emerging stock markets and an international large cap fund which uses a bottom up, research driven value strategy that focuses on maximizing intrinsic value. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.
- (3) Hedge funds include absolute and total return funds that are broadly diversified across managers, investment strategies, and investment venues. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.
- (4) Private capital funds are broadly diversified across managers, investment stages, geography, industry sectors, and company size. This asset category includes private equity, private debt, private real estate, and venture capital funds. It includes individual fund investments, as well as fund of funds investments. The fair values of the investments in this class have been estimated using the net asset value of the Organization's ownership interest in partners' capital. The investments in the private capital asset class cannot be redeemed with the funds. Distributions from each fund will be received only as the underlying investments of the funds are liquidated. It is estimated that the underlying assets of the funds will be liquidated over the next one to eleven years.

**Note 3 - Accounts Receivable**

The composition of accounts receivable at June 30, 2021 and 2020 is summarized as follows:

	2021	2020
Student tuition and fees	\$ 44,617,563	\$ 46,460,458
Grants and contracts	31,334,852	13,932,711
Direct Lending Loans	1,696,446	1,314,461
Other	6,261,617	7,149,639
Total accounts receivable	83,910,478	68,857,269
Less allowance for doubtful accounts	(16,426,287)	(16,233,224)
Accounts receivable, net	<u>\$ 67,484,191</u>	<u>\$ 52,624,045</u>

**Note 4 - Notes Receivable**

The University's notes receivable at June 30, 2021 and 2020 is net of allowance for doubtful accounts of \$1,682,141 and \$1,978,683, respectively. Principal repayment and interest terms vary. Federal loan programs are funded primarily through borrower repayments, Federal contributions under Perkins and various Health Professions loan programs.

The University distributed \$180,059,427 and \$209,477,644 for student loans through the U.S. Department of Education Federal Direct Lending program during the years ended June 30, 2021 and 2020, respectively. These distributions and the related funding sources are included as cash disbursements and cash receipts in the accompanying Statement of Cash Flows.

In March 2019, the Foundation entered into an internal loan agreement for \$1,712,750 with the University to fund the renovation of the Konneker Alumni Center, which is owned by the Foundation. Both the University and Foundation Boards of Trustees approved the project and funding it through an internal loan. The loan is to be repaid over a period of no more than 10 years, and the interest rate at June 30, 2021 is 4.75%, compounded quarterly and is variable, based on the blended cost of the University's outstanding debt, plus an administrative fee.

## Notes to Financial Statements (Continued) June 30, 2021 and 2020

The composition of notes receivable at June 30, 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>
Student loan program	\$ 11,006,176	\$ 10,908,098
The Ohio University Foundation	1,320,559	1,469,752
Heritage College of Osteopathic Medicine former students	<u>592,652</u>	<u>672,415</u>
Total notes receivable	12,919,388	13,050,265
Less allowance for doubtful accounts	<u>(1,682,141)</u>	<u>(1,978,683)</u>
Notes receivable, net	11,237,246	11,071,582
Less current portion	<u>(1,144,168)</u>	<u>(1,222,410)</u>
Notes receivable - noncurrent, net	<u>\$ 10,093,078</u>	<u>\$ 9,849,172</u>

The composition of the allowance for doubtful accounts on notes receivable at June 30, 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>
Student loan program	\$ (1,218,058)	\$ (1,477,387)
Heritage College of Osteopathic Medicine former students	<u>(464,083)</u>	<u>(501,296)</u>
Total allowance for doubtful accounts	<u>\$ (1,682,141)</u>	<u>\$ (1,978,683)</u>

## Note 5 - Capital Assets

Capital asset activity for the year ended June 30, 2021 was as follows:

	Balance July 1, 2020	Additions	Transfers	Retirements	Balance June 30, 2021
Capital assets not being depreciated:					
Land	\$ 29,909,464	\$ -	\$ -	\$ (44,907)	\$ 29,864,557
Land improvements	4,701,091	-	-	-	4,701,091
Construction in progress	111,443,717	8,305,585	(100,427,695)	(492,285)	18,829,322
Works of art and historical treasures	18,575,932	312,243	-	-	18,888,175
Total capital assets not being depreciated	164,630,204	8,617,828	(100,427,695)	(537,192)	72,283,145
Capital assets being depreciated:					
Infrastructure	212,394,522	7,747,132	11,348,548	-	231,490,202
Buildings	1,335,364,285	50,981,015	89,079,147	(1,215,796)	1,474,208,651
Machinery and equipment	171,934,404	8,865,085	-	(1,464,094)	179,335,395
Library books and publications	78,445,092	640,835	-	(431,176)	78,654,751
Total capital assets being depreciated	1,798,138,303	68,234,067	100,427,695	(3,111,066)	1,963,688,999
Total capital assets	1,962,768,507	76,851,895	-	(3,648,258)	2,035,972,144
Less accumulated depreciation:					
Infrastructure	98,805,157	9,068,266	-	-	107,873,423
Buildings	536,192,327	40,009,491	-	(581,378)	575,620,440
Machinery and equipment	128,324,514	10,927,439	-	(1,444,578)	137,807,375
Library books and publications	72,920,966	170,608	-	(431,176)	72,660,398
Total accumulated depreciation	836,242,964	60,175,804	-	(2,457,132)	893,961,636
Total capital assets being depreciated, net	961,895,339	8,058,263	100,427,695	(653,934)	1,069,727,363
Capital assets, net	<u>\$1,126,525,543</u>	<u>\$ 16,676,091</u>	<u>\$ -</u>	<u>\$(1,191,126)</u>	<u>\$1,142,010,508</u>

**Notes to Financial Statements (Continued)**  
**June 30, 2021 and 2020**

Capital asset activity for the year ended June 30, 2020 was as follows:

	Balance July 1, 2019	Additions	Transfers	Retirements	Balance June 30, 2020
Capital assets not being depreciated:					
Land	\$ 29,909,464	\$ -	\$ -	\$ -	\$ 29,909,464
Land improvements	4,701,091	-	-	-	4,701,091
Construction in progress	47,863,749	79,741,112	(15,856,608)	(304,536)	111,443,717
Works of art and historical treasures	17,918,935	656,997	-	-	18,575,932
Total capital assets not being depreciated	100,393,239	80,398,109	(15,856,608)	(304,536)	164,630,204
Capital assets being depreciated:					
Infrastructure	199,641,761	7,339,554	5,413,207	-	212,394,522
Buildings	1,300,079,445	25,388,324	10,443,401	(546,885)	1,335,364,285
Machinery and equipment	170,735,617	5,095,189	-	(3,896,402)	171,934,404
Library books and publications	78,133,222	509,833	-	(197,963)	78,445,092
Total capital assets being depreciated	1,748,590,045	38,332,900	15,856,608	(4,641,250)	1,798,138,303
Total capital assets	1,848,983,284	118,731,009	-	(4,945,786)	1,962,768,507
Less accumulated depreciation:					
Infrastructure	89,927,168	8,877,989	-	-	98,805,157
Buildings	499,401,035	37,335,787	-	(544,495)	536,192,327
Machinery and equipment	120,421,721	11,209,438	-	(3,306,645)	128,324,514
Library books and publications	72,212,183	906,746	-	(197,963)	72,920,966
Total accumulated depreciation	781,962,107	58,329,960	-	(4,049,103)	836,242,964
Total capital assets being depreciated, net	966,627,938	(19,997,060)	15,856,608	(592,147)	961,895,339
Capital assets, net	\$ 1,067,021,177	\$ 60,401,049	\$ -	\$ (896,683)	\$ 1,126,525,543

**Note 6 - Accounts Payable and Accrued Liabilities**

Accounts payable and accrued liabilities at June 30, 2021 and 2020 consisted of the following:

	2021	2020
Accrued payroll	\$ 21,100,233	\$ 21,967,387
Accrued self-insurance claims	6,742,979	6,244,977
Accrued compensated absences - current portion	3,145,924	3,054,436
Other accrued liabilities	6,872,250	5,868,309
Vendor and other payables	36,766,763	37,457,283
Total accounts payable and accrued liabilities	\$ 74,628,149	\$ 74,592,392



**Note 7 - Long-term Debt**

The University's long-term debt at June 30, 2021 is summarized as follows:

	July 1, 2020	Additions	Reductions	June 30, 2021	Current
<b>Direct Borrowings and Direct Placements - Bonds:</b>					
Ohio Air Quality Development Authority bonds - Series 2012A	\$ 7,329,530	\$ -	\$ 1,875,856	\$ 5,453,674	\$ 1,909,433
Ohio Air Quality Development Authority bonds - Series 2012B	8,500,000	-	-	8,500,000	-
<b>Direct Borrowings and Direct Placements - Other:</b>					
Series 2017B (line of credit)	65,500	-	-	65,500	-
Capital lease obligations	267,057	128,032	232,498	162,591	77,133
<b>General Receipts Bonds - Fixed Rate:</b>					
General receipts bonds - Series 2020	222,575,000	-	1,955,000	220,620,000	1,980,000
General receipts bonds - Series 2017A	148,820,000	-	2,575,000	146,245,000	2,705,000
General receipts bonds - Series 2014	250,000,000	-	-	250,000,000	-
General receipts bonds - Series 2013	8,165,000	-	2,615,000	5,550,000	2,715,000
General receipts bonds - Series 2012	7,225,000	-	3,560,000	3,665,000	3,665,000
<b>Unamortized bond premiums</b>	<b>7,920,359</b>	<b>-</b>	<b>656,119</b>	<b>7,264,240</b>	<b>583,902</b>
Total long-term debt	<u>\$ 660,867,446</u>	<u>\$ 128,032</u>	<u>\$ 13,469,473</u>	<u>\$ 647,526,005</u>	<u>\$ 13,635,468</u>

The University's long-term debt at June 30, 2020 is summarized as follows:

	July 1, 2019	Additions	Reductions	June 30, 2020	Current
<b>Direct Borrowings and Direct Placements - Bonds:</b>					
Ohio Air Quality Development Authority bonds - Series 2012A	\$ 9,172,398	\$ -	\$ 1,842,868	\$ 7,329,530	\$ 1,875,856
Ohio Air Quality Development Authority bonds - Series 2012B	8,500,000	-	-	8,500,000	-
<b>Direct Borrowings and Direct Placements - Other:</b>					
Series 2017B (line of credit)	65,500	-	-	65,500	-
Capital lease obligations	374,856	-	107,799	267,057	211,296
<b>General Receipts Bonds - Fixed Rate:</b>					
General receipts bonds - Series 2020	-	222,575,000	-	222,575,000	1,955,000
General receipts bonds - Series 2017A	151,290,000	-	2,470,000	148,820,000	2,575,000
General receipts bonds - Series 2014	250,000,000	-	-	250,000,000	-
General receipts bonds - Series 2013	123,790,000	-	115,625,000	8,165,000	2,615,000
General receipts bonds - Series 2012	46,390,000	-	39,165,000	7,225,000	3,560,000
General receipts bonds - Series 2009	3,220,000	-	3,220,000	-	-
<b>Unamortized bond premiums</b>	<b>24,838,943</b>	<b>-</b>	<b>16,918,584</b>	<b>7,920,359</b>	<b>656,119</b>
Total long-term debt	<u>\$ 617,641,697</u>	<u>\$ 222,575,000</u>	<u>\$ 179,349,251</u>	<u>\$ 660,867,446</u>	<u>\$ 13,448,271</u>

On April 1, 2020, the University issued general receipts bonds Series 2020 in the amount of \$222,575,000. The proceeds are being used for new construction and upgrades to capital facilities and to pay the issuance costs of the bonds. Proceeds in the amount of \$38,030,000 were used to advance refund the callable Series 2012 bonds and \$124,215,000 were used to advance refund the callable Series 2013 bonds.

On November 15, 2019, the University renewed its general receipts obligations Series 2017B (Line of Credit) with a maximum principal amount not to exceed \$50,000,000 for three years through November 30, 2022. With renewal options, final maturity is December 1, 2025. Advances on the line of credit will be used to provide funds to finance the costs of capital facilities and to pay costs of issuance. The amount advanced as of June 30, 2020 is \$65,500 and was used to pay costs of issuance. The Series 2017B Obligations advanced and outstanding bear interest at a variable rate of interest per annum equal to the Bank Index Rate not to exceed the Maximum Rate as defined in the agreement. The fiscal year 2021 interest rates on advances ranged from .53% to .61%. The undrawn/unused fee is 0.18% when advances are less than or equal to \$25,000,000 and is reduced to 0.13% when advances exceed \$25,000,000.

On March 1, 2017, the University issued general receipts bonds Series 2017A in the amount of \$156,150,000. The proceeds are being used for new construction and upgrades to capital facilities and to pay the issuance costs of the bonds. Proceeds in the amount of \$29,115,000 were used to refund the 2006A&B bonds and \$6,565,000 were used to advance refund the callable 2008A bonds.

On November 14, 2014, the University issued general receipts bonds (federally taxable) Series 2014 in the amount of \$250,000,000. The proceeds are being used for new construction and upgrades to capital facilities, including capital expenditures for deferred maintenance of various campus facilities and energy infrastructure facilities. Proceeds were also used to pay costs of issuance of the Series 2014 Bonds.

On May 22, 2013, the University issued general receipts bonds Series 2013 in the amount of \$145,170,000. The proceeds were used to develop extension campuses in Columbus and Cleveland, Ohio for a number of programmatic initiatives including the expansion of the Heritage College of Osteopathic Medicine, for renovations to multiple academic buildings, for construction of a new Indoor Multi-Purpose Facility for various instructional, athletic, and recreational uses, and to complete the Housing Development Phase I, which consisted of the construction of a new residential housing facility, student support spaces, and residential housing administration office space. Proceeds were also used to refund the 2001 bonds and the 2004 bonds.

On July 31, 2012, the University issued general receipts notes, Ohio Air Quality Development Authority ("OAQDA") Series 2012A & B in the amount of \$28,640,370. The Series 2012A is an OAQDA tax-exempt bond for \$20,140,370 and Series 2012B is an OAQDA tax-credit revenue bond (Qualified Energy Conservation Bond) for \$8,500,000. The proceeds were used for financing the costs of air quality facilities in order to promote the public purposes of Chapter 3706, of the ORC.

On February 29, 2012, the University issued general receipts bonds Series 2012 in the amount of \$76,470,000. The proceeds were used to develop an extension campus in Columbus, Ohio for a number of programmatic initiatives including the expansion of the Heritage College of Osteopathic Medicine, for renovations to multiple academic buildings, for infrastructure improvements including a chilled water expansion, and for additional upgrades to the University's existing information technology network. Proceeds were also used to refund portions of the 2003 and 2004 bonds.

On June 2, 2009, the University issued general receipts bonds Series 2009 in the amount of \$26,645,000. The proceeds were used to purchase and implement a new student information system and to upgrade the University's existing information technology network infrastructure.

These obligations are secured by a gross pledge of and first lien on the general receipts of the University. The general receipts include the full amount of every type and character of campus receipts, except for State appropriations and receipts previously pledged or otherwise restricted.

The University's bonds are secured by a Trust Agreement dated as of May 1, 2001 ("Master Trust Agreement"), as supplemented by a First Supplemental Trust Agreement dated as of May 1, 2001, a Second Supplemental Trust Agreement dated as of September 1, 2003, a Third Supplemental Trust Agreement dated as of October 1, 2003, a Fourth Supplemental Trust Agreement dated as of March 15, 2004, a Fifth Supplemental Trust Agreement dated as of February 1, 2006, a Sixth Supplemental Trust Agreement dated as of April 1, 2006, a Seventh Supplemental Trust Agreement dated as of July 1, 2008, an Eighth Supplemental Trust Agreement dated as of May 1, 2009 entered into in connection with the issuance of the Series 2009 bonds, a Ninth Supplemental Trust Agreement dated as of February 1, 2012 entered into in connection with the issuance of the Series 2012 bonds, a Tenth Supplemental Trust Agreement dated as of July 1, 2012 entered into in connection with the issuance of the Series 2012A & B bonds, an Eleventh Supplemental Trust Agreement dated as of October 1, 2012, a Twelfth Supplemental Trust Agreement dated as of June 1, 2013 entered into in connection with the issuance of the Series 2013 bonds, a Thirteenth Supplemental Trust Agreement dated as of November 1, 2014 entered into in connection with the issuance of the Series 2014 bonds, a Fourteenth Supplemental Trust Agreement dated as of March 1, 2017 entered into in connection with the issuance of the Series 2017A bonds, a Fifteenth Supplemental Trust Agreement dated as of November 1 2017 entered into in connection with the issuance of Series 2017B obligations (Line of Credit) each between the University and U.S. Bank National Association, a Sixteenth Supplemental Trust Agreement dated as of April 1, 2020 entered into in connection with the issuance of the Series 2020 bonds.

In January 2013, the University executed a guaranty in favor of PNC New Markets Investment Partners, LLC (PNC), against disallowance and recapture of federal and state new markets tax credits in connection with construction of a community recreation center by the Muskingum Recreation Center (MRC), an Ohio nonprofit Corporation. MRC financed the construction in part with equity contributed by PNC, which was eligible for federal and state new markets tax credit treatment. As part of the deal structure, PNC expected to realize federal new markets tax credit in the amount of \$4,290,000 and state credits in the amount of \$1,000,000. To facilitate PNC's equity investment, the University and MRC jointly agreed to pay PNC any shortfall in realized new markets tax credits as a result of the investment being deemed ineligible for such tax treatment by federal and/or state tax authorities. The University made this commitment because it believed it would receive substantial benefits from PNC's investment, which funded improvements to MRC's leased property located on the Ohio University Zanesville campus, where the University is the landlord/owner. In order to avoid recapture of the new markets tax credits (which the University fully guaranteed as stated above) MRC had to be a viable entity as of February 2020. In addition, as part of the same transaction, the University pledged \$1.5 million as cash collateral supporting a loan with a remaining balance of \$2,542,550, from PNC Bank to the Muskingum County Community Foundation (MCCF). The \$1.5 million cash collateral was maintained through a deposit with PNC Bank for use in the event that MCCF defaulted on the loan.

In May 2018, the Muskingum Recreation Center (MRC) Board of Trustees considered a proposal that set forth a proposed series of actions and transactions for restructuring the corporate governance of MRC and certain financial, organizational, and managerial relationships between and among the MRC, the members of the MRC (including the University, Genesis HealthCare System, The Muskingum County Community Foundation, and the Muskingum Family YMCA), PNC Bank, NA (the Bank) and certain other parties to ensure the long term viability and success of MRC. This restructuring made the University the sole member of MRC and allocated all liabilities and obligations of MRC to the University in August 2019.

The University recognized the liability exposure of \$2.5 million in fiscal year 2019 and reported it as part of accounts payable and accrued liabilities in the statements of net position for fiscal year 2019. In September 2019, the University paid the full amount of the \$2.5 million loan to PNC in satisfaction of the obligation assumed from the MRC to avoid recapture of the NMTCs. The University satisfied this obligation by using the collateral maintained on deposit with PNC of \$1.5 million and made an additional payment of \$1,041,255.

Details of the series are as follows:

Series	Interest Rate	Maturity Fiscal Year	Initial Issue Amount	Outstanding at June 30, 2021
<b>Direct Borrowings and Direct Placements - Bonds:</b>				
2012A	2.00%-5.00%	2024	\$ 20,140,370	\$ 5,453,674
2012B	2.00%-5.00%	2028	8,500,000	8,500,000
<b>General Receipts Bonds - Fixed Rate:</b>				
2012	2.00%-5.00%	2043	76,470,000	3,665,000
2013	2.00%-5.00%	2044	145,170,000	5,550,000
2014	5.59%	2115	250,000,000	250,000,000
2017A	1.50%-5.00%	2048	156,150,000	146,245,000
2020	1.34%-3.02%	2051	222,575,000	220,620,000
				<u>\$ 640,033,674</u>

**Notes to Financial Statements (Continued)**  
**June 30, 2021 and 2020**

Principal and interest payment requirements for the bonded debt for the years subsequent to June 30, 2021 are summarized as follows:

Years Ending June 30	Bonds		Direct Borrowings and Direct Placements		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 11,065,000	\$ 26,481,767	\$ 1,909,433	\$ 80,531	\$ 12,974,433	\$ 26,562,299
2023	11,475,000	26,091,979	1,943,612	46,047	13,418,612	26,138,025
2024	10,975,000	25,460,501	1,978,403	321,837	12,953,403	25,782,338
2025	11,040,000	25,188,808	2,009,661	263,344	13,049,661	25,452,151
2026	9,060,000	24,960,216	2,023,527	188,730	11,083,527	25,148,946
2027-2031	46,570,000	121,542,516	4,089,038	340,284	50,659,038	121,882,800
2032-2036	39,140,000	116,081,484	-	-	39,140,000	116,081,484
2037-2041	35,150,000	111,043,627	-	-	35,150,000	111,043,627
2042-2046	78,410,000	103,559,431	-	-	78,410,000	103,559,431
2047-2051	123,195,000	78,837,071	-	-	123,195,000	78,837,071
2052-2056	-	69,875,000	-	-	-	69,875,000
2057-2061	-	69,875,000	-	-	-	69,875,000
2062-2066	-	69,875,000	-	-	-	69,875,000
2067-2071	-	69,875,000	-	-	-	69,875,000
2072-2076	-	69,875,000	-	-	-	69,875,000
2077-2081	-	69,875,000	-	-	-	69,875,000
2082-2086	-	69,875,000	-	-	-	69,875,000
2087-2091	-	69,875,000	-	-	-	69,875,000
2092-2096	-	69,875,000	-	-	-	69,875,000
2097-2101	-	69,875,000	-	-	-	69,875,000
2102-2106	-	69,875,000	-	-	-	69,875,000
2107-2111	-	69,875,000	-	-	-	69,875,000
2112-2116	250,000,000	48,912,500	-	-	250,000,000	48,912,500
Total	<u>\$ 626,080,000</u>	<u>\$ 1,546,659,900</u>	<u>\$ 13,953,674</u>	<u>\$ 1,240,772</u>	<u>\$ 640,033,674</u>	<u>\$ 1,547,900,672</u>

**Capital Leases** - The University has \$177,639 in capital lease obligations that have maturity dates through fiscal year 2026 and carry interest rates ranging from 3.00% to 14.78%. These lease arrangements are being used to provide partial financing for certain equipment. Capital asset balances as of June 30, 2021 that are financed under capital leases have an acquisition value of \$333,076 with accumulated depreciation of \$79,448 and a net book value of \$253,628.

The scheduled maturities of these leases at June 30, 2021 are as follows:

Years Ending June 30	Minimum Lease Payments
2022	\$ 83,624
2023	26,903
2024	26,903
2025	21,894
2026	<u>18,315</u>
Total minimum lease payments	177,639
Less amount representing interest	<u>15,048</u>
Net minimum capital lease payments	162,591
Less current portion	<u>77,133</u>
Noncurrent capital lease obligations	<u>\$ 85,458</u>

#### Note 8 - Operating Leases

The University leases various facilities and equipment under operating lease agreements. These facilities and equipment are not recorded as assets on the statements of net position. The total rental expense under these agreements was \$2,660,755 and \$2,895,687 for the years ended June 30, 2021 and 2020, respectively.

Future minimum payments for all significant operating leases with initial terms in excess of one year at June 30, 2021 are as follows:

Years Ending June 30	Minimum Lease Payments
2022	\$ 2,868,211
2023	2,876,850
2024	2,881,237
2025	2,857,826
2026	2,824,467
2027-2035	<u>11,480,069</u>
Total minimum operating lease payments	<u>\$ 25,788,660</u>

**Note 9 - Operating Expenses by Natural Classification**

The University reports operating expenses by functional classification on the statements of revenues, expenses, and changes in net position.

Operating expenses by natural classification for the two years ended June 30, 2021 and 2020 are summarized as follows:

Year ended June 30, 2021	Compensation and Benefits	Supplies and Services	Professional Services	Utilities	Travel and Entertainment	Total
Instruction	\$209,064,261	\$ 8,139,697	\$ 13,369,100	\$ 3,017	\$ (17,715)	\$230,558,360
Research	27,278,598	5,812,966	2,906,790	9,658	259,694	36,267,706
Public service	25,858,691	7,365,283	19,989,543	130,771	195,129	53,539,417
Academic support	46,991,494	11,565,365	1,579,856	190,075	71,503	60,398,293
Student services	31,855,779	8,556,379	3,333,729	47,795	130,796	43,924,478
Institutional support	34,531,912	7,471,178	4,061,465	279,094	45,096	46,388,745
Operation and maintenance of plant	30,134,710	3,565,076	3,149,946	10,254,515	18,432	47,122,679
Auxiliary enterprises	33,209,326	10,498,029	1,546,286	2,569,762	955,025	48,778,428
Total	\$438,924,771	\$ 62,973,973	\$ 49,936,715	\$ 13,484,687	\$ 1,657,960	\$566,978,106
					Student Aid	31,863,917
					Depreciation	60,175,804
					Pension and OPEB expense (revenue)	(101,761,763)
					Total Operating Expenses	\$557,256,064

  

Year ended June 30, 2020	Compensation and Benefits	Supplies and Services	Professional Services	Utilities	Travel and Entertainment	Total
Instruction	\$233,054,123	\$ 6,451,884	\$ 13,536,108	\$ 10,213	\$ 4,439,511	\$257,491,839
Research	27,348,094	6,215,143	2,523,057	11,870	1,156,782	37,254,946
Public service	19,878,813	3,408,769	4,413,336	145,240	411,079	28,257,237
Academic support	56,314,205	13,191,374	3,223,696	86,186	961,799	73,777,260
Student services	36,895,318	6,391,901	6,207,302	96,502	1,235,187	50,826,210
Institutional support	40,643,387	5,737,368	5,233,016	495,630	399,212	52,508,613
Operation and maintenance of plant	34,657,469	785,271	2,354,411	10,980,504	84,738	48,862,393
Auxiliary enterprises	40,813,259	31,871,222	976,274	2,989,734	2,432,397	79,082,886
Total	\$489,604,668	\$ 74,052,932	\$ 38,467,200	\$ 14,815,879	\$ 11,120,705	\$628,061,384
					Student Aid	15,401,002
					Depreciation	58,329,960
					Pension and OPEB expense (revenue)	37,579,056
					Total Operating Expenses	\$739,371,402

**Note 10 - Compensated Absences**

Per University policy, eligible salaried administrative appointments and administrative hourly employees earn vacation at the rate of 21 days per year with a maximum accrual of 32 days. Upon termination, they are entitled to a payout of their accumulated balance up to a maximum of 32 days. Hourly classified employees earn vacation at rates per years of service, ranging from 10 to 25 days per year. The accrual is equal to the amount earned in three years, up to a maximum of 600 hours, which is subject to payout upon termination.

Other hourly, non-exempt employees are also eligible to elect compensatory time off in lieu of overtime pay. The use of compensatory time is scheduled with supervisory approval or subject to payout upon termination or transfer to another department.

The estimated liability for accrued vacation and compensatory time at June 30, 2021 and 2020 was \$15,731,561 and \$14,534,641, respectively.

All eligible University employees are entitled to a sick leave credit equal to 15 days per year (earned on a pro rata monthly basis for salaried employees and on a pro rata hourly basis for classified hourly and administrative hourly employees). Salaried and administrative hourly employees with 10 or more years of service are eligible to receive a payout upon retirement of up to 25% of unused days up to a maximum of 30 days. Hourly classified employees with 10 or more years of service are eligible for payout upon retirement of up to 50% of unused days up to a maximum of 60 days, except for hourly classified employees under the AFSCME contract, where the maximum is 80 days.

The estimated liability for accrued sick leave at June 30, 2021 and 2020 was \$7,209,505 and \$6,732,359, respectively.

Compensated absences at June 30, 2021 and 2020 are summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Noncurrent Portion
For the year ended:						
June 30, 2021	<u>\$ 21,267,000</u>	<u>\$ 26,921,045</u>	<u>\$ (25,246,979)</u>	<u>\$ 22,941,066</u>	<u>\$ 3,145,924</u>	<u>\$ 19,795,142</u>
June 30, 2020	<u>\$ 20,548,385</u>	<u>\$ 26,847,635</u>	<u>\$ (26,129,020)</u>	<u>\$ 21,267,000</u>	<u>\$ 3,054,436</u>	<u>\$ 18,212,564</u>

#### Note 11 - Retirement Plans

Based on rules governed by the Ohio Revised Code (ORC), employees of Ohio University are covered under one of three retirement plans, unless eligible for exemption as in the case of most student employees. The system in which an employee is eligible to enroll is dependent on his or her position with the University. Generally, faculty appointments are eligible for enrollment in a defined benefit plan, administered by STRS Ohio, and all other employees are eligible for enrollment in a defined benefit plan, administered by OPERS. In addition, full-time employees may opt out of the state retirement system and choose a defined contribution plan, also referred to as an Alternative Retirement Plan (ARP), with one of seven independent providers. STRS Ohio and OPERS also offer a defined contribution plan and a combined plan with features of both a defined contribution plan and a defined benefit plan. All options are discussed below in more detail.

**Retirement Plan Funding** - Chapter 3307 of the ORC limits the maximum rate of contributions. The retirement boards of the systems individually set contributions rates within the allowable limits. The adequacy of employer contribution rates is determined annually by actuarial valuation using the entry age normal cost method. Under these provisions, each employer entity's contribution is expected to



finance the costs of benefits earned by its employees during the year, with an additional amount to finance a portion of the defined benefit plans' unfunded accrued liability.

The employee and employer rates are the same for ARP employees as the retirement system under which they would otherwise be covered. However, for those who would otherwise be covered by STRS Ohio and who instead elect the ARP, 4.47% of the employer contribution goes to the STRS Ohio retirement system and for those who would otherwise be covered by OPERS and instead elect the ARP, 2.44% goes to the OPERS systems at June 30, 2021 and 2020. The University's contributions each year are equal to its required contributions. Member contributions are set at the maximums authorized by the ORC.

The plans' 2021 and 2020 contribution rates on covered payroll to each system are:

	Employer Contribution Rate				Member Contribution Rate
	Pension	Post Retirement	Death	Total	Total
		Healthcare	Benefit		
STRS Ohio - Faculty	14.0%	0.0%	0.0%	14.0%	14.0%
OPERS - State Employees	14.0%	0.0%	0.0%	14.0%	10.0%
OPERS - Law Enforcement	18.1%	0.0%	0.0%	18.1%	13.0%

University contributions for the current and preceding year are summarized as follows:

Plan	Employer Contributions - for the years ended June 30			
	2021		2020	
	Pension	OPEB	Pension	OPEB
STRS Ohio	\$ 13,149,764	\$ -	\$ 14,653,122	\$ -
OPERS	15,428,405	-	18,447,892	-
ARP	10,529,492	-	11,108,709	-
	<u>\$ 39,107,661</u>	<u>\$ -</u>	<u>\$ 44,209,723</u>	<u>\$ -</u>

**Benefits Provided**

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

The requirement to retire depends on years of service (5-35 years) and age depending on when the employee became a member. The maximum annual retirement allowance, payable for life, considers years of credited service, final average salary (3-5 years) and multiplying by a factor ranging from 2.2% to 2.5% with 0.1% incremental increases for years greater than 30-32, depending on retirement age.

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

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

**OPERS** - Plan benefits are established under Chapter 145 of the Ohio Revised Code, as amended by Substitute Senate Bill 343 in 2012. The requirements to retire depend on years of service (5 to 32 years) and from attaining the age of 48 to 62, depending on when the employee became a member. Members retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit, except for public safety and law enforcement participants. Member retirement benefits are calculated on a formula that considers years of service (5-30 years), age (48-62 years) and final average salary, using a factor ranging from 1% to 2.5%.

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

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

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustment, if applicable, is 3%, or an amount based on the average percentage increase in the Consumer Price Index, capped at 3%.

**Defined Benefit Plans** - The defined benefit plans of STRS Ohio and OPERS are cost-sharing, multiple-employer public employee retirement plans. Both systems provide retirement, survivor, and disability benefits to plan members and their beneficiaries. The systems also provide post-employment health care benefits (including Medicare B premiums) to retirees and beneficiaries who elect to receive those benefits. The authority to establish and amend benefits is provided by the ORC. Each retirement system issues a publicly available financial report that includes financial statements and required supplementary information for the pension and post-employment health care plans. Interested parties may obtain a copy of the STRS Ohio report by making a written request to STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3771, by calling 614-227-4090, or by visiting the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org). The OPERS report may be obtained by making a written request to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 800-222-7377.

**Net Pension Liability, Deferrals, and Pension Expense** - At June 30, 2021 and 2020, the University reported a liability for its proportionate share of the net pension liability of both STRS Ohio and OPERS. For June 30, 2021, the net pension liability was measured as of June 30, 2020 for the STRS Ohio plan, and December 31, 2020 for the OPERS plan. For June 30, 2020, the net pension liability was measured as of June 30, 2019 for the STRS Ohio plan, and December 31, 2019 for the OPERS plan. The total pension

liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The University's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined.

For the years ended June 30, 2021 and 2020, the University's proportionate shares of the net pension liability are as follows:

Measurement Date	Net Pension Liability		Proportionate Share		Percent Change	
	2021	2020	2021	2020	2020-21	2019-20
June 30	\$ 210,401,313	\$ 200,611,979	0.870%	0.907%	-0.037%	-0.053%
December 31	111,779,683	181,028,559	0.762%	0.915%	-0.153%	0.118%
	<u>\$ 322,180,996</u>	<u>\$ 381,640,538</u>				

For the years ended June 30, 2021 and 2020, the University recognized pension expense of \$26,267,268 and \$69,775,277, respectively, these amounts are made up of \$39,547,694 and \$43,595,738, respectively, recorded functionally as employee benefits and \$(13,280,426) and \$26,179,539, respectively, recorded as part of Net pension and OPEB expense (revenue) on the Statement of Revenues, Expenses, and Changes in Net Position.

For the years ended June 30, 2021 and 2020, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2021		2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 544,440	\$ 6,435,497	\$ 1,716,045	\$ 3,521,891
Changes in assumptions	11,408,549	-	33,470,614	-
Net difference between projected and actual earnings on pension plan investments	10,231,839	44,578,605	-	46,413,401
Changes in proportion and differences between University contributions and proportionate share of contributions	5,777,087	37,913,021	17,300,589	19,274,661
University contributions subsequent to the measurement date	21,678,444	-	23,615,057	-
Total	<u>\$ 49,640,359</u>	<u>\$ 88,927,123</u>	<u>\$ 76,102,305</u>	<u>\$ 69,209,953</u>

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

Years Ending June 30	Amount
2022	\$ (26,630,187)
2023	(15,396,218)
2024	(15,939,148)
2025	(2,988,193)
2026	(13,509)
Thereafter	2,047
	<u>\$ (60,965,208)</u>

In addition, the contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the next year (2022).

**Net OPEB Liability/(Asset), Deferrals, and OPEB Expense** - At June 30, 2021, the University reported an asset for its proportionate share of the net OPEB asset of both STRS Ohio and OPERS. For June 30, 2021, the net OPEB asset was measured as of June 30, 2020 for the STRS Ohio plan, and December 31, 2020 for the OPERS plan. At June 30, 2020, the net OPEB liability/(asset) was measured as of June 30, 2019 for the STRS Ohio plan, and December 31, 2019 for the OPERS plan. The total OPEB liability/(asset) used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of those dates, except OPERS which used an actuarial valuation dated December 31, 2019 and 2018, respectively, rolled forward to the measurement date by incorporating the expected value of health care cost accruals, the actual health care payments, and interest accruals during the year for the defined benefit health care plans. Typically, the University's proportion of the net OPEB liability/(asset) would be based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. For the plan years ended June 30, 2020 and 2019, STRS did not allocate employer contributions to the OPEB plan. Therefore, STRS' calculation of the employers' proportionate share is based on total contributions to the plan for both pension and OPEB. For both the plan years ended December 31, 2020 and 2019, OPERS allocated 0% of the total 14% employer contributions to the OPEB plan. Therefore, OPERS' calculation of the employers' proportionate share is based on total contributions to the plan for both pension and OPEB.

**Notes to Financial Statements (Continued)**  
**June 30, 2021 and 2020**

For the years ended June 30, 2021 and 2020, the University's proportionate shares of the net OPEB liability/(asset) are as follows:

Plan	Measurement Date	Net OPEB Liability (Asset)		Proportionate Share		Percent Change	
		2021	2020	2021	2020	2020-21	2019-20
STRS Ohio	June 30	\$ (15,283,203)	\$ (15,025,409)	0.870%	0.907%	-0.037%	-0.053%
OPERS	December 31	(13,463,399)	125,213,548	0.756%	0.907%	-0.151%	0.118%
		<u>\$ (28,746,602)</u>	<u>\$ 110,188,139</u>				

For the years ended June 30, 2021 and 2020, the University recognized OPEB expense (revenue) of (\$88,481,337) and \$11,399,517, respectively, recorded as part of Net pension and OPEB expense (revenue) on the Statement of Revenues, Expenses, and Changes in Net Position.

For the years ended June 30, 2021 and 2020, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2021		2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 979,274	\$ 15,194,832	\$ 1,365,519	\$ 12,215,790
Changes in assumptions	6,871,049	36,331,218	20,135,805	16,473,600
Net difference between projected and actual earnings on pension plan investments	535,613	7,170,792	-	7,319,546
Changes in proportion and differences between University contributions and proportionate share of contributions	3,618,262	13,982,800	8,874,309	4,588,737
Total	<u>\$ 12,004,198</u>	<u>\$ 72,679,642</u>	<u>\$ 30,375,633</u>	<u>\$ 40,597,673</u>

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

Years ending June 30	Amount
2022	\$ (22,719,090)
2023	(25,191,212)
2024	(6,812,256)
2025	(4,462,494)
2026	(744,580)
Thereafter	(745,812)
	<u>\$ (60,675,444)</u>

**Actuarial Assumptions** - The total pension liability and OPEB liability/(asset) in the actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement on June 30, 2021:

	STRS Ohio	OPERS
Valuation date - Pension	June 30, 2020	December 31, 2020
Valuation date - OPEB	June 30, 2020	December 31, 2019
Actuarial cost method - Pension	Entry age normal	Individual entry age
Actuarial cost method - OPEB	Entry level normal	Individual entry age
Cost of living adjustments	0%	Pre-1/7/2013 retirees: 3.0% simple; Post-1/7/2013 retirees: 0.5% simple through 2021, then 2.15% simple
Salary increases, including inflation	2.5% - 12.5%	3.25% - 10.75%
Inflation	2.5%	3.25%
Investment rate of return - Pension	7.45%, net of investment expenses, including inflation	7.2%, net of investment expense, including inflation
Investment rate of return - OPEB	7.45%, net of investment expenses, including inflation	6.0%, net of investment expenses, including inflation
Health care cost trend rates	-6.69% to 11.87% initial, 4.0% ultimate	8.5% initial, 3.5% ultimate in 2035
Experience study date	Period of 5 years ended June 30, 2016	Period of 5 years ended December 31, 2015
Mortality basis	RP-2014 Annuitant and Disabled Mortality Tables with varying percentage of rates through age ranges (healthy retirees) and with 90% of rates for males and 100% of rates for females (disabled), projected forward generationally using mortality improvement scale MP-2016	RP-2014 Healthy Annuitant/Disabled mortality table (MP-2015 mortality improvement scale)

The following actuarial assumptions, applied to all periods included in the measurement for the period ended June 30, 2020, were as follows:

	STRS Ohio	OPERS
Valuation date - Pension	June 30, 2019	December 31, 2019
Valuation date - OPEB	June 30, 2019	December 31, 2018
Actuarial cost method	Entry age normal	Individual entry age
Cost of living adjustments	0%	Pre-1/7/2013 retirees: 3.0% simple; Post-1/7/2013 retirees: 1.4% simple through 2020, then 2.15% simple
Salary increases, including inflation	2.5% - 12.5%	3.25% - 10.75%
Inflation	2.5%	3.25%
Investment rate of return - Pension	7.45%, net of investment expenses, including inflation	7.2%, net of investment expense, including inflation
Investment rate of return - OPEB	7.45%, net of investment expenses, including inflation	6.0%, net of investment expenses, including inflation
Health care cost trend rates	4.93% - 9.62% initial, 4.0% ultimate	10.5% initial, 3.5% ultimate in 2030
Experience study date	Period of 5 years ended June 30, 2016	Period of 5 years ended December 31, 2015
Mortality basis	RP-2014 Annuitant and Disabled Mortality Tables with varying percentage of rates through age ranges (healthy retirees) and with 90% of rates for males and 100% of rates for females (disabled), projected forward generationally using mortality improvement scale MP-2016	RP-2014 Healthy Annuitant/Disabled mortality table (MP-2015 mortality improvement scale)

**Discount Rate** - The discount rates used to measure the total pension liabilities at June 30, 2021 were 7.45% for STRS Ohio and 7.20% for OPERS and were unchanged from June 30, 2020. The discount rates used to measure the total OPEB assets at June 30, 2021 were 7.45% for STRS Ohio and 6.0% for OPERS. The discount rates used to measure the total OPEB liabilities/(assets) at June 30, 2020 were 7.45% for STRS Ohio and 3.16% for OPERS.

For STRS Ohio pension the projection of cash flows used to determine the discount rate assumes that employer and member contributions will be made at the statutory contribution rates. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS Ohio's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2020 and 2019. Therefore, the long-term expected rate of return on pension plan investments of 7.45% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2020 and 2019.

For STRS Ohio OPEB the projection of cash flows used to determine the discount rate assumed STRS Ohio continues to allocate no employer contributions to the HC Fund. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2020 and 2019. Therefore, the long-term expected rate of return on HC Fund investments of 7.45% was applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2020 and 2019.

For OPERS pension the projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

For OPERS OPEB a single discount rate of 6.00% was used to measure the total OPEB liability on the measurement date of December 31, 2020. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 2.00%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2120. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2120, the duration of the projection period through which projected health care payments are fully funded.



**Notes to Financial Statements (Continued)**  
**June 30, 2021 and 2020**

The target allocation and best estimates of arithmetic (geometric for STRS) real rates of return for each major asset class are summarized in the following tables:

STRS - as of 7/1/20			OPERS - as of 12/31/20				
Investment Category	Target Allocation	Long-term Expected Real Rate of Return*	Investment Category	Defined Benefit Portfolio		Health Care Portfolio	
				Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	28.00%	7.35%	Domestic Equities	21.00%	5.64%	25.00%	5.64%
International Equity	23.00%	7.55%	International Equities	23.00%	7.36%	25.00%	7.36%
Alternatives	17.00%	7.09%	Private Equity	12.00%	10.42%	-	-
Fixed Income	21.00%	3.00%	Fixed Income	25.00%	1.32%	34.00%	1.07%
Real Estate	10.00%	6.00%	Real Estate	10.00%	5.39%	-	-
Liquidity Reserves	1.00%	2.25%	REITs	-	-	7.00%	6.48%
	<u>100.00%</u>		Other Investments	<u>9.00%</u>	<u>4.75%</u>	<u>9.00%</u>	<u>4.02%</u>
				<u>100.00%</u>		<u>100.00%</u>	

\* Includes inflation of 2.25%

STRS - as of 7/1/19			OPERS - as of 12/31/19				
Investment Category	Target Allocation	Long-term Expected Real Rate of Return*	Investment Category	Defined Benefit Portfolio		Health Care Portfolio	
				Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	28.00%	7.35%	Domestic Equities	19.00%	5.75%	21.00%	5.75%
International Equity	23.00%	7.55%	International Equities	21.00%	7.66%	23.00%	7.66%
Alternatives	17.00%	7.09%	Private Equity	12.00%	10.70%	-	-
Fixed Income	21.00%	3.00%	Fixed Income	25.00%	1.83%	36.00%	1.53%
Real Estate	10.00%	6.00%	Real Estate	10.00%	5.20%	-	-
Liquidity Reserves	1.00%	2.25%	REITs	-	-	6.00%	5.69%
	<u>100.00%</u>		Other Investments	<u>13.00%</u>	<u>4.98%</u>	<u>14.00%</u>	<u>4.90%</u>
				<u>100.00%</u>		<u>100.00%</u>	

\* Includes inflation of 2.25%

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate** - The following presents the net pension liability of the University, calculated using the discount rate listed below, as well as what the University's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

2021						
Plan	1% Decrease		Current Discount Rate		1% Increase	
STRS Ohio	6.45%	\$ 299,574,840	7.45%	\$ 210,401,313	8.45%	\$ 134,834,176
OPERS	6.20%	215,482,641	7.20%	111,779,683	8.20%	25,597,861
		<u>\$ 515,057,481</u>		<u>\$ 322,180,996</u>		<u>\$ 160,432,037</u>
2020						
Plan	1% Decrease		Current Discount Rate		1% Increase	
STRS Ohio	6.45%	\$ 293,172,057	7.45%	\$ 200,611,979	8.45%	\$ 122,255,130
OPERS	6.20%	300,141,302	7.20%	181,028,559	8.20%	74,056,071
		<u>\$ 593,313,359</u>		<u>\$ 381,640,538</u>		<u>\$ 196,311,201</u>

**Sensitivity of the Net OPEB Liability/(Asset) to Changes in the Discount Rate** - The following presents the net OPEB liability/(asset) of the University, calculated using the discount rate listed below, as well as what the University's net OPEB liability/(asset) would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

2021						
Plan	1% Decrease		Current Discount Rate		1% Increase	
STRS Ohio	6.45%	\$ (13,297,384)	7.45%	\$ (15,283,203)	8.45%	\$ (16,968,105)
OPERS	5.00%	(3,347,751)	6.00%	(13,463,399)	7.00%	(21,779,274)
		<u>\$ (16,645,135)</u>		<u>\$ (28,746,602)</u>		<u>\$ (38,747,379)</u>
2020						
Plan	1% Decrease		Current Discount Rate		1% Increase	
STRS Ohio	6.45%	\$ (12,821,195)	7.45%	\$ (15,025,409)	8.45%	\$ (16,878,637)
OPERS	2.16%	163,862,013	3.16%	125,213,548	4.16%	94,268,703
		<u>\$ 151,040,818</u>		<u>\$ 110,188,139</u>		<u>\$ 77,390,066</u>

**Sensitivity of the Net OPEB Liability/(Asset) to Changes in the Health Care Cost Trend Rate** - The following presents the net OPEB liability/(asset) of the University, calculated using the health care cost trend rate listed below, as well as what the University's net OPEB liability/(asset) would be if it were calculated using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

2021			
Plan	1% Decrease	Current Trend Rate	1% Increase
STRS Ohio	\$ (16,863,518)	\$ (15,283,203)	\$ (13,358,152)
OPERS	(13,791,525)	(13,463,399)	(13,096,281)
	<u>\$ (30,655,043)</u>	<u>\$ (28,746,602)</u>	<u>\$ (26,454,433)</u>

  

2020			
Plan	1% Decrease	Current Trend Rate	1% Increase
STRS Ohio	\$ (17,038,123)	\$ (15,025,409)	\$ (12,560,320)
OPERS	121,518,604	125,213,548	128,861,392
	<u>\$ 104,480,481</u>	<u>\$ 110,188,139</u>	<u>\$ 116,301,072</u>

**Pension Plan and OPEB Plan Fiduciary Net Position** - Detailed information about the pension plan's fiduciary net position is available in the separately issued STRS Ohio and OPERS financial reports.

**Payable to the Pension Plan and OPEB Plan** - At June 30, 2021, the University reported a payable of \$1,680,235 and \$0 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2021. At June 30, 2020, the University reported a payable of \$1,390,840 and \$0 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2020.

**Changes in Assumptions** - STRS Ohio changed the trend rate from 4.93%-9.62% initial and 4% ultimate at June 30, 2019 to -6.69%-11.87% initial and 4% ultimate at June 30, 2020. OPERS changed the trend rate from 10.5% initial and 3.5% ultimate in 2030 at December 31, 2019 to 8.5% initial and 3.5% ultimate in 2035 at December 31, 2020. During the plan year ended December 31, 2020, OPERS increased the discount rate from 3.16% to 6.00% for OPEB.

**Changes Between Measurement Date and Report Date** - On January 15, 2020, the OPERS approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022 and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are not reflected in the current year financial statements; however, they are reflected in the December 31, 2020 measurement date health care valuation. These changes significantly decreased the total OPEB liability for the measurement date December 31, 2020.

**Defined Contribution Plans** - The ARP is a defined contribution pension plan, under IRS Section 401(a), and established by Ohio Amended Substitute House Bill 586 (ORC 3305.02) on March 31, 1998, for public institutions of higher education. The University's board of trustees adopted the University's plan on April 18, 1998. Full-time employees are eligible to choose a provider, in lieu of STRS Ohio or OPERS, from the list of four providers currently approved by the Ohio Department of Insurance and who hold agreements with the University. Employee and employer contributions equal to those required by STRS Ohio and OPERS are required for the ARP, less any amounts required to be remitted to the state retirement system in which the employee would otherwise have been enrolled.

Eligible employees have 120 days from their date of hire to make an irrevocable election to participate in the ARP. Under this plan, employees who would have otherwise been required to be in STRS Ohio or OPERS, and who elect to participate in the ARP, must contribute the employee's share of retirement contributions to one of seven private providers approved by the Ohio Department of Insurance. The legislation mandates that the employer must contribute an amount to the state retirement system to which the employee would have otherwise belonged, based on an independent actuarial study commissioned by the Ohio Retirement Study Council and submitted to the Ohio Board of Regents. That amount is 4.47% for STRS Ohio and 2.44% for OPERS for the years ended June 30, 2021 and 2020. The employer also contributes what would have been the employer's contribution under STRS Ohio or OPERS, less the aforementioned percentages, to the private provider selected by the employee. The University plan provides these employees with immediate plan vesting.

The ARP does not provide disability benefits, survivor benefits, or postretirement health care. Benefits are entirely dependent on the sum of contributions and investment returns earned by each participant's choice of investment options.

STRS Ohio and OPERS also offer a defined contribution plan and a combined plan with features of both a defined contribution plan and a defined benefit plan.

**Other Postemployment Benefits** - In addition to the pension benefits described above, Ohio Law provides that the University fund postretirement healthcare benefits to retirees and their dependents through employer contributions to OPERS and STRS Ohio.

OPERS provides retirement, disability, and survivor benefits as well as postemployment healthcare coverage to qualifying members of its plans. A portion of each employer's contribution to OPERS is allocated for funding of postretirement health care. The portion of employer contributions, for all employers, allocated to health care was 0% during calendar year 2020.

STRS Ohio provides access to healthcare coverage to retirees who participated in the Defined Benefit or Combined Plans, and their dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs, and partial reimbursement of monthly Medicare Part B premiums. Pursuant to the ORC, the State Teachers Retirement Board (the "Board") has discretionary authority over how much, if any, of the healthcare costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the healthcare cost in the form of a monthly premium.

The ORC grants authority to STRS Ohio to provide healthcare coverage to eligible benefit recipients, spouses, and dependents. By Ohio law, healthcare benefits are not guaranteed, and the cost of the

coverage paid from STRS Ohio funds shall be included in the employer contribution rate, currently 14% of covered payroll.

The Board allocates employer contributions to the Health Care Fund from which healthcare benefits are paid. Effective July 1, 2014, the Board discontinued allocating 1% of employer contributions to the Health Care Fund. The balance in the Health Care Fund was \$3.9 billion as of June 30, 2020.

For the fiscal year ended June 30, 2020, net healthcare costs paid by STRS Ohio were \$491 million. There were 156,907 eligible benefit recipients.

#### Note 12 - Risk Management and Contingencies

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

**Self-insured Medical, Prescription, Dental and Workers' Compensation** - The University provides medical, prescription, dental and workers' compensation coverage for its employees on a self-insurance basis. Expenses for claims are recorded on an accrual basis based on the date claims are incurred.

Changes in the self-insurance claims liability for the three years ended June 30, 2021 are summarized as follows:

	2021	2020	2019
Accrued claims liability - Beginning of year	\$ 9,799,647	\$ 9,298,093	\$ 7,736,709
Incurring claims - Net of favorable settlements	62,986,256	68,158,475	65,182,312
Claims paid	<u>(62,508,133)</u>	<u>(67,656,921)</u>	<u>(63,620,928)</u>
Accrued claims liability - End of year	<u>\$ 10,277,770</u>	<u>\$ 9,799,647</u>	<u>\$ 9,298,093</u>

Liability for claims is accrued based on estimates made by the University's third-party actuary. These estimates are based on experience and current claims outstanding. Actual claims experience may differ from the estimate.

Effective January 1, 2013, the University became self-insured for workers' compensation. For claims initiated prior to that date (tail claims), the University participates in The Ohio Bureau of Workers' Compensation plan (PES – Public Employer State) which pays workers' compensation benefits to employees who have been injured on the job. The workers' compensation claims incurred prior to January 1, 2013 are estimated by the University's third-party actuary and are included in accounts payable and accrued liabilities detailed in Note 6 and other noncurrent liabilities detailed in Note 14.

**Commercial Insurance Coverage** – In addition to self-insurance, the University carries various commercial insurance coverages and participates in the Inter-University Council Insurance consortium with certain other Ohio state-assisted universities for the acquisition of commercial property and

liability insurance. There were significant reductions in insurance coverage in General/Auto Liability, Educators Legal Liability, and Foreign Liability necessitated by a hard market and insurance carriers reducing capacity. Settlements did not exceed insurance coverage for each of the past three fiscal years.

At June 30, 2021, the University has the following commercial insurance policies:

Type	Deductible	Coverage
Cyber Liability	\$ 75,000	\$ 5,000,000
Aircraft Liability (Flight Training)	-	5,000,000
Crime	100,000	5,000,000
Excess Social Engineering Fraud	-	3,000,000
Fiduciary Liability	250,000	2,000,000
Medical Malpractice Liability	25,000	2,000,000/6,000,000
Airport General Liability	5,000	10,000,000
Special Accident Liability	-	20,000,000
Aircraft Liability (Corporate)	-	50,000,000
Educator's Liability	100,000	35,000,000
Foreign Liability	-	30,000,000
General and Auto Liability	100,000	30,000,000
Fine Art	25,000	25,000,000/100,000,000
Property	100,000	1,500,000,000
Terrorism	100,000	600,000,000
Pollution	25,000	10,000,000

General Liability, Auto Liability, Educator's Liability, Medical Malpractice Liability, Foreign Liability, Property, Terrorism, Fine Arts, Pollution, Excess Social Engineering Fraud and Special Accident Liability have elements of dedicated and shared coverage. Medical Malpractice is \$2 million per occurrence and \$6 million in the aggregate. Fine Art coverage has a \$25,000 deductible for owned fine art and a \$0 deductible for non-owned fine art. Coverage is \$25 million for any one exhibition, \$25 million for any one transit and \$100 million for any one loss.

**Note 13 - Capital Project Commitments**

At June 30, 2021, the University is committed to future capital expenditures as follows:

Contractual commitments	\$ 52,118,026
Estimated completion costs of projects	<u>28,867,939</u>
Total	<u>\$ 80,985,965</u>

These projects will be funded by:

State appropriations	\$ 12,164,556
Gifts and grants	3,629,226
University funds (including bond funds)	<u>65,192,183</u>
Total	<u>\$ 80,985,965</u>

**Note 14 - Other Noncurrent Liabilities**

The University's other noncurrent liabilities at June 30, 2021 is summarized as follows:

	July 1, 2020	Additions	Reductions	June 30, 2021	Current Portion	Noncurrent Portion
Pollution remediation	\$ 416,078	\$ 304,982	\$ 276,078	\$ 444,982	\$ 309,982	\$ 135,000
Asset retirement obligations	500,000	-	-	500,000	-	500,000
Deferred rent	4,070,038	-	281,176	3,788,862	307,673	3,481,189
Severance pay	12,503,941	2,985,022	6,749,054	8,739,909	8,739,909	-
Workers' compensation	8,289,062	886,734	1,370,529	7,805,267	1,194,816	6,610,451
Refundable advances, federal student loans	7,624,160	1,915,806	-	9,539,966	1,397,844	8,142,122
Total	<u>\$33,403,279</u>	<u>\$ 6,092,544</u>	<u>\$ 8,676,837</u>	<u>\$ 30,818,986</u>	<u>\$ 11,950,224</u>	<u>\$ 18,868,762</u>

The University's other noncurrent liabilities at June 30, 2020 is summarized as follows:

	July 1, 2019	Additions	Reductions	June 30, 2020	Current Portion	Noncurrent Portion
Pollution remediation	\$ 446,417	\$ 271,078	\$ 301,417	\$ 416,078	\$ 276,078	\$ 140,000
Asset retirement obligations	500,000	-	-	500,000	-	500,000
Deferred rent	4,325,235	-	255,197	4,070,038	281,176	3,788,862
Severance pay	447,169	12,503,941	447,169	12,503,941	6,749,054	5,754,887
Workers' compensation	7,546,015	2,033,993	1,290,946	8,289,062	1,370,529	6,918,533
Refundable advances, federal student loans	8,137,692	-	513,532	7,624,160	-	7,624,160
Total	<u>\$21,402,528</u>	<u>\$ 14,809,012</u>	<u>\$ 2,808,261</u>	<u>\$ 33,403,279</u>	<u>\$ 8,676,837</u>	<u>\$ 24,726,442</u>

**Note 15 - Pollution Remediation**

GASB requires the University to account for pollution (including contamination) remediation obligations. Future expected payments for pollution remediation activities include legal obligations due to commencing purchase orders for asbestos removal. This liability is measured at the cost of the construction contract including consultants and the amount assumes no unexpected change orders.

Pollution remediation obligations continued to include expected payments imposed by the Ohio Environmental Protection Agency (OEPA). The violation of OAC Rule 3745-27-13(A) and ORC Rule 3734.02 (H) lists the University as responsible for the methane gas level monitoring of a disposal site on the University's Southern Campus. The University's monitoring on this site in fiscal year 2009 was estimated at 40 years. The liability is accrued based on reasonably expected potential outlays for performing this monitoring. The current value of expected cash flows method was used to measure the estimated liability using the prior year expenditures as an estimate of future annual obligations. Future expected payments for all significant pollution remediation activities include the following:

Years Ending June 30	Minimum Payments
2022	\$ 309,982
2023	5,000
2024	5,000
2025	5,000
2026	5,000
2027-2049	115,000
Total minimum payments	<u>\$ 444,982</u>

These amounts are included in the current portion of accounts payable and accrued liabilities, as well as in other noncurrent liabilities on the statements of net position.

**Note 16 – Termination plans**

On January 17, 2020 the Ohio University Board of Trustees approved a resolution authorizing the University to establish and implement a Voluntary Separation or Retirement Program (VSRP) for certain tenured professors, tenured associate professors, and administrative staff with the academic rank of tenured professor or tenured associate professor. The VSRP original election period opened on February 5, 2020 and closed on April 4, 2020. Eligible employee's separation of service from the University, was on May 31, 2020, or such alternative retirement date as determined by the University in accordance with the terms of the Plan, but no later than December 31, 2020. Financial incentives include a payment equal to 100% of the eligible employee's base rate of pay and an additional \$20,000 if enrolled in the University health plan, to help offset the purchase of external health insurance. Payments were to be made during fiscal year 2021 and/or fiscal year 2022, depending on the date of separation. The cost included in fiscal year 2020, for the 74 employees who took advantage of the plan, was \$10,767,875 and included the financial incentives above as well as sick and vacation payouts in accordance with standard policy.



Starting July 8, 2020, the election period was reopened until September 14, 2020 with the same incentives. The cost included in fiscal year 2021, for the 21 employees who took advantage of the plan during this extended open period, was \$2,813,200 and included the financial incentives above as well as any sick and vacation payouts in accordance with standard policy.

On January 17, 2020 the Ohio University Board of Trustees approved a resolution authorizing the University to establish and implement an Early Retirement Incentive Plan (ERIP) for AFSCME residential custodial and custodial staff. The AFSCME ERIP election period began on February 5, 2020 and ended on March 21, 2020, with retire dates between April 30, 2020 and June 30, 2020. Financial incentives were 100% of pay up to \$15,000 and an additional \$5,000 if enrolled in the University health plan, to help offset the purchase of external health insurance. Payments were made during fiscal year 2021. The cost included in fiscal year 2020, for the 19 employees who took advantage of the plan, was \$512,622 and included the financial incentives above as well as sick and vacation payouts in accordance with standard policy.

### **Note 17 - Donor-restricted Endowments**

Under the standard established by Section 1715.56 of the ORC, an institution may appropriate as much as is prudent of the realized and unrealized net appreciation of the fair value of the assets of the endowment fund over the historic dollar value of the fund for the uses and purposes for which an endowment fund is established. The University's endowment spending policy is based on the concept of total return. The spending rate for fiscal year 2021 was 5.9%, which included a 1.9% administrative fee. For fiscal year 2020, the spending rate was 6%, which included a 2% administrative fee.

The amounts of net appreciation on investments of donor-restricted endowments that are available for authorization for expenditure by the Board were \$17,736,450 and \$11,031,261 for June 30, 2021 and 2020, respectively. Those amounts are reported as restricted expendable net position.

**Note 18 - Net Position**

Restricted and unrestricted net position for the years ended June 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Restricted - nonexpendable -		
Permanent endowments	\$ 23,670,895	\$ 22,681,571
Restricted - expendable:		
Sponsored programs	\$ 6,262,101	\$ 4,181,987
Component unit funds	5,246,624	3,038,547
Capital projects	1,726,299	253,390
Loans	4,887,271	7,905,632
Unspent endowment distributions	2,101,055	2,032,368
Endowments - net appreciation	17,736,450	11,031,261
Total restricted - expendable	<u>\$ 37,959,800</u>	<u>\$ 28,443,185</u>
Unrestricted - allocated:		
Auxiliaries	\$ 79,479,913	\$ 80,956,601
Quasi endowments	78,957,232	68,234,068
Unspent endowment distributions	8,932,589	10,363,776
Quasi endowments - net appreciation	29,317,845	9,227,446
Other	389,323,981	261,003,234
Unfunded pension liability	(361,467,760)	(374,748,186)
Unfunded OPEB liability	(31,928,842)	(120,410,179)
Total unrestricted - allocated	<u>\$ 192,614,958</u>	<u>\$ (65,373,240)</u>

Restricted net position is subject to external restrictions and is categorized as either nonexpendable or expendable. Restricted nonexpendable net position consists entirely of endowments whose corpus is held in perpetuity. Restricted expendable net position is made up of the categories above.

Unrestricted net position is not subject to external restrictions; however, the University's unrestricted net position has been internally designated for specific purposes or for contractual purchase obligations. This category includes amounts set aside for auxiliaries, academic and research programs, reserves, and capital projects.

### Note 19 – Blended Component Units

As indicated in Note 1, the University consolidates certain component units in a blended presentation. UMA and MRC are not presented below as they had only immaterial financial results for the years ended June 30, 2021 and 2020.

Condensed financial information is presented below for the blended component units, Tech GROWTH Ohio Fund and Coalition of Rural and Appalachian Schools (CORAS):

#### Tech GROWTH Ohio Fund:

##### Statement of Net Position (Condensed)

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Current Assets	\$ 1,414,866	\$ 969,897
Other Assets	<u>3,831,758</u>	<u>2,068,650</u>
Total Assets	<u>\$ 5,246,624</u>	<u>\$ 3,038,547</u>
Total Net Position Restricted - Expendable	<u>\$ 5,246,624</u>	<u>\$ 3,038,547</u>

##### Statement of Revenues, Expenses and Changes in Net Position (Condensed)

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Operating Revenues	\$ 74,444	\$ 145,780
Operating Income	<u>74,444</u>	<u>145,780</u>
Other Nonoperating Revenue (Expense)	<u>2,133,633</u>	<u>(372,918)</u>
Increase (Decrease) in Net Position	2,208,077	(227,138)
Net Position, Beginning of year	<u>3,038,547</u>	<u>3,265,685</u>
Net Position, End of year	<u>\$ 5,246,624</u>	<u>\$ 3,038,547</u>

##### Statement of Cash Flows (Condensed)

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Grants and contracts	\$ 350,000	\$ -
Change in Accounts Receivable	298,081	(298,081)
Other Receipts	<u>74,444</u>	<u>145,780</u>
Net cash provided by (used in) operating activities	<u>722,525</u>	<u>(152,301)</u>
Net Cash Provided by Investing Activities	<u>69,317</u>	<u>203,141</u>
Net Increase in Cash and Cash Equivalents	791,842	50,840
Cash and Cash Equivalents, Beginning of year	<u>361,873</u>	<u>311,033</u>
Cash and Cash Equivalents, End of year	<u>\$ 1,153,715</u>	<u>\$ 361,873</u>

## Coalition of Rural and Appalachian Schools (CORAS):

## Statement of Net Position (Condensed)

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Total Assets	\$ 223,210	\$ 226,509
Total Liabilities	\$ 3,681	\$ 5,731
Total Net Position - Unrestricted	<u>219,529</u>	<u>220,778</u>
Total Liabilities and Net Position	<u>\$ 223,210</u>	<u>\$ 226,509</u>

## Statement of Revenues, Expenses and Changes in Net Position (Condensed)

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Operating Revenues	\$ 86,080	\$ 89,210
Operating Expenses	<u>87,329</u>	<u>89,684</u>
Operating Income (Loss)	(1,249)	(474)
Increase (Decrease) in Net Position	(1,249)	(474)
Net Position, Beginning of year	<u>220,778</u>	<u>221,252</u>
Net Position, End of year	<u>\$ 219,529</u>	<u>\$ 220,778</u>

## Statement of Cash Flows (Condensed)

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Sales and services	\$ 86,080	\$ 89,210
Payments to suppliers	<u>87,329</u>	<u>89,684</u>
Net cash provided by (used in) operating activities	(1,249)	(474)
Net Increase (Decrease) in Cash and Cash Equivalents	(1,249)	(474)
Cash and Cash Equivalents, Beginning of year	<u>220,778</u>	<u>221,252</u>
Cash and Cash Equivalents, End of year	<u>\$ 219,529</u>	<u>\$ 220,778</u>

### Note 20 – COVID-19

The coronavirus and actions taken to mitigate it have had, and are expected to continue to have, an adverse impact on the University.

Additional CARES funding and possible insurance reimbursements will be used to supplement lost revenue and increased expenses related to the coronavirus outbreak during fiscal year 2022.

The extent to which the coronavirus impacts the University's financial condition will depend on future developments, which are highly uncertain and cannot be predicted.

### Note 21 - The Ohio University Foundation

The Ohio University Foundation (the "Foundation"), a component unit of Ohio University, 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.

The Sugar Bush Foundation (Sugar Bush) is an Ohio not-for-profit corporation, and is a supporting organization as defined in Code Section 509(a)(3). Sugar Bush has pledged 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.

The Russ LLCs are four limited liability companies (Fritz J. and Dolores H. Russ Holdings LLC, Russ North Valley Road LLC, Russ Research Center LLC, Russ Center North LLC) created to receive and hold property distributions from The Dolores H. Russ Trust for the benefit of the Russ College of Engineering. 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, Russ Research Center LLC, and Russ Center North LLC.

## Summary of Significant Accounting Policies

**Basis of Accounting and Presentation-** The consolidated financial statements of the Foundation have been prepared in conformance with accounting principles generally accepted in the United States of America. 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, one supporting organization, and four limited liability companies. All intercompany transactions have been eliminated.

Financial statements of not-for-profit organizations measure aggregate net assets and net asset activity based on the absence or existence of donor-imposed restrictions. Brief definitions of the two net asset classes are presented below:

*Net Assets Without Donor Restrictions* – Net assets derived from gifts and other institutional resources that are not subject to explicit donor-imposed restrictions. Net assets without donor restrictions also include board designated funds functioning as endowment.

*Net Assets With Donor Restrictions* – Net assets that are subject to explicit donor-imposed restrictions on the expenditure of contributions or income and gains on contributed assets and net assets from endowments not yet appropriated for spending by the Foundation. In addition, net assets with donor restrictions include restricted contributions from donors classified as funds functioning as endowment. The Foundation records as net assets with donor restrictions the original amount of gifts which donors have given to be maintained in perpetuity. Restrictions include support of specific schools or departments of the University, for professorships, research, faculty support, scholarships and fellowships, building construction and other purposes. When time and purpose restrictions expire, net assets with donor restrictions are reclassified to net assets without donor restrictions.

**Notes to Financial Statements (Continued)**  
**June 30, 2021 and 2020**

*Liquidity and Availability of Resources* – The Foundation’s financial assets available within one year of the Statements of Financial Position for general expenditure as of June 30 are as follows:

	2021	2020
Total assets, at year end	\$ 727,793,460	\$ 570,091,097
Less nonfinancial assets:		
Prepaid Expenses	490,310	232,117
Property and equipment, net of depreciation	12,506,034	11,816,723
Other Assets	133,863	129,939
Financial assets, at year end	714,663,253	557,912,318
Less those unavailable for general expenditure within one year due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with time or purpose restrictions	69,105,786	53,518,497
Donor-restricted permanent endowments subject to appropriation and satisfaction of donor restrictions	415,895,435	320,545,291
Board-designated (quasi) endowments created with donor-restricted funds	45,859,463	52,478,054
Life insurance cash surrender value	1,232,908	1,206,424
Investments held in annuities and trusts	21,777,590	19,274,600
Beneficial interest in assets held by others	779,413	-
Financial assets held by Foundation subsidiaries	9,966,937	8,799,709
Board designations:		
Quasi-endowment funds without donor restrictions	135,518,485	95,152,150
Quasi-endowment spending account balances without donor restrictions	739,701	507,926
Subtotal of amounts unavailable for general expenditure within one year	700,875,718	551,482,651
Plus endowment distributions made available for general expenditure within one year due to:		
Endowment distributions without purpose restrictions	43,680	43,556
Endowment management fee	7,821,337	8,066,878
Subtotal of endowment distributions without donor restrictions or board designations	7,865,017	8,110,434
Financial assets available to meet cash needs for general expenditures	\$ 21,652,552	\$ 14,540,101

The Foundation is substantially supported by restricted contributions. Because donor restrictions require resources to be used in a particular manner or in a future period, the Foundation must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, the Foundation invests cash in excess of daily requirements in various short- and long-term investments. These investment pools offer sufficient liquidity to enable the Foundation to access funds, as necessary, to cover any immediate cash needs.

Additionally, the Foundation had board-designated (quasi) endowment funds created with donor-restricted funds, with accumulated earnings of \$135,518,485 and \$95,152,150 for the years ended June 30, 2021 and 2020, respectively. Although the Foundation does not intend to spend from this endowment, other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its board-designated endowment funds could be made available if and when necessary.

Reserve funds in the amount of \$7,853,792 and \$259,651 were accumulated for the years ended June 30, 2021 and 2020, respectively, in accordance with the Foundation's Contingency and Operating Reserves Policy, as adopted in February 2014. The reserve is intended to stabilize the Foundation's finances and may be used for significant legal settlements, a large unanticipated loss in funding, or one-time, nonrecurring expenses that will build long-term capacity, such as projects addressing critical needs or unique opportunities deemed to be consistent with the mission of the University. The Foundation also realizes that there could be unanticipated liquidity needs.

**Use of Estimates** - The preparation of consolidated 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.

**Reclassifications** - Certain prior year amounts have been reclassified to conform to the current year presentation. These reclassifications had no effect on previously reported changes in net assets or total net assets.



**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 company that operates the Inn is responsible for collection of receivables and it provides a reserve for any estimated uncollectible balances, as appropriate. The property management staff that operates the Russ Research Center LLC is responsible for collection of receivables and provides a reserve for any estimated uncollectible balances, as appropriate.

**Cash** - The Foundation's cash and cash equivalents were \$26,970,334 and \$11,228,543 at June 30, 2021 and 2020, respectively, the majority of which are bank balances. Of the bank balances, \$25,949,042 and \$9,891,953 at June 30, 2021 and 2020, respectively, was uninsured by the Federal Deposit Insurance Corporation (FDIC) but collateralized by pools of securities pledged by the depository banks and held in the name of the respective banks.

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

**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.

**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.

**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.

**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 2 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, 2021 and 2020.

**Gifts and Contributions** - Contributions are recorded at their fair value on the date of receipt. All contributions are considered to be without donor restrictions 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 revenue with donor restrictions. When a donor restriction expires (when a stipulated time restriction ends or the purpose of restriction is accomplished), net assets with donor restrictions are reclassified as net assets without donor restrictions 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 donor-restricted support. In the absence of such stipulations, contributions of property are recorded as support without donor restrictions.

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.

**Income from Investments** - Investment income earned is credited to net assets with donor restrictions if restricted by the donor or by state law. Otherwise, investment income earned is credited to net assets without donor restrictions. All investment income is recorded net of investment management fees.

**Revenues from Sales and Events** - Revenues from merchandise sales and event registration fees are recognized as earned. Revenue is recognized from the Inn's room, restaurant, and beverage facilities and services as earned on the close of business each day. Rental income is recognized when rent becomes due over the terms of the Russ Research Center LLC's tenant leases. Rental payments received in advance of the rental income recognition are recorded as deferred income in the accompanying statements of financial position.

**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. Salaries and benefits are allocated based on the functions of the employees being paid. Supplies, services, and travel expenses are allocated on the basis of the program or support service incurring those costs. Occupancy, maintenance and repairs expense is allocated on the basis of the program or support service which uses the space being maintained. Depreciation is allocated on the basis of the program or support service which uses the fixed asset. 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, a for-profit corporation, including deferred tax expense (recovery), totaled \$(66,583) and \$(46,462) for the years ended June 30, 2021 and 2020, respectively. The provision is primarily comprised of federal and city taxes. Of these amounts, \$24,172 and \$(7,362) represent current tax expense for the years ended June 30, 2021 and 2020, respectively. The deferred taxes are a result of differences between book and tax depreciation and are presented as long-term other liabilities on the statements of financial position. There are no income taxes on the Russ LLCs as they are disregarded entities.

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, 2021 and 2020, 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, 2018.

**Recently Adopted Accounting Pronouncements** – In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which superseded the former revenue recognition requirements in Topic 605, *Revenue Recognition*. The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The new guidance was effective for the Foundation's year ending June 30, 2021. The ASU permits application of the new revenue recognition guidance using one of two retrospective application methods. There was no material impact to the financial statements as a result of adoption. The ASU has been applied retrospectively to all periods presented, with no effect on net assets or previously issued financial statements.

**Upcoming Accounting Pronouncements** – The FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which will supersede the current lease requirements in ASC 840. This guidance is intended to improve financial reporting of leasing transactions by requiring organizations that lease assets to recognize assets and liabilities for the rights and obligations created by leases that extend more than twelve months. Key provisions in this guidance include additional disclosures surrounding the amount, timing and uncertainty of cash flows arising from leases. Application of the new lease standard is not expected to have a significant effect on the Foundation's financial statements. The new lease guidance will be effective for the Foundation's year ending June 30, 2023 and will be applied using a modified retrospective transition method to the beginning of the earliest period presented.

**Subsequent Events** - The consolidated financial statements and related disclosures include evaluation of events up through and including October 15, 2021, which is the date the consolidated financial statements were available to be issued.

**Pledges Receivable**

Pledges receivable consist of the following unconditional promises to give as of June 30, 2021 and 2020:

	2021	2020
Purpose:		
Endowment	\$ 3,805,161	\$ 5,201,321
Capital purposes	5,103,108	4,583,641
Operating programs	4,339,525	1,989,502
Pledges receivable, gross	13,247,794	11,774,464
Less: Discount to present value	(495,315)	(297,870)
Less: Allowance for uncollectible accounts	(3,891,556)	(3,677,134)
Pledges receivable, net	<u>\$ 8,860,923</u>	<u>\$ 7,799,460</u>
Amounts due in:		
Less than one year	\$ 5,298,087	\$ 4,346,910
One to five years	3,320,481	3,162,885
More than five years	242,355	289,665
	<u>\$ 8,860,923</u>	<u>\$ 7,799,460</u>

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 2.27 for pledges made during the year ended June 30, 2021 and 2.16 percent for the year ended June 30, 2020. 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 net assets with donor restrictions. Conditional promises to give are not included as support until the conditions on which they depend are substantially met.

The allowance for uncollectible pledges 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 a loss on fair value of pledges receivable in the statements of activities, unless the general allowance is insufficient to absorb the write-off. In that case, specific write-offs are reported as a fundraising expense in the statements of activities.

As of June 30, 2021, the Foundation has approximately \$126.8 million in numerous outstanding commitments that are considered to be intentions to give and are contingent upon future events. These commitments are not accrued as pledges receivable or recognized as revenue because they do not represent unconditional promises to give.

**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. Furthermore, the investment strategy seeks to provide real growth of assets in excess of endowment spending requirements plus inflation.

The Foundation reports investments, split-interest agreements and beneficial interest in assets held by others 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 bonds and bond mutual funds.

**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 private real estate. They 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.

Certain assets are measured at net asset value (NAV) as a practical expedient for establishing fair value.

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, by level, at June 30, 2021 and 2020 are summarized in the following tables:

**Notes to Financial Statements (Continued)**  
**June 30, 2021 and 2020**

**Assets Measured at Fair Value on a Recurring Basis at June 30, 2021**

	Fair Value at Reporting Date Using				June 30, 2021 Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value (NAV)	
<b>Investments</b>					
Fixed-income investments:					
Money market mutual funds	\$ 27,787,772	\$ -	\$ -	\$ -	\$ 27,787,772
Bonds and bond mutual funds	101,498,255	-	-	-	101,498,255
Subtotal fixed income	<u>129,286,027</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>129,286,027</u>
Public equity investments:					
Domestic large-cap equity (1)	196,877,879	-	-	25,817,810	222,695,689
Domestic small-cap equity	23,089,420	-	-	-	23,089,420
REITs	12,746,006	-	-	-	12,746,006
Developed international equity (2)	65,693,750	-	-	35,625,421	101,319,171
Emerging markets international equity (3)	31,055,480	-	-	19,292,352	50,347,832
Subtotal public equity	<u>329,462,535</u>	<u>-</u>	<u>-</u>	<u>80,735,583</u>	<u>410,198,118</u>
Alternative investments:					
Hedge funds (4)	-	-	-	31,541,390	31,541,390
Private capital funds (5)	-	-	-	68,503,822	68,503,822
Private real estate funds	-	-	127,880	-	127,880
Subtotal alternative investments	<u>-</u>	<u>-</u>	<u>127,880</u>	<u>100,045,212</u>	<u>100,173,092</u>
Total investments by fair value level	<u>\$ 458,748,562</u>	<u>\$ -</u>	<u>\$ 127,880</u>	<u>\$ 180,780,795</u>	<u>\$ 639,657,237</u>
<b>Split-Interest Agreements</b>					
Charitable gift annuity assets:					
Money market mutual funds	\$ 16,949	\$ -	\$ -	\$ -	\$ 16,949
Bonds and bond mutual funds	983,954	268,169	-	-	1,252,123
Domestic equity	786,548	-	-	-	786,548
International equity	502,609	-	-	-	502,609
REITs	454,232	-	-	-	454,232
Total charitable gift annuity assets	<u>\$ 2,744,292</u>	<u>\$ 268,169</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,012,461</u>
Charitable trust assets:					
Money market mutual funds	529,223	-	-	-	529,223
Bonds and bond mutual funds	10,084,992	38,062	-	-	10,123,054
Domestic equity	2,966,042	-	-	-	2,966,042
International equity	1,988,031	-	-	-	1,988,031
REITs	2,730,557	-	-	-	2,730,557
Private real estate (6)	-	-	208,000	-	208,000
Other (6)	-	-	220,222	-	220,222
Total charitable trust assets	<u>\$ 18,298,845</u>	<u>\$ 38,062</u>	<u>\$ 428,222</u>	<u>\$ -</u>	<u>\$ 18,765,129</u>
Total split-interest agreements	<u>\$ 21,043,137</u>	<u>\$ 306,231</u>	<u>\$ 428,222</u>	<u>\$ -</u>	<u>\$ 21,777,590</u>
<b>Beneficial interest in assets held by others</b>					
Assets held at The Columbus Foundation (7)	\$ -	\$ -	\$ 779,413	\$ -	\$ 779,413
Total fair value measurements	<u>\$ 479,791,699</u>	<u>\$ 306,231</u>	<u>\$ 1,335,515</u>	<u>\$ 180,780,795</u>	<u>\$ 662,214,240</u>



**Notes to Financial Statements (Continued)**  
**June 30, 2021 and 2020**

**Assets Measured at Fair Value on a Recurring Basis at June 30, 2020**

	Fair Value at Reporting Date Using				June 30, 2020 Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value (NAV)	
<b>Investments</b>					
<b>Fixed-income investments:</b>					
Money market mutual funds	\$ 42,730,559	\$ -	\$ -	\$ -	\$ 42,730,559
Bonds and bond mutual funds	72,945,004	20,403,011	-	-	93,348,015
TIPS mutual funds	18,813,140	-	-	-	18,813,140
Subtotal fixed income	<u>134,488,703</u>	<u>20,403,011</u>	<u>-</u>	<u>-</u>	<u>154,891,714</u>
<b>Public equity investments:</b>					
Domestic large-cap equity (1)	164,075,898	-	-	-	164,075,898
Domestic small-cap equity	15,634,239	-	-	-	15,634,239
REITs	10,114,835	-	-	-	10,114,835
Developed international equity (2)	50,987,017	-	-	27,200,133	78,187,150
Emerging markets international equity (3)	22,957,828	-	-	13,028,298	35,986,126
Subtotal public equity	<u>263,769,817</u>	<u>-</u>	<u>-</u>	<u>40,228,431</u>	<u>303,998,248</u>
<b>Alternative investments:</b>					
Hedge funds (4)	-	-	-	15,109,332	15,109,332
Private capital funds (5)	-	-	-	40,814,874	40,814,874
Private real estate funds (6)	-	-	127,880	-	127,880
Subtotal alternative investments	<u>-</u>	<u>-</u>	<u>127,880</u>	<u>55,924,206</u>	<u>56,052,086</u>
Total investments by fair value level	<u>\$ 398,258,520</u>	<u>\$ 20,403,011</u>	<u>\$ 127,880</u>	<u>\$ 96,152,637</u>	<u>\$ 514,942,048</u>
<b>Split-Interest Agreements</b>					
<b>Charitable gift annuity assets:</b>					
Money market mutual funds	\$ 47,735	\$ -	\$ -	\$ -	\$ 47,735
Bonds and bond mutual funds	821,276	267,986	-	-	1,089,262
Domestic equity	660,087	-	-	-	660,087
International equity	433,260	-	-	-	433,260
REITs	383,913	-	-	-	383,913
Total charitable gift annuity assets	<u>\$ 2,346,271</u>	<u>\$ 267,986</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,614,257</u>
<b>Charitable trust assets:</b>					
Money market mutual funds	556,327	-	-	-	556,327
Bonds and bond mutual funds	9,299,225	31,438	-	-	9,330,663
Domestic equity	2,501,662	-	-	-	2,501,662
International equity	1,736,052	-	-	-	1,736,052
REITs	2,281,171	-	-	-	2,281,171
Other (6)	-	-	254,468	-	254,468
Total charitable trust assets	<u>\$ 16,374,437</u>	<u>\$ 31,438</u>	<u>\$ 254,468</u>	<u>\$ -</u>	<u>\$ 16,660,343</u>
Total split-interest agreements	<u>\$ 18,720,708</u>	<u>\$ 299,424</u>	<u>\$ 254,468</u>	<u>\$ -</u>	<u>\$ 19,274,600</u>
Total fair value measurements	<u>\$ 416,979,228</u>	<u>\$ 20,702,435</u>	<u>\$ 382,348</u>	<u>\$ 96,152,637</u>	<u>\$ 534,216,648</u>

- (1) Domestic large cap equity funds include a commingled fund which invests in U.S. stocks with the objective of achieving over time a total return that exceeds that of the S&P 500 Composite Index. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.
- (2) Developed international equity mutual funds include an international large cap fund which uses a bottom up, research driven value strategy that focuses on maximizing intrinsic value. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.
- (3) Emerging markets international equity mutual funds include a fund which seeks to achieve total return in excess of the MSCI Emerging Markets Index through investing in the world's emerging stock markets. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.
- (4) Hedge funds include both absolute and total return funds that are broadly diversified across managers, investment strategies, and investment venues. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.
- (5) Private capital funds are broadly diversified across managers, investment stages, geography, industry sectors, and company size. This asset category includes private equity, private debt, private real estate and venture capital funds. It includes individual fund investments, as well as fund of funds investments. The fair values of the investments in this class have been estimated using the net asset value of the Organization's ownership interest in partners' capital. The investments in the private capital asset class cannot be redeemed with the funds. Distributions from each fund will be received only as the underlying investments of the funds are liquidated. It is estimated that the underlying assets of the fund will be liquidated over the next one to eleven years.
- (6) Level 3 assets represent real estate assets held in trust, as well as 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 assets based upon the present value of the expected future cash flows using management's best estimates of key assumptions including life expectancies of beneficiaries, payment periods, and a discount rate commensurate with market conditions and other risks involved. Significant changes in these key assumptions would result in a significantly lower or higher fair value measurement.
- (7) The beneficial interest in assets held at The Columbus Foundation has been valued, as a practical expedient, at the fair value of The Ohio University Foundation's share of The Columbus Foundation's investment pool as of the measurement date. The Columbus Foundation values securities and other financial instruments on a fair value basis of accounting. The Ohio University Foundation's share of The Columbus Foundation's investments are composed entirely of mutual fund investments that offer approximately 67 percent exposure to public equities and 33 percent exposure to bonds, with broad diversification across economic sectors. The beneficial interest in assets held at The Columbus Foundation is not redeemable by The Ohio University Foundation.

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, 2021 and June 30, 2020, 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, 2021 and 2020:

**Changes in Level 3 Assets Measured at Fair Value on a Recurring Basis for the Year Ended June 30, 2021**

	Fair Value Measurements Using Significant Unobservable Inputs			
	Investments - Private Real Estate Funds	Charitable Trust Assets - Private Real Estate	Charitable Trust Assets - Other	Beneficial Interest in Assets Held by Others
Beginning balance	\$ 127,880	\$ -	\$ 254,468	\$ -
Gains (losses) included in changes in net assets				
Total gains (losses)	-	-	-	-
Change in value of split-interest agreements included in changes in net assets:				
Contributions of new split-interest agreements	-	208,000	-	-
Payments to beneficiaries	-	-	(33,000)	-
Change in actuarial estimate	-	-	(1,246)	-
Total change in value	-	208,000	(34,246)	-
Change in value of beneficial interest in assets held by others included in changes in net assets				
Additional amounts invested	-	-	-	711,386
Investment income	-	-	-	19,100
Gains (losses) on beneficial interest in assets held at The Columbus Foundation, net of investment income recorded	-	-	-	48,927
Total change in value	-	-	-	779,413
Ending balance	\$ 127,880	\$ 208,000	\$ 220,222	\$ 779,413

**Changes in Level 3 Assets Measured at Fair Value on a Recurring Basis for the Year Ended June 30, 2020**

	Fair Value Measurements Using Significant Unobservable Inputs			
	Investments - Private Real Estate Funds	Charitable Trust Assets - Private Real Estate	Charitable Trust Assets - Other	Beneficial Interest in Assets Held by Others
Beginning balance	\$ 109,891	\$ 542,448	\$ 175,678	\$ -
Gains (losses) included in changes in net assets				
Unrealized gains (losses)	17,989	-	-	-
Total gains (losses)	17,989	-	-	-
Contributions of new split-interest agreements	-	-	-	-
Payments to beneficiaries	-	(11,907)	(33,000)	-
Sale of trust investments	-	(480,000)	-	-
Realized gain (loss) on sale of trust investments	-	(2,566)	-	-
Change in actuarial estimate	-	(47,975)	111,790	-
Total change in value	-	(542,448)	78,790	-
Ending balance	\$ 127,880	\$ -	\$ 254,468	\$ -

**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.

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

	Investments Reported at Net Asset Value				
	June 30, 2021	June 30, 2020	June 30, 2021		
	Fair Value	Fair Value	Unfunded Commitment	Redemption Frequency, if Eligible	Redemption Notice Period
Domestic large cap equity	\$ 25,817,810	\$ -	\$ -	Monthly	30 days
Developed international equity	35,625,421	27,200,133	-	Monthly	1 day
Emerging markets equity	19,292,352	13,028,298	-	Monthly	30 days
Hedge funds	31,541,390	15,109,332	-	Quarterly or Annually	45-90 days
Private capital funds	68,503,822	40,814,874	52,832,428	None	None
Total	<u>\$ 180,780,795</u>	<u>\$ 96,152,637</u>	<u>\$ 52,832,428</u>		

**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, 2021 and 2020 ranged from 0.04 to 8.2 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 the charitable remainder trust are maintained by a third-party trustee in an irrevocable trust for the benefit of the Foundation, the Foundation recognizes as contribution revenue the present value of the estimated future benefits to be received when the trust assets are distributed. The Foundation also recognizes a charitable trust asset at fair value, using as inputs the trust's investment market values, as well as the present value of the estimated future benefits to be received from the trust. The fair values of these trusts are disclosed as Level 3 assets. 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, 2021 and 2020 ranged from 1.2 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 charitable trust asset 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, 2021 and 2020 was 1.07 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.

**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.

#### **Beneficial Interest in Assets Held by Others**

During fiscal year 2021, the Foundation irrevocably transferred \$1,394,874 to The Columbus Foundation. This gift created a fund (the Fund) as provided for in the Amended Articles of Incorporation of The Columbus Foundation and any amendments or additions thereto at any time made. The variance power set forth in the Amended Articles of Incorporation shall apply if the purpose of the fund becomes unnecessary, undesirable, impractical or impossible to fulfill.

The Fund established is known as The Gates Foundation – Ross County Scholars’ Fund of The Ohio University Foundation of The Columbus Foundation. At least 51% of the net income and/or principal from this Fund shall be distributable for the benefit of Ohio University students, while the remaining 49% of such net income and/or principal may be distributable to other U.S. higher education institutions, for scholarships to deserving Ross County, Ohio students in either case.

The Foundation records the fair value of the Fund as Beneficial interest in assets held by others in the Statement of Financial Position and reports distributions received as investment income. Changes in the Fund for the year ended June 30, 2021 are as follows:

	2021
Valuations at 100%	
Balance at beginning of year	\$ -
Transfers to The Columbus Foundation	1,394,874
Share of appreciation of fund	152,487
Distributions	<u>(19,100)</u>
Balance at end of year	<u>1,528,261</u>
Foundation benefit (51%)	<u><u>779,413</u></u>

### Property and Equipment

As of June 30, 2021 and 2020, property and equipment are as follows:

	2021	2020	Depreciable Life - Years
Land	\$ 3,293,174	\$ 3,293,174	
Land improvements	978,480	967,476	5-15
Building and building improvements	15,461,433	14,016,044	20-40
Furnishings, fixtures, and equipment	6,291,751	6,211,256	3-10
Depreciable gifted collections	1,550,000	1,080,000	30
Tenant improvements	541,709	531,227	2-5
Construction in progress	<u>551,906</u>	<u>683,464</u>	
Subtotal	28,668,455	26,782,642	
Less accumulated depreciation	<u>(16,162,421)</u>	<u>(14,965,919)</u>	
Property and equipment - Net	<u><u>\$ 12,506,034</u></u>	<u><u>\$ 11,816,723</u></u>	

Total depreciation expense of \$1,196,502 and \$1,180,763 was recorded in fiscal years 2021 and 2020, respectively.

**Related-Party Debt**

In March 2019, the Foundation entered into an internal loan agreement for \$1,712,750 with Ohio University to fund the renovation of the Konneker Alumni Center, which is owned by the Foundation. Both the University and Foundation Boards of Trustees approved the project and funding it through an internal loan. The loan is to be repaid over a period of no more than 10 years, and the interest rate at June 30, 2020 is 4.75 percent, compounded quarterly, and is variable, based on the blended cost of the University's outstanding debt, plus an administrative fee.

Maturities of this loan as of June 30, 2021 are as follows:

<u>Years Ending June 30</u>	<u>Amount</u>
2022	\$ 156,407
2023	163,970
2024	171,898
2025	180,210
2026	188,923
Due thereafter	459,151
Total	<u>\$ 1,320,559</u>



## Net Assets

The Foundation's net assets, by restriction, as of June 30, 2021 and 2020, include:

	2021	2020
With Donor Restrictions:		
Donor-restricted endowments, perpetual in nature	\$ 415,895,435	\$ 320,545,291
Beneficial interest in assets held by others	779,413	-
Board-designated (quasi) endowments created with donor-restricted funds	45,859,463	52,478,054
Property, plant and equipment	1,506,167	1,346,875
Planned gift expectancies	34,110,003	24,499,317
Unexpended gift balances	56,500,114	48,153,330
Sugar Bush Foundation	6,867,189	5,664,370
Net assets with donor restrictions	<u>561,517,784</u>	<u>452,687,237</u>
Without Donor Restrictions:		
Earnings on board-designated (quasi) endowments	135,518,485	95,152,150
Property, plant and equipment	2,699,668	1,781,300
Equity in the OU Inn	5,233,756	5,555,237
Russ LLCs - unrestricted	4,377,325	4,635,081
Unspent board-designated endowment distributions	739,701	507,926
Undesignated	7,853,792	259,651
Net assets without donor restrictions	<u>156,422,727</u>	<u>107,891,345</u>
Total net assets	<u>\$ 717,940,511</u>	<u>\$ 560,578,582</u>

The Foundation's net assets, by purpose, as of June 30, 2021 and 2020, include:

	2021	2020
Net assets with donor restrictions:		
Discretionary/General Support	\$ 113,530,284	\$ 106,332,250
Chairs and Professorships	72,169,860	57,455,574
Research	23,326,523	19,295,796
Scholarships, Fellowships and Awards	224,083,805	174,493,328
Capital Improvements and Renovation	3,577,731	3,681,207
Other	124,829,581	91,429,082
Total net assets with donor restrictions	<u>561,517,784</u>	<u>452,687,237</u>
Net assets without donor restrictions	<u>156,422,727</u>	<u>107,891,345</u>
Total net assets	<u>\$ 717,940,511</u>	<u>\$ 560,578,582</u>

**Donor-restricted and Board-designated Endowments**

The Foundation's endowment includes both donor-restricted endowment funds and board-designated (quasi) endowment funds created with net assets with donor restrictions. The Foundation's board-designated (quasi) endowments have been created with gifts that were restricted by the donor for the benefit of a particular college within the University. These quasi endowments have been included in the following schedules because they 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 endowment corpus, and presented within net assets with donor restrictions, (a) the original value of gifts donated to the endowment corpus, (b) the original value of subsequent gifts to the endowment corpus, and (c) accumulations to the endowment corpus 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 as endowment corpus is classified as accumulated endowment gains and presented within net assets with donor restrictions 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

**Notes to Financial Statements (Continued)**  
**June 30, 2021 and 2020**

**Endowment Net Asset Composition by Type of Fund as of June 30, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment	\$ -	\$ 415,895,435	\$ 415,895,435
Board-designated (quasi) endowment created with donor-restricted funds	135,518,485	45,859,463	181,377,948
Total funds	<u>\$ 135,518,485</u>	<u>\$ 461,754,898</u>	<u>\$ 597,273,383</u>

**Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
Net assets - Beginning of the year	\$ 95,152,150	\$ 373,023,345	\$ 468,175,495
Net realized and unrealized gains and losses and investment income	43,566,160	97,080,767	140,646,927
Contributions	-	16,541,037	16,541,037
Spending policy transfer	(407,851)	(17,113,215)	(17,521,066)
Transfers to (from) board-designated (quasi) endowments	-	(1,117,758)	(1,117,758)
Transfers to other foundations	-	(1,375,735)	(1,375,735)
Endowment management fee	(2,791,974)	(5,283,543)	(8,075,517)
Net Assets - End of the year	<u>\$ 135,518,485</u>	<u>\$ 461,754,898</u>	<u>\$ 597,273,383</u>

**Notes to Financial Statements (Continued)**  
**June 30, 2021 and 2020**

**Endowment Net Asset Composition by Type of Fund as of June 30, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment	\$ -	\$ 320,545,291	\$ 320,545,291
Board-designated (quasi) endowment created with donor-restricted funds	95,152,150	52,478,054	147,630,204
Total funds	<u>\$ 95,152,150</u>	<u>\$ 373,023,345</u>	<u>\$ 468,175,495</u>

**Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
Net Assets - Beginning of the year	\$ 94,589,461	\$ 379,178,705	\$ 473,768,166
Net realized and unrealized gains and losses and investment income	3,775,997	7,232,796	11,008,793
Contributions	-	6,985,640	6,985,640
Spending policy transfer	(304,785)	(16,038,926)	(16,343,711)
Transfers to (from) board-designated (quasi) endowments	-	615,031	615,031
Endowment management fee	(2,908,523)	(4,949,901)	(7,858,424)
Net Assets - End of the year	<u>\$ 95,152,150</u>	<u>\$ 373,023,345</u>	<u>\$ 468,175,495</u>

**Accumulated Investment Income** – The endowment tables above include both original investment, as well as accumulated investment income. For the fiscal year ended June 30, 2021, the \$415.9 million reported as donor-restricted endowments with donor restrictions includes donor-restricted endowment corpus of \$253.7 million and accumulated investment income of \$162.2 million. The \$181.4 million reported as board-designated (quasi) endowment created with donor restricted funds includes donor-restricted original investment of \$45.9 million and accumulated investment income without donor restrictions of \$135.5 million. For the fiscal year ended June 30, 2020, the \$320.5 million reported as donor-restricted endowments with donor restrictions includes donor-restricted endowment corpus of \$229.6 million and accumulated investment income of \$91.9 million. The \$147.6 million reported as board-designated (quasi) endowment created with donor restricted funds includes donor-restricted original investment of \$52.5 million and accumulated investment income without donor restrictions of \$95.1 million. As of the fiscal years ended June 30, 2021 and 2020, the Foundation did not have any board-designated (quasi) endowment funds that were created with funds without donor restrictions.

**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.” These deficiencies resulted from unfavorable market fluctuations and allowable distributions made over time. The Foundation held 3 and 52 underwater endowment funds at June 30, 2021 and 2020, respectively. The detail of the underwater accounts’ deficiency at June 30, 2021 and 2020 is as follows:

	2021	2020
Fair value of underwater endowment funds	\$ 8,915	\$ 1,622,534
Contributed value of gifts of underwater endowment funds	28,430	1,684,301
Deficiency	\$ (19,515)	\$ (61,767)

**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 36-month periods, a composite benchmark of appropriately weighted indices, while maintaining acceptable risk levels. The Foundation anticipates that the endowment funds will provide average annual rates of return of approximately 6.8 percent in the long-term and 5.9 percent in the intermediate-term, net of investment management fees approximately 0.6 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, 2021, the Foundation’s spending policy stipulated that 5.9 percent of a three-year moving average of the market value of the endowment was available to spend, with 1.9 percent of the amount being allocated 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 0.9 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.

### **Support from Related Organizations**

During 2021 and 2020, the University paid certain payroll costs amounting to \$3,430,755 and \$4,837,807 and additional costs of \$29,686 and \$283,685, 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 University processes expenses on behalf of the Foundation during the year for operations including scholarship awards, professional fees, travel costs and office supplies. The Foundation reimburses the University for these expenses. The Foundation had a payable of \$904 and \$949,116 outstanding, respectively, as of June 30, 2021 and 2020.

The Foundation manages an investment portfolio on behalf of itself and the University. Certain University investments, including endowment investments and long-term working capital investments, are pooled with the Foundation's investments, and held in the Foundation's name. The receivable from Ohio University in the amount of \$3,769,541 and \$0, respectively, as of June 30, 2021 and 2020, reflects the movement of investments between the University's and the Foundation's respective shares of the long-term investment pool near the end of the fiscal year.

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. Distributions from SEED are reflected in the consolidated statements of activities as gifts and contributions in the year they are received. SEED did not make any distributions to the Foundation during 2021 or 2020.

## Functional and Natural Classification of Expenses

The financial statements report certain categories of expenses that are attributable to one or more programs or supporting functions such as Instruction, Research and Fundraising. The following table provides further detail of these expenses, by showing both the functional and natural classification (Salaries, Maintenance, etc.) of each category of expenses for the years ended June 30, 2021 and June 30, 2020, respectively:

Year Ended June 30, 2021		Occupancy,						
Expenses by function:	Salaries & Benefits	Student Aid	Supplies & Services	Maintenance & Repairs	Travel & Entertainment	Other	Total	
Program services:								
Academic support	\$ 550,498	\$ 33,052	\$ 324,623	\$ 21,487	\$ 10,396	\$ 274	\$ 940,330	
Alumni relations	2,372,472	-	712,912	160,230	(43,663)	85,390	3,287,341	
Institutional support	145,505	4,094	1,558	179,662	47,847	(3,600)	375,066	
Instruction	1,711,968	2,418	8,873,270	43,462	5,714	431	10,637,263	
Intercollegiate athletics	19,923	4,368	39,595	1,992,814	3,859	-	2,060,559	
Public service	332,354	116	340,701	55,597	2,671	882	732,321	
Research	893,669	2,327	756,284	2,417,282	14,509	153	4,084,224	
Student aid	853,488	7,748,141	1,831	-	(1,587)	21,909	8,623,782	
Student services	389,733	11,325	173,870	(11,106)	50,285	1	614,108	
Total program services	7,269,610	7,805,841	11,224,644	4,859,428	90,031	105,440	31,354,994	
Support services:								
Fundraising and development	6,088,866	-	1,239,609	59,784	153,356	7,302	7,548,917	
Management and General	1,754,574	-	261,210	58,035	897	-	2,074,716	
Total support services	7,843,440	-	1,500,819	117,819	154,253	7,302	9,623,633	
Related entity operations	2,145,639	-	756,715	2,095,395	46,511	401,554	5,445,814	
Total expenses	\$ 17,258,689	\$ 7,805,841	\$ 13,482,178	\$ 7,072,642	\$ 290,795	\$ 514,296	\$ 46,424,441	
Year Ended June 30, 2020		Occupancy,						
Expenses by function:	Salaries & Benefits	Student Aid	Supplies & Services	Maintenance & Repairs	Travel & Entertainment	Other	Total	
Program services:								
Academic support	\$ 596,550	\$ -	\$ 252,214	\$ 68,210	\$ 211,877	\$ 659	\$ 1,129,510	
Alumni relations	1,153,338	-	777,269	99,755	383,314	114,464	2,528,140	
Institutional support	4,101	-	5,766	156,373	99,633	600	266,473	
Instruction	2,246,673	-	452,316	138,999	187,010	429	3,025,427	
Intercollegiate athletics	19,231	-	27,998	2,084,500	11,601	-	2,143,330	
Public service	511,766	-	409,837	113,047	18,809	1,506	1,054,965	
Research	1,353,673	-	689,117	1,393,584	195,263	468	3,632,105	
Student aid	281,774	7,556,325	1,504	102	(16,225)	-	7,823,480	
Student services	74,051	-	137,932	102,909	196,997	-	511,889	
Total program services	6,241,157	7,556,325	2,753,953	4,157,479	1,288,279	118,126	22,115,319	
Support services:								
Fundraising and development	8,534,267	-	1,650,010	117,325	714,893	2,787,030	13,803,525	
Fund administration	945,457	-	206,397	7,330	(249)	120	1,159,055	
Total support services	9,479,724	-	1,856,407	124,655	714,644	2,787,150	14,962,580	
Related entity operations	1,689,916	-	758,677	1,931,755	20,613	1,447,243	5,848,204	
Total expenses	\$ 17,410,797	\$ 7,556,325	\$ 5,369,037	\$ 6,213,889	\$ 2,023,536	\$ 4,352,519	\$ 42,926,103	

**Inn-Ohio of Athens, Inc.**

The 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, 2021 and 2020 are summarized below:

	2021	2020
Revenues:	\$ 3,844,332	\$ 4,579,490
Expenses:		
Operating and general expenses	3,483,977	3,941,611
Interest expense	12,895	16,703
Depreciation	735,524	788,072
Provision for income taxes	(66,583)	(46,462)
Total expenses	4,165,813	4,699,924
Net income	\$ (321,481)	\$ (120,434)

For fiscal years ended June 30, 2021 and 2020, the Inn did not make any distributions to the Foundation.

The Foundation has entered into a management agreement with a property manager to operate the Inn. 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 2021 and 2020, base management fees incurred by the Inn with respect to the manager were \$100,000 per year and incentive fees were \$0 and \$24,075, respectively.



**Property and Equipment** - Property and equipment of the Inn as of June 30, 2021 and June 30, 2020 consist of the following:

	2021	2020	Depreciable Life - Years
Land	\$ 323,978	\$ 323,978	
Land improvements	978,480	967,476	5-15
Buildings	7,897,029	7,865,444	30-40
Furnishings, fixtures, and equipment	6,031,266	5,956,132	3-10
Construction in progress	551,906	16,599	
Total property and equipment	<u>15,782,659</u>	<u>15,129,629</u>	
Less accumulated depreciation	(11,567,139)	(10,831,616)	
Net property and equipment	<u>\$ 4,215,520</u>	<u>\$ 4,298,013</u>	

**Debt Obligations** - Long-term debt of the Inn as of June 30, 2021 and June 30, 2020 consists of the following:

	2021	2020
Term loan	\$ -	\$ 396,800
Less current portion	-	(394,003)
Less unamortized loan costs	-	(2,797)
Total long-term debt	<u>\$ -</u>	<u>\$ -</u>

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.

A significant portion of the property and equipment was pledged as collateral for the term loan. Principal payments on the term loan ranging from \$32,100 to \$34,100 were due in monthly installments through June 2021. 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 was adjusted to the index rate as defined in the agreement plus 1.40 percent in June 2016, effectively, 2.50 percent.

The term loan, which was guaranteed by the Foundation, was paid off in June, 2021.

**Sugar Bush Foundation**

The Foundation entered into an agreement with The Sugar Bush Foundation (Sugar Bush), an Ohio not-for-profit corporation, in August 2005. Sugar Bush works with Ohio University and local communities to improve the quality of life in Appalachian Ohio by encouraging civic engagement and by fostering sustainable environmental, socioeconomic and human development.

**Operations** - Sugar Bush's operations for the years ended June 30, 2021 and 2020 are summarized below:

	2021	2020
Revenue:		
Contributions	\$ -	\$ 152,671
Interest and dividends	54,651	79,563
Realized gain (loss)	259,444	106,953
Unrealized gain (loss)	1,237,778	1,085
Total income	<u>1,551,873</u>	<u>340,272</u>
Expenses:		
Distribution to Foundation	349,054	349,669
Change in net assets	<u>\$ 1,202,819</u>	<u>\$ (9,397)</u>

**Russ LLCs**

During fiscal year 2009, the Foundation created three limited liability companies to receive property distributions from The Dolores H. Russ Trust (the "Trust") for the benefit of the Russ College of Engineering. A fourth limited liability company was established during fiscal year 2016. The four limited liability companies are the Fritz J. and Dolores H. Russ Holdings LLC, which is the sole member of the other LLCs; the Russ Research Center LLC, which operates a research park in Beavercreek, Ohio; the Russ North Valley Road LLC, which received and subsequently liquidated a real estate gift received from the Trust; and the Russ Center North LLC, which was established for the purpose of purchasing and holding property adjacent to the Russ Research Center LLC. The four LLCs were converted from for-profit LLCs to not-for-profit LLCs on April 20, 2020.

**Operations** – Russ LLCs’ operations for the years ended June 30, 2021 and 2020 are summarized below:

	2021	2020
Revenue:		
Rental income	\$ 695,821	\$ 543,592
Donated Services	326,424	304,255
Total revenues and other support	<u>1,022,245</u>	<u>847,847</u>
Expenses:		
Operating and general expenses	784,573	629,163
Depreciation and amortization	360,415	378,211
Real estate taxes	135,013	140,906
Total expenses	<u>1,280,001</u>	<u>1,148,280</u>
Change in net assets	<u>\$ (257,756)</u>	<u>\$ (300,433)</u>

During 2021 and 2020, leases with tenants responsible for a significant amount of Russ Research Center LLC revenue expired and were not renewed. The decrease in revenue resulted in net losses for the years ended June 30, 2021 and 2020. Management is collaborating with various professional organizations in and around the Dayton/Beavercreek area to forge new and expanded research partnerships. However, these efforts have not yet resulted in a significant increase in occupancy at the Center, and the Foundation is analyzing various options for the Center’s future.

**Property and Equipment** - Property and equipment of the Russ LLCs as of June 30, 2021 and June 30, 2020 consist of the following:

	2021	2020	Depreciable Life - Years
Land	\$ 1,707,792	\$ 1,707,792	
Tenant improvements	541,709	531,227	2-5
Buildings	5,515,574	5,476,857	20
Machinery and equipment	260,486	786,353	5-10
Total property and equipment	<u>8,025,561</u>	<u>7,971,002</u>	
Less accumulated depreciation	<u>(3,940,882)</u>	<u>(3,580,467)</u>	
Net property and equipment	<u>\$ 4,084,679</u>	<u>\$ 4,390,535</u>	

## **Required Supplementary Information**

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## Schedule of University's Proportionate Share of the Net Pension Liability

Plan Year	University's proportion of the net pension liability	University's proportionate share of the net pension liability	University's covered payroll	University's proportionate share of the net pension liability, as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
<b>STRS Ohio</b>					
2021	0.870%	\$ 210,401,313	\$ 85,222,181	246.9%	75.5%
2020	0.907%	200,611,979	87,286,243	229.8%	77.4%
2019	0.960%	210,972,832	89,914,465	234.6%	77.3%
2018	1.003%	238,258,194	92,038,084	258.9%	75.3%
2017	1.019%	341,136,198	89,300,361	382.0%	66.8%
2016	0.992%	274,039,342	87,599,050	312.8%	72.1%
2015	0.999%	242,888,149	86,635,900	280.4%	74.7%
<b>OPERS</b>					
2021	0.762%	\$ 111,779,683	\$ 114,024,681	98.0%	87.2%
2020	0.915%	181,028,559	127,538,397	141.9%	82.4%
2019	0.797%	219,591,985	124,568,381	176.3%	74.9%
2018	0.878%	138,111,070	123,297,069	112.0%	84.9%
2017	0.894%	204,643,077	123,214,718	166.1%	77.4%
2016	0.910%	158,857,405	121,248,226	131.0%	81.2%
2015	0.878%	106,172,642	109,873,095	96.6%	86.5%

*These are 10-year schedules. However, the information in these schedules are not required to be presented retroactively. Years will be added to these schedules in future fiscal years until 10 years of information is available.*

Schedule of University's Proportionate Share of the Net Pension Liability – STRS Ohio. The amounts presented for each fiscal year were determined as of the yearend that occurred one year prior.

Schedule of University's Proportionate Share of the Net Pension Liability – OPERS. The amounts presented for each fiscal year were determined as of the December 31 yearend that occurred within the fiscal year.

Schedule of University Pension Contributions

Fiscal Year	Statutorily required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	University's covered payroll	Contributions as a percentage of covered payroll
<b>STRS Ohio</b>					
2021	\$ 13,149,764	\$ 13,149,764	\$ -	\$ 74,957,179	17.5%
2020	14,653,122	14,653,122	-	85,222,181	17.2%
2019	14,920,746	14,920,746	-	87,286,243	17.1%
2018	14,598,317	14,598,317	-	89,914,465	16.2%
2017	15,527,585	15,527,585	-	92,038,084	16.9%
2016	14,809,723	14,809,723	-	89,300,361	16.6%
2015	14,461,472	14,461,472	-	87,599,052	16.5%
<b>OPERS</b>					
2021	\$ 15,428,405	\$ 15,428,405	\$ -	\$ 111,071,333	13.9%
2020	18,447,892	18,447,892	-	123,802,447	14.9%
2019	18,996,110	18,996,110	-	126,721,759	15.0%
2018	17,759,151	17,759,151	-	123,083,009	14.4%
2017	15,956,637	15,956,637	-	123,682,003	12.9%
2016	17,518,016	17,518,016	-	122,635,620	14.3%
2015	17,091,376	17,091,376	-	118,482,020	14.4%

*These are 10-year schedules. However, the information in these schedules are not required to be presented retroactively. Years will be added to these schedules in future fiscal years until 10 years of information is available.*

### Notes to Required Supplementary Information – Pension Plans

*Changes in benefit terms:* There were no changes in benefit terms affecting the STRS Ohio and OPERS plans for the plan years ended June 30, 2020 and December 31, 2020, respectively.

*Changes in assumptions:*

- STRS Ohio:  
During the plan year ended June 30, 2017, there were changes to several assumptions for STRS. The cost-of-living adjustment dropped from 2.00% to 0.00%. The wage inflation dropped from 2.75% to 2.50%. The investment rate of return decreased from 7.75% to 7.45%. The mortality tables used changed from RP-2000 to RP-2014.
- OPERS:  
During the plan year ended December 31, 2016, there were changes to several assumptions for OPERS. The long-term pension investment return assumption was reduced from 8.00% to 7.50%. The wage inflation dropped from 3.75% to 3.25%. The projected salary increase range changed from 4.25-10.05% to 3.25-10.75%. The mortality tables used changed from RP-2000 to RP-2014.

During the plan year ended December 31, 2018, the long-term investment return assumption for pension was modified from 7.50% to 7.20% based on changes in the market outlook.

*Schedule of University Pension Contributions – OPERS.* The OPERS pension contribution is presented net of OPEB allocation starting in fiscal year 2017. 2017 OPEB allocation was higher compared to 2018 consequently, the OPERS net pension contribution was lower in 2017. The 2016 and 2015 OPERS contribution numbers were not adjusted to exclude OPEB allocation. There was no OPEB allocation in 2021 or 2020.

## Required Supplementary Information (Continued)

Schedule of University's Proportionate Share of the Net OPEB Liability/(Asset)

Plan Year	University's proportion of the net OPEB liability/(asset)	University's proportionate share of the net OPEB liability/(asset)	University's covered payroll	University's proportionate share of the net OPEB liability/(asset), as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability/(asset)
<b>STRS Ohio</b>					
2021	0.870%	\$ (15,283,203)	\$ 85,222,181	-17.9%	182.1%
2020	0.907%	(15,025,409)	87,286,243	-17.2%	174.7%
2019	0.960%	(15,418,000)	89,914,465	-17.1%	176.0%
2018	1.003%	39,132,274	92,038,084	42.5%	47.1%
<b>OPERS</b>					
2021	0.756%	\$ (13,463,399)	\$ 114,024,681	-11.8%	115.6%
2020	0.907%	125,213,548	127,538,397	98.2%	47.8%
2019	0.789%	102,900,612	124,568,381	82.6%	46.3%
2018	0.870%	94,509,255	123,297,069	76.7%	54.1%

Schedule of University's Proportionate Share of the Net OPEB Liability/(Asset) – STRS Ohio. The amounts presented for each fiscal year were determined as of the yearend that occurred one year prior.

Schedule of University's Proportionate Share of the Net OPEB Liability – OPERS. The amounts presented for each fiscal year were determined as of the December 31 yearend that occurred within the fiscal year.

Schedule of University OPEB Contributions

Fiscal Year	Statutorily required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	University's covered payroll	Contributions as a percentage of covered payroll
<b>STRS Ohio</b>					
2021	\$ -	\$ -	\$ -	\$ 74,957,179	0.0%
2020	-	-	-	85,222,181	0.0%
2019	-	-	-	87,286,243	0.0%
2018	-	-	-	89,914,465	0.0%
<b>OPERS</b>					
2021	\$ -	\$ -	\$ -	\$ 111,071,333	0.0%
2020	-	-	-	123,802,447	0.0%
2019	-	-	-	126,721,759	0.0%
2018	618,683	618,683	-	123,083,009	0.5%



*These are 10-year schedules. However, the information in these schedules are not required to be presented retroactively. Years will be added to these schedules in future fiscal years until 10 years of information is available.*

### Notes to Required Supplementary Information - OPEB

*Changes in benefit terms:* There were no significant changes in benefit terms affecting the STRS Ohio and OPERS plans for the plan years ended June 30, 2020 and December 31, 2020, respectively.

*Changes in assumptions:*

- **STRS:**  
During the plan year ended June 30, 2018 the health care cost trend rates decreased from 6.00% to 11.00% initial and 4.50% ultimate to minus 5.23% to 9.62% initial and 4% ultimate and the discount rate increased from 4.13% to 7.45%.  
  
During the plan year ended June 30, 2019 the health care cost trend rates changed to 4%-9.62% initial and 4% ultimate.  
  
During the plan year ended June 30, 2020, the health care cost trend rate changed to -6.69%-11.87% initial and 4% ultimate.
- **OPERS:**  
During the plan year ended December 31, 2018, the long-term investment return assumption for the Health Care portfolio was reduced from 6.50% to 6.00%.  
During the plan year ended December 31, 2019, OPERS decreased the discount rate from 3.96% to 3.16%. In addition, the OPERS health care cost trend rate was changed from 10% initial, 3.25% ultimate in 2029 to 10.5% initial, 3.5% ultimate in 2030.  
  
During the plan year ended December 31, 2020, OPERS increased the discount rate from 3.16% to 6.00%. In addition the health care cost trend rate was changed to 8.5% initial and 3.5% ultimate in 2035.

## **Supplementary Information**

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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*

Board of Trustees  
Ohio University  
Athens, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component unit of Ohio University, a component unit of the State of Ohio, as of and for the year ended June 30, 2021, and the related notes to the financial statements which collectively comprise the University's basic financial statements, and have issued our report thereon dated October 15, 2021.

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

In planning and performing our audit of the financial statements, we considered Ohio University's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Ohio University's internal control. Accordingly, we do not express an opinion on the effectiveness of Ohio University's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 Ohio University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

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

*Crowe LLP*

Crowe LLP

Columbus, Ohio  
October 15, 2021

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT  
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED  
BY THE UNIFORM GUIDANCE

Board of Trustees  
Ohio University  
Athens, Ohio

### **Report on Compliance for Each Major Federal Program**

We have audited Ohio University's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Ohio University's major federal programs for the year ended June 30, 2021. Ohio University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### ***Management's Responsibility***

Management is responsible for compliance with the federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Ohio University's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Ohio University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

#### ***Opinion on Each of the Other Major Federal Programs***

In our opinion, Ohio University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

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(Continued)

## Report on Internal Control Over Compliance

Management of Ohio University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Ohio University's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Ohio University's internal control over compliance.

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

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

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



Crowe LLP

Columbus, Ohio  
October 15, 2021

## Schedule of Expenditures of Federal Awards Year Ended June 30, 2021

Federal Agency/Pass-Through Grantor	Assistance Listing Number	Federal /Pass-Through Grant Number	Pass-Through Subrecipients	Expenditures
<b>STUDENT AID CLUSTER</b>				
<b>DEPARTMENT OF EDUCATION</b>				
Direct Programs:				
Federal Supplemental Educational Opportunity Grants	84.007	P007A203342	\$ -	\$ 2,210,878
Federal Work-Study Program	84.033	P033A203342	-	570,551
Federal Perkins Loans Outstanding	84.038	UNKNOWN	-	6,803,767
Federal Pell Grant Program	84.063	P063P190345/200345/210345	-	27,979,950
Federal Direct Student Loan	84.268	P268K200345/210345/220345	-	179,677,442
Teacher Education Assistance for College and Higher Education Grants	84.379	P268K206641/216641/226641	-	1,258,799
Total Department of Education		P379T200345/210345	<u>-</u>	<u>218,501,387</u>
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
Direct Programs:				
Disadvantaged Student Loans Outstanding	93.342	UNKNOWN	-	3,389,000
Primary Care Loans (HPSL) Outstanding	93.342	UNKNOWN	-	2,322,082
Total Department of Health and Human Services			<u>-</u>	<u>5,711,082</u>
<b>TOTAL STUDENT AID CLUSTER</b>				
			<u>-</u>	<u>224,212,469</u>
<b>RESEARCH AND DEVELOPMENT CLUSTER</b>				
<b>DEPARTMENT OF AGRICULTURE</b>				
Direct Programs:				
U S DEPARTMENT OF AGRICULTURE	10.001	59-8040-9-001	-	356,865
U S DEPARTMENT OF AGRICULTURE	10.307	2019-51300-30257	-	15,435
U S DEPARTMENT OF AGRICULTURE	10.310	2019-67030-29670	11,797	69,105
Total Department of Agriculture			<u>11,797</u>	<u>441,405</u>
<b>DEPARTMENT OF COMMERCE</b>				
Direct Programs:				
ECONOMIC DEVELOPMENT ADMINISTRATION	11.023	ED21HDQ0230003	-	53,471
Total Department of Commerce			<u>-</u>	<u>53,471</u>
<b>DEPARTMENT OF DEFENSE</b>				
Direct Programs:				
US Army				
U S ARMY MEDICAL RESEARCH AND MATERIAL COMMAND	12.420	W81XWH1810707	6,053	157,684
U S ARMY RESEARCH OFFICE	12.431	W911NF1920081	-	13,530
U S ARMY RESEARCH OFFICE	12.431	W911NF2110035	-	97,699
Defense Advanced Research Projects Agency				
SPACE AND NAVAL WARFARE SYSTEMS CENTER	12.910	N66001-16-1-4040	-	72,196
Pass-Through Programs From:				
WRIGHT STATE UNIVERSITY	12.910	671100-1	-	199,506
Total Department of Defense			<u>6,053</u>	<u>540,615</u>
<b>DEPARTMENT OF EDUCATION</b>				
Direct Programs:				
U S DEPARTMENT OF EDUCATION	84.324A	R324A190154	-	611,293
Pass-Through Programs From:				
UNIVERSITY OF VIRGINIA	84.305N	GM10155-150691	-	8,571
UNIVERSITY OF BRITISH COLUMBIA	84.324A	12R73590	-	28,301
EAST CAROLINA UNIVERSITY	84.324A	A19-003-S001-A01	-	145,488
Total Department of Education			<u>-</u>	<u>793,653</u>
<b>DEPARTMENT OF ENERGY</b>				
Direct Programs:				
U S DEPARTMENT OF ENERGY	81.049	DE-FG02-93ER40756	-	307,231
U S DEPARTMENT OF ENERGY	81.049	DE-FG02-02ER46012	-	64,601
U S DEPARTMENT OF ENERGY	81.049	DE-FG02-88ER40387	-	343,792
U S DEPARTMENT OF ENERGY	81.049	DE-FG02-06ER46317	-	214,900
U S DEPARTMENT OF ENERGY	81.049	DE-SC0014329	-	52,150
U S DEPARTMENT OF ENERGY	81.049	DE-SC0019042	-	176,764
U S DEPARTMENT OF ENERGY	81.049	DE-SC0019091	-	196,695
U S DEPARTMENT OF ENERGY	81.049	DE-SC0020231	-	87,432
U S DEPARTMENT OF ENERGY	81.089	DE-FE0031709	-	239,967
U S DEPARTMENT OF ENERGY	81.089	DE-FE0031809	399,012	558,572

**Schedule of Expenditures of Federal Awards (Continued)**  
**Year Ended June 30, 2021**

Federal Agency/Pass-Through Grantor	Assistance Listing Number	Federal /Pass-Through Grant Number	Pass-Through Subrecipients	Expenditures
U S DEPARTMENT OF ENERGY	81.089	DE-FE0031981	-	97,137
U S DEPARTMENT OF ENERGY	81.089	DE-FE0031982	4,695	58,675
U S DEPARTMENT OF ENERGY	81.112	DE-NA0003883	-	321,362
U S DEPARTMENT OF ENERGY	81.112	DE-NA0003909	-	123,728
Pass-Through Programs From:				
PACIFIC NORTHWEST NATIONAL LABORATORY	81.049	556503	-	29,207
<b>Total Department of Energy</b>			<u>403,707</u>	<u>2,872,213</u>
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
Direct Programs:				
National Institutes of Health				
NATIONAL INSTITUTES OF HEALTH	93.113	1R15E030140-01	6,453	156,073
NATIONAL INSTITUTES OF HEALTH	93.113	1R01E030425	-	349,440
NATIONAL INSTITUTES OF HEALTH	93.113	9R15E029723-02A1	-	109,515
NATIONAL INSTITUTES OF HEALTH	93.172	1R15HG009972-01	-	154,586
NATIONAL INSTITUTES OF HEALTH	93.173	1R15DC07616-01A1	-	99,003
NATIONAL INSTITUTES OF HEALTH	93.173	1R15DC017032-01A1	-	67,283
NATIONAL INSTITUTES OF HEALTH	93.213	1R21AT009339-01	-	58,325
NATIONAL INSTITUTES OF HEALTH	93.242	1R15MH116311-01A1	12,716	139,070
NATIONAL INSTITUTES OF HEALTH	93.273	1F31AA028721-01A1	-	2,638
NATIONAL INSTITUTES OF HEALTH	93.286	1R21EB022356-01A1	-	7,854
NATIONAL INSTITUTES OF HEALTH	93.307	1R01MD012579-01A1	502,076	872,813
NATIONAL INSTITUTES OF HEALTH	93.396	1R15CA242177-01	-	231,200
NATIONAL INSTITUTES OF HEALTH	93.837	1R01HL127766-01A1	45,646	343,693
NATIONAL INSTITUTES OF HEALTH	93.837	1R15HL133885-01A1	-	53,296
NATIONAL INSTITUTES OF HEALTH	93.846	R01AR077248	-	29,129
NATIONAL INSTITUTES OF HEALTH	93.847	1R15DK118611-01	17,716	200,824
NATIONAL INSTITUTES OF HEALTH	93.847	2R01DK054254-15A1	-	286,873
NATIONAL INSTITUTES OF HEALTH	93.847	1R15DK121247-01	-	148,485
NATIONAL INSTITUTES OF HEALTH	93.847	1R01DK124126-01A1	-	495,792
NATIONAL INSTITUTES OF HEALTH	93.853	1R15NS111376-01	-	189,026
NATIONAL INSTITUTES OF HEALTH	93.853	1R15NS115080	-	63,542
NATIONAL INSTITUTES OF HEALTH	93.855	1R15AI130983-01	-	81,719
NATIONAL INSTITUTES OF HEALTH	93.855	1R01AI143743-01	20,665	412,284
NATIONAL INSTITUTES OF HEALTH	93.855	1R15AI147238-01A1	-	108,755
NATIONAL INSTITUTES OF HEALTH	93.855	1R21AI156391	-	35,760
NATIONAL INSTITUTES OF HEALTH	93.859	1R15GM110602-01A1	-	18,972
NATIONAL INSTITUTES OF HEALTH	93.859	1R15GM132841-01	-	138,949
NATIONAL INSTITUTES OF HEALTH	93.859	2R15GM110602-02	-	35,804
NATIONAL INSTITUTES OF HEALTH	93.865	1R15HD101984-01	-	253,317
NATIONAL INSTITUTES OF HEALTH	93.866	1R01AG044424-01A1	-	136,110
NATIONAL INSTITUTES OF HEALTH	93.866	1R01AG059779-01	-	444,326
NATIONAL INSTITUTES OF HEALTH	93.866	1R15AG065925-01A1	-	135,408
NATIONAL INSTITUTES OF HEALTH	93.866	1F32AG069358-01	-	56,218
Direct Programs:				
Centers for Disease Control and Prevention				
CENTERS FOR DISEASE CONTROL AND PREVENTION	93.262	2T03OH009841-09-00	-	202,196
Pass-Through Programs From:				
UNIVERSITY OF CINCINNATI	93.262	010412-102	-	6,316
OHIO STATE UNIVERSITY	93.279	GR122571	-	72,602
NORTHEAST OHIO MEDICAL UNIVERSITY	93.788	G0305-A	-	2,696
NORTHEAST OHIO MEDICAL UNIVERSITY	93.788	G0370-A	-	5,376
BOSTON UNIVERSITY	93.837	4500002694	-	281,314
AUGUSTA UNIVERSITY	93.847	30835-68	-	48,566
UNIVERSITY OF MARYLAND	93.855	F304806-1	-	16,169
SAINT LOUIS UNIVERSITY	93.859	321232ERS22245	-	68,306
VIRGINIA COMMONWEALTH UNIVERSITY	93.865	FP00009022_SA001	-	27,911
MONTANA STATE UNIVERSITY	93.865	G266-21-W8837	-	1,897
OSTEODX (FKA AEIOU SCIENTIFIC LLC)	93.866	AEIOU-OU-001	-	10,539
CLEMSON UNIVERSITY	93.879	2210-209-2013943	-	23,238
UNIVERSITY OF WASHINGTON	93.884	UWSC9343	-	98,669
OHIO DEPARTMENT OF HEALTH	93.898	UNKNOWN	-	1,847
<b>Total Department of Health and Human Services</b>			<u>605,272</u>	<u>6,783,724</u>
<b>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				
Pass-Through Programs From:				
CITY OF ATHENS	COVID-19 -14.228	A-D-20-2AE-4	-	10,737
<b>Total Department of Housing and Urban Development</b>			<u>-</u>	<u>10,737</u>



**Schedule of Expenditures of Federal Awards (Continued)**  
**Year Ended June 30, 2021**

Federal Agency/Pass-Through Grantor	Assistance Listing Number	Federal /Pass-Through Grant Number	Pass-Through Subrecipients	Expenditures
<b>DEPARTMENT OF THE INTERIOR</b>				
Direct Programs:				
NATIONAL PARK SERVICE	15.945	P18AC01292	-	12,247
NATIONAL PARK SERVICE	15.945	P20AC01038	-	18,359
Pass-Through Programs From:				
OHIO DEPARTMENT OF NATURAL RESOURCES	15.615	DNR01-0000041408	-	40,266
OHIO DEPARTMENT OF NATURAL RESOURCES	15.616	DNR01-0000043308	-	6,788
OHIO DEPARTMENT OF NATURAL RESOURCES	15.634	DNR01-0000045993	-	24,913
TEMPLE UNIVERSITY	15.657	265757-OHIO	-	21,364
OHIO DEPARTMENT OF NATURAL RESOURCES	15.684	DNR01-0000047843	-	14,871
OHIO STATE UNIVERSITY	15.805	60071567	-	7,636
<b>Total Department of the Interior</b>			<u>-</u>	<u>146,444</u>
<b>DEPARTMENT OF JUSTICE</b>				
Pass-Through Programs From:				
HOUSTON FORENSIC SCIENCE CENTER, INC	16.560	S101	-	39,250
FOREVERDADS	16.812	UNKNOWN	-	6,787
<b>Total Department of Justice</b>			<u>-</u>	<u>46,037</u>
<b>DEPARTMENT OF TRANSPORTATION</b>				
Direct Programs:				
FEDERAL AVIATION ADMINISTRATION	20.108	16-G-012	-	218,048
FEDERAL AVIATION ADMINISTRATION	20.XXX	DTFAWA-16-A-80014	-	1,276,016
Pass-Through Programs From:				
NATIONAL ACADEMY OF SCIENCES	20.200	HR 18-18	65,986	98,860
UNIVERSITY OF CINCINNATI	20.200	011606-002	-	3,833
OHIO DEPARTMENT OF TRANSPORTATION	20.200	737355	-	2,668
<b>Total Department of Transportation</b>			<u>65,986</u>	<u>1,599,425</u>
<b>ENVIRONMENTAL PROTECTION AGENCY</b>				
Pass-Through Programs From:				
OHIO ENVIRONMENTAL PROTECTION AGENCY	66.605	EPA01-000005312	-	33,893
<b>Total Environmental Protection Agency</b>			<u>-</u>	<u>33,893</u>
<b>NATIONAL AERONAUTICS AND SPACE ADMINISTRATION</b>				
Direct Programs:				
NASA SHARED SERVICES CENTER	43.007	80NSSC19K1481	31,757	156,954
Pass-Through Programs From:				
SMITHSONIAN ASTROPHYSICAL OBSERVATORY	43.001	GO9-20054B	-	3,187
UNIVERSITY OF FLORIDA	43.007	SUB00001659	-	15,382
OHIO SPACE GRANT CONSORTIUM	43.008	003073	-	5,000
SPACE TELESCOPE SCIENCE INSTITUTE	43.XXX	HST-GO-15644.002-A	-	5,256
<b>Total National Aeronautics and Space Administration</b>			<u>31,757</u>	<u>185,779</u>
<b>NATIONAL ENDOWMENT OF THE ARTS</b>				
Direct Programs:				
NATIONAL ENDOWMENT FOR THE ARTS	45.024	1863418-38-20	-	7,418
<b>Total National Endowment for the Arts</b>			<u>-</u>	<u>7,418</u>
<b>NATIONAL SCIENCE FOUNDATION</b>				
Direct Programs:				
NATIONAL SCIENCE FOUNDATION	47.041	CBET-1554044	-	621
NATIONAL SCIENCE FOUNDATION	47.041	CMMI-1633500	-	420
NATIONAL SCIENCE FOUNDATION	47.041	CBET-1705817	-	44,271
NATIONAL SCIENCE FOUNDATION	47.041	CBET-1836905	-	54,776
NATIONAL SCIENCE FOUNDATION	47.041	CBET-1903568	-	41,739
NATIONAL SCIENCE FOUNDATION	47.041	CBET-1856058	36,903	138,419
NATIONAL SCIENCE FOUNDATION	47.041	CBET-1939948	-	88,923
NATIONAL SCIENCE FOUNDATION	47.041	IIP-2002879	-	130,951
NATIONAL SCIENCE FOUNDATION	47.041	CBET-1953311	-	60,254
NATIONAL SCIENCE FOUNDATION	47.049	DMR-1507670	-	6,798
NATIONAL SCIENCE FOUNDATION	47.049	PHY-1714008	-	64,915
NATIONAL SCIENCE FOUNDATION	47.049	DMS-1821162	-	4,854
NATIONAL SCIENCE FOUNDATION	47.049	DMS-1815079	-	30,311
NATIONAL SCIENCE FOUNDATION	47.049	PHY-1913170	-	121,590

**Schedule of Expenditures of Federal Awards (Continued)**  
**Year Ended June 30, 2021**

Federal Agency/Pass-Through Grantor	Assistance Listing Number	Federal /Pass-Through Grant Number	Pass-Through Subrecipients	Expenditures
NATIONAL SCIENCE FOUNDATION	47.049	CHE-1905238	-	75,299
NATIONAL SCIENCE FOUNDATION	47.049	CHE-1948611	-	63,575
NATIONAL SCIENCE FOUNDATION	47.049	DMR-218520	-	237,228
NATIONAL SCIENCE FOUNDATION	47.049	CHE-2018802	-	315,000
NATIONAL SCIENCE FOUNDATION	47.049	PHY-2012573	-	-
NATIONAL SCIENCE FOUNDATION	47.050	OPP-1744998	-	43,119
NATIONAL SCIENCE FOUNDATION	47.050	AGS-1749504	-	102,714
NATIONAL SCIENCE FOUNDATION	47.070	CCF-1513606	-	79,197
NATIONAL SCIENCE FOUNDATION	47.070	CNS-1657279	-	59,345
NATIONAL SCIENCE FOUNDATION	47.070	CCF-1703013	17,703	85,386
NATIONAL SCIENCE FOUNDATION	47.070	CCF-1901192	14,215	84,988
NATIONAL SCIENCE FOUNDATION	47.070	CNS-1936794	-	42,958
NATIONAL SCIENCE FOUNDATION	47.070	OAC-2004601	290,020	346,570
NATIONAL SCIENCE FOUNDATION	47.074	IOS-1456810	-	799
NATIONAL SCIENCE FOUNDATION	47.074	DBI-1556316	-	3,120
NATIONAL SCIENCE FOUNDATION	47.074	IOS-1656765	-	40,192
NATIONAL SCIENCE FOUNDATION	47.074	DEB-1655230	-	2,191
NATIONAL SCIENCE FOUNDATION	47.074	MCB-1750361	-	143,152
NATIONAL SCIENCE FOUNDATION	47.074	DEB-1950636	-	78,244
NATIONAL SCIENCE FOUNDATION	47.075	BCS-1638796	-	9,936
NATIONAL SCIENCE FOUNDATION	47.075	SMA-1659455	-	87,331
NATIONAL SCIENCE FOUNDATION	47.076	DGE-1645419	-	53,958
NATIONAL SCIENCE FOUNDATION	47.076	DUE-1758484	-	309,226
Pass-Through Programs From:				
UNIVERSITY OF CINCINNATI	47.076	L12-4500093879	-	18,106
DESERT RESEARCH INSTITUTE	47.041	GR12849	-	93,008
<b>Total National Science Foundation</b>			<b>358,841</b>	<b>3,163,484</b>
<b>UNITED STATES TREASURY</b>				
Pass-Through Programs From:				
OHIO STATE UNIVERSITY	COVID-19 - 21.019	GR122229	-	126,191
<b>Total United States Treasury</b>			-	<b>126,191</b>
<b>TOTAL RESEARCH AND DEVELOPMENT CLUSTER</b>			<b>1,483,413</b>	<b>16,804,489</b>
<b>ECONOMIC DEVELOPMENT CLUSTER</b>				
<b>DEPARTMENT OF COMMERCE</b>				
Direct Programs:				
ECONOMIC DEVELOPMENT ADMINISTRATION	11.307	06-79-06120	144,928	587,298
ECONOMIC DEVELOPMENT ADMINISTRATION	11.307	06-79-06147	-	892,351
ECONOMIC DEVELOPMENT ADMINISTRATION	COVID-19 - 11.307	06-79-06273	-	11,093
ECONOMIC DEVELOPMENT ADMINISTRATION	11.307	06-69-06219	10,120	46,018
<b>TOTAL ECONOMIC DEVELOPMENT CLUSTER</b>			<b>155,048</b>	<b>1,536,760</b>
<b>477 CLUSTER</b>				
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
Pass-Through Programs From:				
OHIO COMMUNITY ACTION TRAINING ORGANIZATION	93.569	UNKNOWN	-	10,000
<b>TOTAL 477 CLUSTER</b>			-	<b>10,000</b>
<b>FISH AND WILDLIFE CLUSTER</b>				
<b>DEPARTMENT OF THE INTERIOR</b>				
Pass-Through Programs From:				
OHIO DEPARTMENT OF NATURAL RESOURCES	15.611	DNR01-0000043000	-	16,087
OHIO DEPARTMENT OF NATURAL RESOURCES	15.611	DNR01-0000045992	-	29,031
<b>TOTAL FISH AND WILDLIFE CLUSTER</b>			-	<b>45,118</b>
<b>HIGHWAY PLANNING AND CONSTRUCTION CLUSTER</b>				
<b>DEPARTMENT OF TRANSPORTATION</b>				
Pass-Through Programs From:				
OHIO DEPARTMENT OF TRANSPORTATION	20.205	30496	-	3,678
OHIO DEPARTMENT OF TRANSPORTATION	20.205	30791	9,241	81,701
OHIO DEPARTMENT OF TRANSPORTATION	20.205	31795	13,990	23,993
OHIO DEPARTMENT OF TRANSPORTATION	20.205	32449	50,611	62,270
OHIO DEPARTMENT OF TRANSPORTATION	20.205	33411	61,137	84,936

**Schedule of Expenditures of Federal Awards (Continued)**  
**Year Ended June 30, 2021**

Federal Agency/Pass-Through Grantor	Assistance Listing Number	Federal /Pass-Through Grant Number	Pass-Through Subrecipients	Expenditures
EL ROBINSON ENGINEERING	20.205	UNKNOWN	-	65,774
OHIO DEPARTMENT OF TRANSPORTATION	20.205	33809	25,204	84,415
OHIO DEPARTMENT OF TRANSPORTATION	20.205	33717	6,747	21,932
OHIO DEPARTMENT OF TRANSPORTATION	20.205	33719	28,403	79,611
OHIO DEPARTMENT OF TRANSPORTATION	20.205	34654	151,354	231,434
OHIO DEPARTMENT OF TRANSPORTATION	20.205	34884	-	122,329
OHIO DEPARTMENT OF TRANSPORTATION	20.205	34878	11,442	23,273
OHIO DEPARTMENT OF TRANSPORTATION	20.205	34883	-	60,430
OHIO DEPARTMENT OF TRANSPORTATION	20.205	34890	13,891	33,619
OHIO STATE UNIVERSITY	20.205	GR122218	-	21,644
<b>TOTAL HIGHWAY PLANNING AND CONSTRUCTION CLUSTER</b>			<b>372,020</b>	<b>1,001,039</b>
<b><u>SPECIAL EDUCATION (IDEA) CLUSTER</u></b>				
<b>DEPARTMENT OF EDUCATION</b>				
Pass-Through Programs From:				
UNIVERSITY OF CINCINNATI	84.027A	012498-002	-	5,585
UNIVERSITY OF CINCINNATI	84.027A	012966-022	-	29,055
<b>TOTAL SPECIAL EDUCATION (IDEA) CLUSTER</b>			-	<b>34,640</b>
<b><u>TRIO CLUSTER</u></b>				
<b>DEPARTMENT OF EDUCATION</b>				
Direct Programs:				
U S DEPARTMENT OF EDUCATION	84.042A	P042A150073	-	48,348
<b>TOTAL TRIO CLUSTER</b>			-	<b>48,348</b>
<b><u>MEDICAID CLUSTER</u></b>				
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
Pass-Through Programs From:				
OHIO STATE UNIVERSITY	93.778	60065916	-	1,760
OHIO STATE UNIVERSITY	93.778	60069320	-	203,641
OHIO STATE UNIVERSITY	93.778	60078167	-	26,850
OHIO STATE UNIVERSITY	93.778	SPC-1000004805	-	6,088
CASE WESTERN RESERVE UNIVERSITY	93.778	RESS15833	-	22,595
<b>TOTAL MEDICAID CLUSTER</b>			-	<b>260,934</b>
<b><u>OTHER PROGRAMS</u></b>				
<b>APPALACHIAN REGIONAL COMMISSION</b>				
Direct Programs:				
APPALACHIAN REGIONAL COMMISSION	23.002	PW-19369-IM-19	-	90,500
APPALACHIAN REGIONAL COMMISSION	23.002	PW-18918-IM-18	63,411	122,480
			63,411	212,980
Pass-Through Programs From:				
BUCKEYE HILLS-HOCKING VALLEY REGIONAL DEVELOPMENT DISTRICT	23.001	UNKNOWN	-	17,656
BUCKEYE HILLS-HOCKING VALLEY REGIONAL DEVELOPMENT DISTRICT	23.001	UNKNOWN	-	11,668
			-	29,324
SHAWNEE STATE UNIVERSITY	23.002	SSU004	-	317,960
FOUNDATION FOR APPALACHIAN OHIO	23.002	UNKNOWN	-	214,545
			-	532,505
EAST TENNESSEE STATE UNIVERSITY	23.011	20-189-1-S7.1	-	4,750
<b>Total Appalachian Regional Commission</b>			<b>63,411</b>	<b>779,559</b>
<b>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</b>				
Pass-Through Programs From:				
OHIO COMMISSION ON SERVICE AND VOLUNTEERISM	94.006	19ESH-1502-21-OC068	-	237,030
OHIO COMMISSION ON SERVICE AND VOLUNTEERISM	94.006	19ESH-1502-20-OC068	-	13,502
<b>Total Corporation for National and Community Service</b>			-	<b>250,532</b>
<b>DEPARTMENT OF AGRICULTURE</b>				
Direct Programs:				
U S DEPARTMENT OF AGRICULTURE	10.001	58-8020-9-008	-	6,580

**Schedule of Expenditures of Federal Awards (Continued)**  
**Year Ended June 30, 2021**

Federal Agency/Pass-Through Grantor	Assistance Listing Number	Federal /Pass-Through Grant Number	Pass-Through Subrecipients	Expenditures
U S DEPARTMENT OF AGRICULTURE	10.001	58-8020-0-007	-	4,425
				11,005
U S DEPARTMENT OF AGRICULTURE	10.351	41-005-260238852-G07	-	37,579
U S DEPARTMENT OF AGRICULTURE	10.351	41-005-260238852-G08	-	89,622
			-	138,206
Pass-Through Programs From:				
RURAL ACTION	10.762	1	-	4,125
<b>Total Department of Agriculture</b>			-	<b>142,331</b>
<b>DEPARTMENT OF COMMERCE</b>				
Pass-Through Programs From:				
BOWLING GREEN STATE UNIVERSITY	11.303	10009528-OU	-	46,466
BOWLING GREEN STATE UNIVERSITY	COVID-19 - 11.303	10010799-OU	-	41,356
<b>Total Department of Commerce</b>			-	<b>87,822</b>
<b>DEPARTMENT OF DEFENSE</b>				
Pass-Through Programs From:				
OHIO DEVELOPMENT SERVICES AGENCY	12.002	PTAG20200525	-	316,156
OHIO DEVELOPMENT SERVICES AGENCY	12.002	PTAG20210525	-	267,562
<b>Total Department of Defense</b>			-	<b>583,718</b>
<b>DEPARTMENT OF EDUCATION</b>				
Direct Programs:				
U S DEPARTMENT OF EDUCATION	84.336	U336S190027	4,431	472,643
U S DEPARTMENT OF EDUCATION - HEERF Student Aid	COVID-19 - 84.425E	P425E200882	-	5,565,588
U S DEPARTMENT OF EDUCATION - HEERF II Student Aid	COVID-19 - 84.425E	P425E200882	-	9,737,716
U S DEPARTMENT OF EDUCATION - HEERF Institutional	COVID-19 - 84.425F	P425F202450	-	-
U S DEPARTMENT OF EDUCATION - HEERF II Institutional	COVID-19 - 84.425F	P425F202450	-	19,841,169
U S DEPARTMENT OF EDUCATION - HEERF III Institutional	COVID-19 - 84.425F	P425F202450	-	25,616,007
U S DEPARTMENT OF EDUCATION - HEERF Strengthening Institutions	COVID-19 - 84.425M	P425M201079	-	76,202
U S DEPARTMENT OF EDUCATION - HEERF Strengthening Institutions	COVID-19 - 84.425M	P425M201078	-	113,907
U S DEPARTMENT OF EDUCATION - HEERF Strengthening Institutions	COVID-19 - 84.425M	P425M201073	-	94,538
U S DEPARTMENT OF EDUCATION - HEERF Strengthening Institutions	COVID-19 - 84.425M	P425M201074	-	96,445
U S DEPARTMENT OF EDUCATION - HEERF Strengthening Institutions	COVID-19 - 84.425M	P425M201077	-	165,113
			-	61,306,685
Pass Through Programs From:				
OHIO DEPARTMENT OF HIGHER EDUCATION	84.002	UNKNOWN	-	131,669
LOGAN HOCKING LOCAL SCHOOLS	84.184G	UNKNOWN	-	22,312
LOGAN HOCKING LOCAL SCHOOLS	84.184G	UNKNOWN	-	31,852
MUSKINGUM VALLEY EDUCATIONAL SERVICE CENTER	84.184G	ASL0521	-	21,552
			-	75,716
ATHENS CITY SCHOOL DISTRICT	84.287	UT18278	-	1,518
SOUTHERN LOCAL SCHOOL DISTRICT (PERRY COUNTY)	84.287	UT20213	-	1,062
FEDERAL HOCKING LOCAL SCHOOL DISTRICT	84.287	UT20673	-	136
FEDERAL HOCKING LOCAL SCHOOL DISTRICT	84.287	UT19139	-	907
ALEXANDER LOCAL SCHOOL DISTRICT	84.287	UT19136	-	4,261
FEDERAL HOCKING LOCAL SCHOOL DISTRICT	84.287	UT20673	-	122,018
FEDERAL HOCKING LOCAL SCHOOL DISTRICT	84.287	UT19139	-	146,664
ALEXANDER LOCAL SCHOOL DISTRICT	84.287	UT19136	-	140,146
SOUTHERN LOCAL SCHOOL DISTRICT (PERRY COUNTY)	84.287	UT19134	-	107,463
ATHENS CITY SCHOOL DISTRICT	84.287	UT18278	-	121,702
NELSONVILLE-YORK CITY SCHOOLS	84.287	UT21672	-	153,292
SOUTHERN LOCAL SCHOOL DISTRICT (PERRY COUNTY)	84.287	UT20213	-	59,628
			-	858,797
CORPORATION FOR PUBLIC BROADCASTING	84.295A	35050-EDU	-	13,214
OHIO STATE UNIVERSITY	84.305B	60078065	-	33,486
OHIO DEPARTMENT OF HIGHER EDUCATION	84.334	UNKNOWN	-	47,413
OHIO DEPARTMENT OF HIGHER EDUCATION - GEER	COVID-19 - 84.425C	UNKNOWN	-	205,605
<b>Total Department of Education</b>			4,431	<b>63,145,228</b>

**Schedule of Expenditures of Federal Awards (Continued)**  
**Year Ended June 30, 2021**

Federal Agency/Pass-Through Grantor	Assistance Listing Number	Federal /Pass-Through Grant Number	Pass-Through Subrecipients	Expenditures
<b>DEPARTMENT OF ENERGY</b>				
Direct Programs:				
U S DEPARTMENT OF ENERGY	81.214	DE-EM0004147	-	3,228,258
<b>Total Department of Energy</b>			-	<u>3,228,258</u>
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
Direct Programs:				
Health Resources and Services Administration				
HEALTH RESOURCES AND SERVICES ADMINISTRATION	93.732	T98HP33468	-	382,099
HEALTH RESOURCES AND SERVICES ADMINISTRATION	93.732	T26HP39453	-	34,455
			-	416,554
HEALTH RESOURCES AND SERVICES ADMINISTRATION	93.912	D04RH31792	40,700	160,269
HEALTH RESOURCES AND SERVICES ADMINISTRATION	93.912	GA1RH33529	98,253	214,608
			138,953	<u>374,877</u>
Substance Abuse and Mental Health Services Administration				
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION	93.243	1H79SP081638	108,185	258,951
Pass Through Programs From:				
PASSAGES CONNECTING FATHERS AND FAMILIES	93.086	29-MH	-	8,000
OHIO DEPARTMENT OF YOUTH SERVICES	93.092	8AS4010	-	87,704
THE UNIVERSITY OF TOLEDO	93.107	F-2020-10	-	26,817
THE UNIVERSITY OF TOLEDO	COVID-19 - 93.107	F-2021-09	-	24,890
THE UNIVERSITY OF TOLEDO	93.107	F-2021-17	-	120,856
			-	<u>172,563</u>
FRANKLIN COUNTY PUBLIC HEALTH	93.136	CDCOD2A - 212	-	83,470
HAMILTON COUNTY PUBLIC HEALTH	93.136	CDCOD2A	-	187,707
FRANKLIN COUNTY PUBLIC HEALTH	93.136	CDCOD2A - 212	-	123,927
HAMILTON COUNTY PUBLIC HEALTH	93.136	CDCOD2A	-	71,228
			-	<u>466,332</u>
NATIONAL RURAL HEALTH ASSOCIATION	93.155	UNKNOWN	-	172
NATIONAL RURAL HEALTH ASSOCIATION	93.155	UNKNOWN	4,460	7,420
			4,460	<u>7,592</u>
AMERICAN ACADEMY OF DEVELOPMENTAL MEDICINE AND DENTISTRY	93.184	UNKNOWN	-	9,728
PACIFIC INSTITUTE	93.211	0958	-	4,315
THE UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL	93.211	5112961	-	50,816
			-	<u>55,131</u>
OHIO DEPARTMENT OF MENTAL HEALTH & ADDICTION SERVICES	93.243	1900525	(11,010)	(11,010)
OHIO DEPARTMENT OF MENTAL HEALTH & ADDICTION SERVICES	93.243	2100637	-	32,004
			(11,010)	<u>20,994</u>
OHIO DEPARTMENT OF JOBS AND FAMILY SERVICES	93.590	G-2021-22-0177	-	27,875
OHIO DEPARTMENT OF JOBS AND FAMILY SERVICES	93.590	G-2021-22-0169	-	16,853
			-	<u>44,728</u>
OHIO DEPARTMENT OF JOBS AND FAMILY SERVICES	93.658	G-2021-06-0240	-	77,318
CASE WESTERN RESERVE UNIVERSITY	93.788	RESS15890	-	221,963
UNIVERSITY OF IOWA	93.879	S02182-01	-	41,945
ADENA HEALTH SYSTEMS	93.912	2020.KR.0225	-	5,302
OHIO DEPARTMENT OF HEALTH	93.913	UNKNOWN	-	75,555
OHIO DEPARTMENT OF MENTAL HEALTH & ADDICTION SERVICES	93.958	2000549	98,092	136,596
OHIO SUICIDE PREVENTION FOUNDATION	93.958	UNKNOWN	37,425	118,267
OHIO SUICIDE PREVENTION FOUNDATION	93.958	UNKNOWN	36,801	174,313
PACIFIC INSTITUTE	93.958	1044	-	4,831
OHIO DEPARTMENT OF MENTAL HEALTH & ADDICTION SERVICES	93.958	2100140	87,500	184,632
			259,818	<u>618,639</u>

**Schedule of Expenditures of Federal Awards (Continued)**  
**Year Ended June 30, 2021**

Federal Agency/Pass-Through Grantor	Assistance Listing Number	Federal /Pass-Through Grant Number	Pass-Through Subrecipients	Expenditures
OHIO DEPARTMENT OF MENTAL HEALTH & ADDICTION SERVICES	93.959	2000147	19,992	33,223
OHIO DEPARTMENT OF MENTAL HEALTH & ADDICTION SERVICES	93.959	2100139	32,306	106,616
			<u>52,298</u>	<u>139,839</u>
OHIO DEPARTMENT OF HEALTH	93.994	00540011CK0321	-	2,577
<b>Total Department of Health and Human Services</b>			<u>552,704</u>	<u>3,106,292</u>
<b>DEPARTMENT OF THE INTERIOR</b>				
Pass-Through Programs From:				
RACCOON CREEK PARTNERSHIP	15.523	UNKNOWN	-	1,540
			<u>-</u>	<u>1,540</u>
<b>DEPARTMENT OF JUSTICE</b>				
Pass-Through Programs From:				
OHIO ATTORNEY GENERAL'S OFFICE	16.575	2020-VOCA-132921132	-	825
OHIO STATE LEGAL SERVICES ASSOCIATION	16.582	2018-V3-GX-0067	-	466
MANSFIELD URBAN MINORITY ALCOHOLISM DRUG ABUSE OUTREACH	16.812	UNKNOWN	-	2,628
TURNING POINT APPLIED LEARNING CTR	16.817	UNKNOWN	-	784
<b>Total Department of Justice</b>			<u>-</u>	<u>4,703</u>
<b>DEPARTMENT OF STATE</b>				
Pass-Through Programs From:				
AMERICAN COUNCILS FOR INTERNATIONAL EDUCATION DC	19.040	SRS50020GR0057	-	2,216
FHI360	19.421	102575.001.003	-	139,319
FHI360	19.421	102465.001.003	-	38,598
FHI360	19.421	102465.001.002	-	8,421
FHI360	19.421	102465.001.003	-	6,851
AMERICAN COUNCILS FOR INTERNATIONAL EDUCATION DC	19.900	SUZ800-18-CA-0001	-	31,165
<b>Total Department of State</b>			<u>-</u>	<u>226,570</u>
<b>DEPARTMENT OF TRANSPORTATION</b>				
Direct Programs:				
FEDERAL AVIATION ADMINISTRATION	COVID-19 - 20.106	3-39-0006-022-2020	-	57,031
<b>Total Department of Transportation</b>			<u>-</u>	<u>57,031</u>
<b>ENVIRONMENTAL PROTECTION AGENCY</b>				
Pass-Through Programs From:				
OHIO ENVIRONMENTAL PROTECTION AGENCY	66.460	17(h)EPA-08	-	17,722
OHIO ENVIRONMENTAL PROTECTION AGENCY	66.460	16(H)EPA-46	-	4,955
OHIO DEPARTMENT OF NATURAL RESOURCES	66.460	DNR01-0000043487	-	30,841
OHIO DEPARTMENT OF NATURAL RESOURCES	66.460	DNR01-0000046743	-	73,617
<b>Total Environmental Protection Agency</b>			<u>-</u>	<u>127,135</u>
<b>NATIONAL AERONAUTICS AND SPACE ADMINISTRATION</b>				
Pass-Through Programs From:				
OHIO AEROSPACE INSTITUTES	43.008	UNKNOWN	-	2,852
OHIO SPACE GRANT CONSORTIUM	43.008	UNKNOWN	-	20,000
<b>Total National Aeronautics and Space Administration</b>			<u>-</u>	<u>22,852</u>
<b>NATIONAL ENDOWMENT FOR THE HUMANITIES</b>				
Direct Programs:				
NATIONAL ENDOWMENT FOR THE HUMANITIES	45.169	HZ-265426-19	-	585
Pass-Through Programs From:				
ARTS MIDWEST TOURING FUND	45.025	00027013	-	3,500
STATE LIBRARY OF OHIO	COVID-19 - 45.310	UNKNOWN	-	3,000
<b>Total National Endowment for the Humanities</b>			<u>-</u>	<u>7,085</u>
<b>SMALL BUSINESS ADMINISTRATION</b>				
Pass-Through Programs From:				
OHIO DEVELOPMENT SERVICES AGENCY	59.037	OSBG-20-324	-	132,024
OHIO DEVELOPMENT SERVICES AGENCY	COVID-19 - 59.037	OSBG-20-342	-	261,646
OHIO DEVELOPMENT SERVICES AGENCY	59.037	OSBG-21-324	-	279,090
<b>Total Small Business Administration</b>			<u>-</u>	<u>672,760</u>
<b>UNITED STATES TREASURY</b>				
Pass-Through Programs From:				
OHIO DEPARTMENT OF HIGHER EDUCATION	COVID-19 - 21.019	SLT0018	-	22,513,078

**Schedule of Expenditures of Federal Awards (Continued)**  
**Year Ended June 30, 2021**

Federal Agency/Pass-Through Grantor	Assistance Listing Number	Federal /Pass-Through Grant Number	Pass-Through Subrecipients	Expenditures
PREVENTION ACTION ALLIANCE	COVID-19 - 21.019	UNKNOWN	-	31,452
OHIO DEVELOPMENT SERVICES AGENCY	COVID-19 - 21.019	UNKNOWN	-	2,500
<b>Total United States Treasury</b>			<u>-</u>	<u>22,547,030</u>
<b>TOTAL OTHER PROGRAMS</b>			<u>620,546</u>	<u>94,990,446</u>
<b>GRAND TOTAL FEDERAL AWARDS</b>			<u>\$ 2,631,027</u>	<u>\$ 338,944,243</u>

**Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Ohio University (the "University") under programs of the federal government for the year ended June 30, 2021. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the University, it is not intended to and does not present the financial position, changes in net position, or cash flows of the University.

**Note 2 - Summary of Significant Accounting Policies**

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

The University has elected not to use the 10 percent de minimis indirect cost rate to recover indirect costs as allowed under the Uniform Guidance.

**Note 3 - Noncash Assistance**

During the year ended June 30, 2021, Ohio University did not receive any nonmonetary assistance.

**Note 4 - Adjustments and Transfers**

During the year ended June 30, 2021, the University transferred \$1,235,824 of the 2020-2021 FWS Program (84.033) award to the Supplemental Educational Opportunity Grant (SEOG) Program (84.007).

**Note 5 - Loan Balances**

Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule of Expenditures of Federal Awards. The balances of loans outstanding at June 30, 2021 consist of the following:

Cluster/Program Title	Assistance Listing Number	Loan Balance
Student Aid Cluster/Federal Perkins Loans Outstanding	84.038	\$ 5,241,942
Student Aid Cluster/Disadvantaged Student Loans Outstanding	93.342	3,158,280
Student Aid Cluster/Primary Care Loans (HPSL) Outstanding	93.342	2,178,126
		\$ 10,578,348



Notes to Schedule of Expenditures of Federal Awards (Continued)  
Year Ended June 30, 2021

**Note 6 - CARES Act Higher Education Emergency Relief Fund (HEERF) Institutional Award Disclosure and Education Stabilization Fund (ESF)**

The reporting of CARES Act expenditures on the Schedule of Expenditures of Federal Awards is independent of the determination of revenue recognition under GAAP. Therefore, the institutional costs incurred through June 30, 2020 where revenue was recognized after that date is disclosed as follows:

Cluster/Program	Assistance Listing Number	Disclosure Amount
Other Programs/U S DEPARTMENT OF EDUCATION HEERF I Institutional	COVID-19 - 84.425F	\$ 5,565,587

The reporting of CARES Act expenditures on the Schedule of Expenditures of Federal Awards is independent of the determination of revenue recognition under GAAP. Therefore, the institutional costs incurred through June 30, 2021 where revenue was recognized after that date is disclosed as follows:

Cluster/Program	Assistance Listing Number	Disclosure Amount
Other Programs/U S DEPARTMENT OF EDUCATION HEERF III Institutional	COVID-19 - 84.425F	\$ 25,616,007

The total for the CARES Act Education Stabilization Fund (ESF) programs on the Schedule of Expenditures of Federal Awards for Assistance Listing Number 84.425 is as follows:

Cluster/Program	Assistance Listing Number	Expenditure Amount
Other Programs/U S DEPARTMENT OF EDUCATION HEERF Student Aid	COVID-19 - 84.425E	\$ 15,303,304
Other Programs/U S DEPARTMENT OF EDUCATION HEERF Institutional	COVID-19 - 84.425F	45,457,176
Other Programs/U S DEPARTMENT OF EDUCATION - HEERF Strengthening Institutions Program	COVID-19 - 84.425M	546,205
Other Programs/OHIO DEPARTMENT OF HIGHER EDUCATION - Governor's Emergency Education Relief Fund	COVID-19 - 84.425C	205,605
		\$ 61,512,290

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?  Yes  None reported

**Federal Awards**

Internal control over major programs:

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

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?  Yes  No

Identification of major programs:

ALN Number	Name of Federal Program or Cluster	Opinion
84.425C, 84.425E, 84.425F, 84.425M	Education Stabilization Fund	Unmodified
21.019	Coronavirus Relief Fund	Unmodified
81.214	U.S. Department of Energy Environmental Monitoring/Cleanup	Unmodified

Dollar threshold used to distinguish between type A and type B programs: \$3,000,000

Auditee qualified as low-risk auditee?  Yes  No

**Section II - Financial Statement Audit Findings**

None

**Section III - Federal Program Audit Findings**

None

# OHIO AUDITOR OF STATE KEITH FABER



**OHIO UNIVERSITY**

**ATHENS COUNTY**

## **AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 12/7/2021**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)