

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

Financial Statements
for the Years Ended June 30, 2009 and 2008

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Independent Auditor's Report

To the Board of Trustees
Ohio University
Athens, Ohio

We have audited the accompanying statements of net assets of Ohio University (the "University"), a component unit of the State of Ohio, and its component unit as of June 30, 2009 and 2008 and the related Statements of Revenues, Expenses, and Changes in Net Assets and cash flows for the years then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion 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. In addition, the basic financial statements were audited in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ohio University and its component unit as of June 30, 2009 and 2008 and the results of its operations and cash flows, where applicable, for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

As described in Notes 17 and 18 to the financial statements, the University adopted the provisions of GASB No. 49, *Accounting and Financial Reporting for Pollution Remediation*, as of June 30, 2009.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 15, 2009 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, grant agreements, and other matters for the year ended June 30, 2009. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis presented on pages 3 through 11 is not a required part of the basic financial statements, but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

To the Board of Trustees
Ohio University
Athens, Ohio

The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

As further explained in Note 2 and Note 20, the financial statements include investments that are not listed on national exchanges nor for which quoted market prices are available. These investments include limited partnerships, hedge funds, funds-of-funds, and commingled funds that are not mutual funds. Such investments totaled \$25,397,000 (4.5 percent of net assets) and \$28,228,000 (5.2 percent of net assets) for the University and \$89,524,000 (33.6 percent of net assets) and \$72,597,000 (23.3 percent of net assets) for The Ohio University Foundation at June 30, 2009 and 2008, respectively.

Plante & Moran, PLLC

October 15, 2009
Columbus, Ohio

Management's discussion and analysis ("MD&A") provides an overview of the financial position and activities of Ohio University for the fiscal year ended June 30, 2009, with comparative data for the fiscal years 2008 and 2007. The University's annual report consists of this Management's Discussion and Analysis, the Statements of Net Assets, the Statements of Revenues, Expenses, and Changes in Net Assets, the Statements of Cash Flows, and the Notes to the Financial Statements. The financial statements are prepared on the accrual basis of accounting, whereby revenues are 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, footnotes, and this discussion are the responsibility of University management.

Financial Highlights

- The University put forth a \$13.4 million savings target for planning units to achieve in fiscal year 2009, used in part to offset losses in investment income and to provide additional funding for its Foundation's operations also being impacted by investment losses. The latter totaled approximately \$1.6 million in additional support of Advancement operations and is reflected in the increase to institutional support appearing in the Statements of Revenues, Expenses, and Changes in Net Assets. In part due to the savings target initiative, the University ended the year with a positive change in net assets, which in turn helped the University maintain a relatively strong 3.2 Senate Bill 6 composite score.
- Investment income experienced a significant decrease from a positive \$0.6 million in fiscal year 2008 to a negative \$15.4 million in fiscal year 2009. Investment income includes earnings in the form of interest and dividends as well as both realized and unrealized gains and losses. The majority of this loss was related to investments within the University's diversified investment pool which includes public equities and fixed income, private equity, real estate, and commodities. The loss is reflective of the overall downturn in the global financial markets. Management has eliminated the reliance on investment income to support unrestricted budgeted operations and thus eliminated a source of volatility in unrestricted operations. Investment income as available will be used to build strategic cash reserves.
- Primarily to deal with funding issues anticipated in the next fiscal year and beyond, the University announced a voluntary termination plan through the Early Retirement Incentive Plan (ERIP) to eligible employees of the Ohio Public Employees Retirement System (OPERS). In addition, the University also announced an involuntary termination of employment and offered affected employees a separation package. Both termination plans are discussed in Notes 12 and 13, respectively.
- The University experienced cuts in State funding through specific line items of appropriated funds primarily affecting the Voinovich School of Leadership and Public Affairs, WOUB

Ohio University

Management's Discussion and Analysis (Continued)

- The University issued additional debt in fiscal year 2009. Early in the fiscal year, General Receipts Bond Series 2008A in the amount of \$13,345,000 and Taxable General Receipts Bond Series 2008B in the amount of \$2,005,000 were issued. The proceeds were used to refund the General Receipts Bond Anticipation Notes and to acquire a building previously leased by the University for administrative offices. Late in the fiscal year, the University issued General Receipts Bond Series 2009 in the amount of \$26,645,000 to purchase and implement a new student information system and upgrade the existing computer network infrastructure.

Statements of Net Assets

The Statements of Net Assets present the assets, liabilities, and net assets of the University as of the end of the fiscal year. The difference between total assets and total liabilities, or net assets, is one indicator of the overall strength of the institution. Over time, the increase or decrease in total net assets denotes whether the financial position of the institution is improving or declining. Factors contributing to future financial health include the size and quality of student enrollments; quality and distinction of the faculty; growth and diversification of revenue streams; and prudent management of costs, financial assets, and facilities. Except for capital assets, all other assets and liabilities are measured at a point in time using the current values. Capital assets are recorded at historical costs less an allowance for depreciation.

The following chart depicts the composition of assets, liabilities, and net assets for Ohio University for the years ended June 30, 2009, 2008, and 2007:

Net Assets as of June 30

	2009	2008	2007
Assets			
Current assets	\$ 211,568,684	\$ 222,328,302	\$ 215,222,893
Noncurrent assets	<u>660,537,808</u>	<u>596,897,150</u>	<u>597,794,863</u>
Total assets	<u>\$ 872,106,492</u>	<u>\$ 819,225,452</u>	<u>\$ 813,017,756</u>
Liabilities			
Current liabilities	\$ 100,143,943	\$ 96,239,417	\$ 94,332,681
Noncurrent liabilities	<u>208,458,350</u>	<u>180,253,680</u>	<u>191,891,293</u>
Total liabilities	<u>\$ 308,602,293</u>	<u>\$ 276,493,097</u>	<u>\$ 286,223,974</u>
Total Net Assets	<u>\$ 563,504,199</u>	<u>\$ 542,732,355</u>	<u>\$ 526,793,782</u>

Ohio University

Management's Discussion and Analysis (Continued)

Net assets are classified into three major categories: 1) invested in capital assets net of related debt; 2) restricted net assets; and 3) unrestricted net assets.

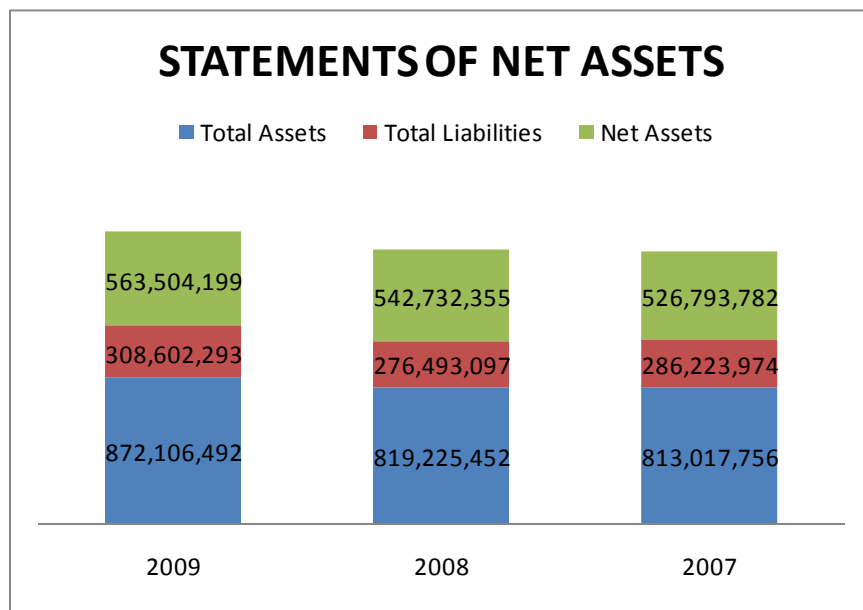
The invested in capital assets net of related debt category reports the net equity in property, plant, and equipment owned by the institution.

Restricted net assets reports net assets that are owned by the University, but the use or purpose of the funds is restricted by an external source or entity. The restricted net assets category is subdivided further by nonexpendable and expendable. Restricted nonexpendable net assets are primarily endowment funds that may be invested for interest, dividends and capital gains, but the principal may not be spent. Restricted expendable net assets may be spent by the institution, but only for the purpose specified by the donor, grantor, or other external entity.

Unrestricted net assets, or the third major category, are available to be used for any lawful purpose of the institution.

The net assets for the years ended June 30, 2009, 2008, and 2007 are further displayed as follows:

	2009	2008	2007
Invested in capital assets - Net of related debt	\$ 433,324,410	\$ 393,337,530	\$ 386,411,424
Restricted nonexpendable	13,912,057	16,237,286	16,818,390
Restricted expendable	38,368,587	46,085,751	40,874,666
Unrestricted	77,899,145	87,071,788	82,689,302
Total	\$ 563,504,199	\$ 542,732,355	\$ 526,793,782



Items to note on the Statement of Net Assets:

- **Restricted Cash and Cash Equivalents** - This line item increased by an amount of \$27.7 million from the previous year. It primarily represents unspent bond proceeds at June 30 from General Receipts Bond Series 2009, issued on June 2, 2009 and discussed further in Note 7.
- **Bonds and Notes Payable** - The increase to both the current and noncurrent liabilities for bonds and notes payable was \$24.3 million. Information regarding the fiscal year 2009 debt issuances resulting in this increase is available in Note 7.

Statements of Revenues, Expenses, and Changes in Net Assets

The Statements of Revenues, Expenses, and Changes in Net Assets present the University's results for the fiscal year.

The revenues and expenses are primarily reported as either operating or non-operating. Operating revenues are generated by providing goods and services to customers, predominately students. Non-operating revenues include the instructional subsidy from the State of Ohio, while other revenues include state capital appropriations. Operating expenses are all expenses except for interest on capital asset-related debt and disposal and write-offs of plant facilities which are reported as other expenses.

Operating Results for the Year Ended June 30

	2009	2008	2007
Operating revenues	\$ 370,076,144	\$ 346,043,392	\$ 346,415,674
Operating expenses	554,793,537	524,121,780	523,734,179
Net operating loss	(184,717,393)	(178,078,388)	(177,318,505)
Nonoperating revenues	169,772,336	172,571,893	180,346,586
Income (loss) - before other revenues	(14,945,057)	(5,506,495)	3,028,081
Other revenues	35,716,901	21,445,068	17,475,839
Increase in net assets	20,771,844	15,938,573	20,503,920
Net assets - Beginning of year	542,732,355	526,793,782	506,289,862
Net assets - End of year	<u>\$ 563,504,199</u>	<u>\$ 542,732,355</u>	<u>\$ 526,793,782</u>

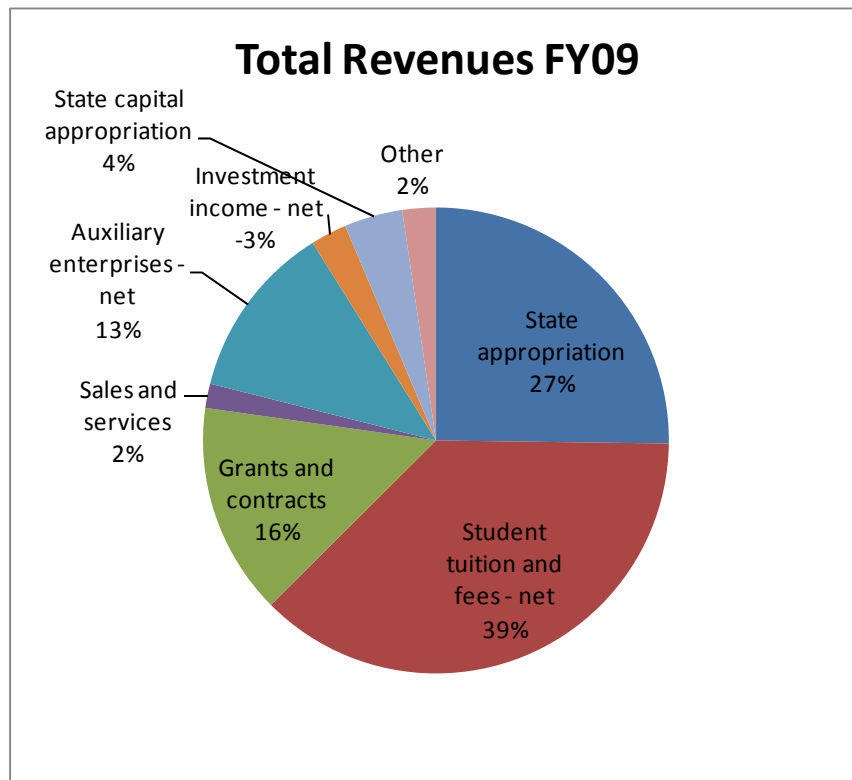
Ohio University

Management's Discussion and Analysis (Continued)

The following table depicts total revenue by source for fiscal years 2009, 2008, and 2007:

	2009	2008	2007
State appropriations	\$ 155,105,565	\$ 144,999,895	\$ 137,197,682
Student tuition and fees - Net	229,594,649	215,984,213	217,740,577
Grants and contracts	90,449,400	78,214,398	78,552,382
Sales and services	10,331,376	9,619,377	10,113,479
Auxiliary enterprises - Net	75,094,902	69,154,022	65,090,980
Investment income - Net	(15,432,314)	589,930	19,442,211
State capital appropriations	24,900,161	17,603,472	14,024,105
Other	14,297,014	11,517,017	10,215,320
Total	\$ 584,340,753	\$ 547,682,324	\$ 552,376,736

The University's revenues by source are shown in the accompanying chart. Student tuition and fees, the largest of the revenue streams, comprises 39 percent of total revenues followed by state appropriations at 27 percent of total revenues; gifts, grants and contracts at 16 percent (derived from federal, state, local, and private sources); and followed by 13 percent relating to auxiliary enterprises such as residence and dining halls and intercollegiate athletics.



Ohio University

Management's Discussion and Analysis (Continued)

The following table depicts operating and non-operating expenses for fiscal years 2009, 2008, and 2007:

	Percent of Total	2009	2008	2007
Instruction and departmental research	38.16%	\$ 214,971,589	\$ 202,895,906	\$ 201,643,484
Separately budgeted research	5.94%	33,495,239	32,995,537	32,457,968
Public service	4.16%	23,453,952	21,917,621	20,961,207
Academic support	10.53%	59,343,563	58,703,123	58,184,520
Student services	5.06%	28,533,312	26,912,492	26,798,723
Institutional support	5.81%	32,769,600	28,522,321	27,313,424
Operation and maintenance of plant	7.94%	44,771,516	41,675,475	42,401,934
Student aid	1.93%	10,878,749	9,344,798	10,250,507
Depreciation	5.87%	33,075,444	32,308,560	30,652,755
Auxiliary enterprises	13.04%	73,500,573	68,845,947	70,306,093
Interest on capital asset-related debt	1.51%	8,492,106	7,447,971	7,431,076
Disposal and write-offs of plant facilities	0.05%	283,266	174,000	707,561
Total	100.00%	<u>\$ 563,568,909</u>	<u>\$ 531,743,751</u>	<u>\$ 529,109,252</u>

Items to note on the statement of revenues, expenses, and changes in net assets:

- **Student Tuition and Fees** - The \$13.6 million increase in student tuition and fees in fiscal year 2009 compared to fiscal year 2008 primarily reflects the significant growth in enrollments on the University's regional campuses as well as enrollments in targeted programs, including the Ohio Program in Intensive English which serves the University's growing international student population. The University continues to anticipate enrollment and the related tuition revenue growth in fiscal year 2010 as a result of the current economic environment.
- **Auxiliary Enterprises** - Included in this line item are operations of the University's auxiliaries, the largest among them being the auxiliaries for operation of the dining halls and residence halls. They have received student fee increases, even absent tuition increases, consistent with the capital plan to renovate dining halls and residence halls.
- **Instruction and Departmental Research** - The largest contributor to total operating expenses, this functional category increased by \$12.1 million. Included in that increase was an additional \$1.2 million provided as faculty compensation, over and above the University's normal raise pool, to elevate faculty ranking among peer institutions.
- **Institutional Support** - This functional category increased by an amount of \$4.3 million. Of that increase \$1.6 million was due to increased support for Foundation operations whose operating budget has also been significantly impacted by market losses. Additional one-time-only costs have been incurred here related to voluntary and involuntary terminations in an effort to reduce administrative costs due to budgetary constraints.

Ohio University

Management's Discussion and Analysis (Continued)

- **Total Other Revenues** - This category consists primarily of funding received from the State of Ohio and from private gifts for funding of construction projects. The amount recognized as revenues is consistent with capital projects underway, primarily on the main campus.

Statements of Cash Flows

The Statements of Cash Flows provide a means to assess the financial health of an institution by providing relevant information regarding the cash receipts and cash payments of an entity during a certain period. They present detailed information about the major sources and uses of cash of the institution for the fiscal year. The cash flow analysis is divided into four sections: 1) operating activities; 2) noncapital financing activities (which includes the state appropriations as well as gift revenues); 3) capital and related financing activities (which includes debt activity); and 4) investing activities.

Cash Flows for the Year Ended June 30

	2009	2008	2007
Cash Provided by (Used in)			
Operating activities	\$ (149,568,997)	\$ (144,836,252)	\$ (143,327,070)
Noncapital financing activities	192,984,955	180,685,286	169,618,733
Capital and related financing activities	(24,964,642)	(37,460,436)	(55,674,058)
Investing activities	(604,323)	767,042	4,143,719
Net Increase (Decrease) in Cash	17,846,993	(844,360)	(25,238,676)
Cash - Beginning of year	50,936,713	51,781,073	77,019,749
Cash - End of year	<u>\$ 68,783,706</u>	<u>\$ 50,936,713</u>	<u>\$ 51,781,073</u>

Capital Assets

The University made significant additions to capital during fiscal year 2009. The capital asset additions were financed with University funds, state capital appropriations, bond proceeds, gifts, and grants. Major capital projects completed during the fiscal year ended June 30, 2009 included the acquisition of the HDL Center for administrative offices, previously leased by the University for that purpose and renovations of Lincoln, Porter, and Bryan Halls on the Athens Campus.

Cumulative costs associated with capital projects continuing after the fiscal year ended June 30, 2009 total approximately \$51.3 million, of which \$28.0 million relates to the Academic Research Center on the Athens Campus.

More detailed information about the University's capital assets is presented in Note 5 to the financial statements.

Debt Administration

At fiscal year end 2009, the University has \$191,220,000 in bonds and notes obligations outstanding, compared to \$166,965,000 and \$182,585,000 at the end of 2008 and 2007, respectively. Detailed information exists in Note 7 related to borrowings and retirements for fiscal years 2009 and 2008.

The University's Standard and Poor's bond rating of A+ and Moody's bond rating of A1 were both reaffirmed during fiscal year 2009.

Economic Outlook

The University continues to enhance student recruitment, both in marketing efforts and in providing additional scholarship funding. Preliminary enrollment numbers for the Ohio University Class of 2013 consists of more than 4,000 students, which is an increase of approximately 2.5 percent from the prior year. In addition, preliminary enrollment numbers for all campuses are 6.8 percent higher than the prior year. Applications, acceptances, and retention are monitored closely to assess the potential impact of general economic conditions on future enrollment as well as the impact of tuition increases. Management is cautiously optimistic that demand will remain strong.

The University System of Ohio (USO), created by Governor Ted Strickland in fiscal year 2007 and led by Eric Fingerhut as Chancellor, asked all public institutions of higher learning in Ohio to perform an extensive review of their academic programs to identify "Centers of Excellence". Once identified, these Centers will be the strategic focus of investment to further increase the nationwide competitiveness of Ohio higher education by guaranteeing a range of academic strengths throughout the state. Going forth to the Chancellor for final approval of the Graduate Centers of Excellence are the Scripps College of Communication, Energy and the Environment, and Health and Wellness. The University will embark on a similar study examining undergraduate programs in fiscal year 2010.

The University continues to monitor finances at the state level. While Governor Strickland has remained in strong support of higher education throughout the State budget discussions, the current biennial budget is looking at a potential shortfall of \$851 million due to the Ohio Supreme Court's position on revenues from video lottery terminals. The State is currently reviewing other strategies for balancing the budget.

The State has "deferred" the last payment of what campuses were counting on for their fiscal year 2010 State Share of Instruction (SSI). Because of the wording of the appropriation bill, this payment will not be able to be recognized until fiscal year 2011, leaving campuses with a funding deficit in fiscal year 2010. For Ohio University, this amounts to approximately \$6.4 million, including amounts for regional campuses.

Management's Discussion and Analysis (Continued)

While the University is impacted by the general economic conditions happening within the state of Ohio in regard to its state funding and around the world in regard to investment performance, management believes that the University will continue its high level of excellence in service to students and other constituent groups. Nonetheless, a continuation of the economic downturn and future reductions in state support must be anticipated and managed carefully to maintain excellence.

Requests for Information

This MD&A is intended to provide additional information for the reader of the audited financial statements which follow. Further questions may be addressed to: Gina L. Fetty, Controller, 204 HDL Center, Athens, Ohio 45701.

Statements of Net Assets

	June 30, 2009		June 30, 2008	
	The Ohio University		The Ohio University	
	Primary Institution	Foundation	Primary Institution	Foundation
Assets				
Current Assets				
Cash and cash equivalents	\$ 39,033,891	\$ 10,544,532	\$ 48,850,210	\$ 9,826,952
Investments	99,709,943	80,607,782	112,219,274	140,005,118
Accounts and pledges receivable - Net	52,379,198	9,623,480	43,309,109	12,348,568
Interest and dividends receivable	372,275	344,243	384,594	315,998
Notes receivable - Net	2,581,708	-	2,001,368	-
Prepaid expenses and deferred charges	15,429,271	1,632,340	13,300,265	1,296,876
Inventories	2,062,398	24,533	2,263,482	-
Total current assets	211,568,684	102,776,910	222,328,302	163,793,512
Noncurrent Assets				
Restricted cash and cash equivalents	29,749,815	3,474,439	2,086,503	3,405,144
Pledges receivable - Net	-	10,326,220	-	13,175,962
Bequests receivable	-	551,853	-	1,424,120
Cash surrender value - Life insurance policies	-	1,834,656	-	2,020,464
Charitable trusts	-	2,580,840	-	2,871,788
Charitable gift annuities	-	2,017,306	-	2,489,816
Endowment investments	13,912,057	145,022,370	16,237,286	132,770,249
Notes receivable - Net	11,912,171	-	12,737,648	-
Capital assets - Net	604,963,765	37,301,348	565,835,713	29,479,324
Total noncurrent assets	660,537,808	203,109,032	596,897,150	187,636,867
TOTAL ASSETS	\$ 872,106,492	\$ 305,885,942	\$ 819,225,452	\$ 351,430,379

Statements of Net Assets (Continued)

	June 30, 2009		June 30, 2008	
	The Ohio University		The Ohio University	
	Primary Institution	Foundation	Primary Institution	Foundation
Liabilities and Net Assets				
Current Liabilities				
Accounts payable and accrued liabilities	\$ 47,307,506	\$ 3,461,301	\$ 44,234,027	\$ 2,131,707
Deferred revenue	32,520,439	-	30,607,236	-
Refunds and other liabilities	4,249,469	2,859,657	3,453,259	3,232,313
Capital lease obligations	383,390	-	89,615	-
Bonds and notes payable	14,445,000	941,000	16,620,000	893,900
Deposits held in custody for others	1,238,139	278,836	1,235,280	249,817
Total current liabilities	100,143,943	7,540,794	96,239,417	6,507,737
Noncurrent Liabilities				
Compensated absences	12,857,622	-	13,460,923	-
Capital lease obligations	1,114,875	-	348,412	-
Other long-term liabilities	3,089,962	-	2,464,160	-
Bonds and notes payable	176,775,000	31,740,600	150,345,000	32,681,600
Bonds premium - Net	6,094,501	-	5,178,561	-
Refundable advances for federal student loans	8,526,390	-	8,456,624	-
Total noncurrent liabilities	208,458,350	31,740,600	180,253,680	32,681,600
Total liabilities	\$ 308,602,293	\$ 39,281,394	\$ 276,493,097	\$ 39,189,337
Net Assets				
Invested in capital assets - Net of related debt	433,324,410	8,094,187	393,337,530	3,384,468
Restricted:				
Nonexpendable	13,912,057	145,022,370	16,237,286	132,770,249
Expendable	38,368,587	138,463,261	46,085,751	175,531,755
Unrestricted	77,899,145	(24,975,270)	87,071,788	554,570
Total net assets	563,504,199	266,604,548	542,732,355	312,241,042
TOTAL LIABILITIES AND NET ASSETS	\$ 872,106,492	\$ 305,885,942	\$ 819,225,452	\$ 351,430,379

Ohio University

Statements of Revenues, Expenses, and Changes in Net Assets For the Years Ended June 30, 2009 and 2008

	2009		2008	
	Primary Institution	The Ohio University Foundation	Primary Institution	The Ohio University Foundation
OPERATING REVENUES:				
Student tuition and fees - Net of scholarship allowances of \$47,959,272 and \$46,280,584 in 2009 and 2008, respectively	\$ 229,594,649	\$ -	\$ 215,984,213	\$ -
Federal grants and contracts	24,674,768	-	26,209,405	-
State grants and contracts	7,355,636	-	5,105,983	-
Local grants and contracts	471,422	-	437,340	-
Private grants and contracts	8,262,336	-	8,028,607	-
Sales and services	10,331,376	-	9,619,377	-
Auxiliary enterprises - Net of scholarship allowances of \$9,531,422 and \$7,297,519 in 2009 and 2008, respectively	75,094,902	-	69,154,022	-
Other sources	14,291,055	9,827,693	11,504,445	10,512,381
Total operating revenues	<u>\$ 370,076,144</u>	<u>\$ 9,827,693</u>	<u>\$ 346,043,392</u>	<u>\$ 10,512,381</u>
OPERATING EXPENSES:				
Educational and general:				
Instruction and departmental research	214,971,589	7,555,533	202,895,906	4,719,693
Separately budgeted research	33,495,239	368,567	32,995,537	285,703
Public service	23,453,952	167,112	21,917,621	123,021
Academic support	59,343,563	1,153,812	58,703,123	1,584,506
Student services	28,533,312	805,126	26,912,492	498,347
Institutional support	32,769,600	8,933,472	28,522,321	8,085,046
Operation and maintenance of plant	44,771,516	730,148	41,675,475	-
Student aid	10,878,749	3,502,746	9,344,798	3,384,370
Depreciation	33,075,444	1,494,160	32,308,560	1,393,212
Auxiliary enterprises	73,500,573	-	68,845,947	-
Operating expenses - related entities	-	7,017,486	-	6,633,195
Total operating expenses	<u>554,793,537</u>	<u>31,728,162</u>	<u>524,121,780</u>	<u>26,707,093</u>
OPERATING LOSS	<u>\$ (184,717,393)</u>	<u>\$ (21,900,469)</u>	<u>\$ (178,078,388)</u>	<u>\$ (16,194,712)</u>

Ohio University

Statements of Revenues, Expenses, and Changes in Net Assets (Continued) Years Ended June 30, 2009 and 2008

	2009		2008	
	Primary Institution	The Ohio University Foundation	Primary Institution	The Ohio University Foundation
NONOPERATING REVENUES AND EXPENSES:				
State appropriations	\$ 155,105,565	\$ -	\$ 144,999,895	\$ -
Federal grants	27,068,204	-	23,487,928	-
State grants	7,924,417	-	7,142,428	-
Local grants	2,301	-	7,206	-
Private gifts	3,879,535	18,759,455	3,966,477	83,795,215
University support	-	5,031,373	-	3,394,637
Investment income (loss) - Net of investment expense	(15,432,314)	(52,212,106)	589,930	(8,978,281)
Interest on capital asset - Related debt	(8,492,106)	-	(7,447,971)	-
Disposal and write-offs of plant facilities	(283,266)	-	(174,000)	-
	169,772,336	(28,421,278)	172,571,893	78,211,571
Net nonoperating revenues				
INCOME (LOSS) BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	(14,945,057)	(50,321,747)	(5,506,495)	62,016,859
OTHER REVENUES, EXPENSES, GAINS, OR LOSSES:				
State capital appropriations	24,900,161	-	17,603,472	-
Capital grants and gifts	10,810,781	-	3,829,024	-
Additions to permanent endowments	5,959	4,685,253	12,572	10,609,003
	35,716,901	4,685,253	21,445,068	10,609,003
Total other revenues				
INCREASE (DECREASE) IN NET ASSETS	20,771,844	(45,636,494)	15,938,573	72,625,862
NET ASSETS				
Beginning of year	542,732,355	312,241,042	526,793,782	239,615,180
End of year	\$ 563,504,199	\$ 266,604,548	\$ 542,732,355	\$ 312,241,042

Statements of Cash Flows Years Ended June 30, 2009 and 2008

	Primary Institution	
	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Student tuition and fees	\$ 227,540,652	\$ 214,397,379
Grants and contracts	42,221,132	41,911,326
Payments to suppliers	(105,121,205)	(107,784,285)
Payments to or on behalf of employees	(370,883,449)	(346,734,842)
Payments for scholarships and fellowships	(40,636,088)	(36,234,429)
Loans issued to students	(2,037,326)	(1,863,553)
Collection of loans to students	1,760,239	1,966,745
Auxiliary enterprise sales	74,864,725	68,734,264
Sales and services	9,715,328	9,518,605
Other receipts (payments)	13,006,995	11,252,538
Net cash used in operating activities	(149,568,997)	(144,836,252)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	155,105,565	145,549,917
Gifts and grants for other than capital purposes	38,880,416	34,066,588
Federal direct student loan programs receipts	131,924,494	105,632,233
Federal direct student loan programs disbursements	(133,355,506)	(104,842,084)
Student organization agency transactions	429,986	278,632
Net cash provided by noncapital financing activities	192,984,955	180,685,286
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
Proceeds from capital debt	41,995,000	-
Capital appropriations	25,146,737	21,281,947
Capital grants and gifts received	7,213,026	8,331,892
Purchases of capital assets	(72,663,394)	(43,905,610)
Principal paid on capital debt and leases	(18,163,905)	(15,720,694)
Interest paid on capital debt and leases	(8,492,106)	(7,447,971)
Net cash used in capital financing activities	(24,964,642)	(37,460,436)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	9,269,842	6,661,744
Investment income	4,170,297	8,186,782
Purchase of investments	(14,044,462)	(14,081,484)
Net cash (used in) provided by investing activities	(604,323)	767,042
NET INCREASE (DECREASE) IN CASH	17,846,993	(844,360)
CASH AND CASH EQUIVALENTS - Beginning of year	50,936,713	51,781,073
CASH AND CASH EQUIVALENTS - End of year	\$ 68,783,706	\$ 50,936,713

**Statements of Cash Flows (Continued)
Years Ended June 30, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	\$ (184,717,393)	\$ (178,078,388)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	33,075,444	32,308,560
Changes in assets and liabilities:		
Accounts receivable - Net	(6,078,996)	(5,054,579)
Notes receivable - Net	245,137	276,693
Prepaid expenses and deferred charges	(2,129,006)	3,426,560
Inventories	201,084	(285,711)
Accounts payable and accrued liabilities	3,073,479	2,040,773
Deferred revenue	5,965,043	1,922,758
Refunds and other liabilities	796,211	(1,392,918)
NET CASH USED IN OPERATING ACTIVITIES	<u>\$ (149,568,997)</u>	<u>\$ (144,836,252)</u>

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

Organization - Ohio University ("University") is a public institution established by the State of Ohio ("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 13-member Board of Trustees. The Governor, with the advice and consent of the State Senate, appoints nine trustees for staggered nine-year nonrenewable terms. In addition, two non-voting student members are appointed to the Board of Trustees for staggered two-year terms. The Ohio University Board of Trustees created two non-voting National Trustee positions and invites two distinguished out-of-state University alumni to sit with the Trustees and participate in the deliberations of the Board. One term is two years and the other is three years.

Basis of Presentation - The financial statements of the University have been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board ("GASB"), including Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and GASB No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities (an amendment of GASB No. 34)*. The presentation required by GASB Statement No. 34 and GASB Statement No. 35 provides a comprehensive, entity-wide perspective of the University's assets, liabilities, net assets, revenues, expenses, and changes in net assets and cash flows. It replaces fund groups with net asset groups, and requires the direct method of cash flow presentation.

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

Note 1 - Organization, Basis of Presentation and Significant Accounting Policies (Continued)

GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units - an amendment of GASB Statement No. 14*, was implemented by the University effective July 1, 2003. It further clarifies that 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. The University has determined that The Ohio University Foundation ("Foundation") meets this definition and is therefore included as a discretely presented component unit in the University's financial statements. The Foundation's financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles as prescribed by the FASB. A separate financial report for the Foundation is available by contacting The Ohio University Foundation, 218 HDL Center, Athens, Ohio 45701, or by calling 740-597-1815. See Note 20 for additional disclosures regarding the Foundation.

Basis of Accounting - The University is a special-purpose government engaged only in business-type activities as defined by GASB Statements No. 34 and No. 35. 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, revenues are 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.

Investments - All investments are carried at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Investments in publicly traded securities are stated at fair value as established by major securities markets. Non-publicly 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 in the Statements of Revenues, Expenses, and Changes in Net Assets.

Note 1 - Organization, Basis of Presentation and Significant Accounting Policies (Continued)

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

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

Restricted Cash and Cash Equivalents - Restricted cash and cash equivalents are primarily funds externally restricted for capital expenditures subject to bond and note agreements and which are held by bond trustees. In addition, it includes some funds held in escrow based on terms and conditions of various agreements.

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

Following are the capitalization levels and estimated useful lives of the asset classes:

Asset Class	Capitalize At	Estimated Useful Life
Land	Any amount	N/A
Land improvements	\$100,000	N/A
Works of art and historical treasures	\$2,500	N/A
Infrastructure	\$100,000	10–50 years
Buildings	Any amount	40 years
Machinery and equipment	\$2,500	5–25 years
Library books and publications	Any amount	10 years
Transportation equipment	\$2,500	5–10 years

Building renovations that materially increase the value or extend the useful life of the structure are also capitalized. The costs of normal maintenance and repairs are not capitalized. Interest incurred during the construction of capital assets is included in the cost of the asset when capitalized. Land, land improvements, and works of art and historical treasures are not depreciated. Any impairment of capital assets and insurance recoveries are disclosed in accordance with GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*.

Note I - Organization, Basis of Presentation and Significant Accounting Policies (Continued)

Deferred Revenue - Deferred 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 Assets, 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 Assets.

Net Assets - The University's net assets are categorized as described below:

Invested in Capital Assets - Net of Related Debt - This net asset class represents the University's investment in capital assets net of debt obligations related to those capital assets, except to the extent of debt proceeds not yet expended.

Restricted Net Assets - Nonexpendable - This net asset class represents the donor-contributed portion of University endowments. It also includes capital appreciation of those endowments where the donor has not adopted the University's endowment expenditure policy, meaning that the capital appreciation of those accounts remain a part of the corpus.

Restricted Net Assets - Expendable - Restricted expendable net assets represent assets that are restricted by a third party, either legally or contractually.

Unrestricted Net Assets - Unrestricted net assets are resources derived primarily from student tuition, fees, State appropriations, and auxiliary enterprises. These net assets are used for general obligations of the University. They may be used at the discretion of the Board of Trustees for any purpose furthering the University's mission.

Restricted vs. 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.

Note I - Organization, Basis of Presentation and Significant Accounting Policies (Continued)

Income Taxes - The University is an organization described in Section 115 of the Internal Revenue Code (the "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 Internal Revenue Code Sections 511 through 513.

Classification of Revenues - Revenues classified as operating or non-operating are done so according to the following:

Operating Revenues - Operating revenues include revenues 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 Revenues - Nonoperating revenues include revenues from activities that have the characteristics of non-exchange transactions, such as state appropriations, and certain federal, state, local and private gifts, and grants. The implication is that such revenues are derived from more passive efforts, efforts related more to the acquisition of the revenue, rather than the earning of it.

Scholarship Discounts and Allowances - Student tuition and fees 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 Assets. Scholarship discounts and allowances are the difference between the charge for tuition and fees, and the amount paid by students or by third parties making the payments on the students' behalf. As of June 30, 2009 and 2008, respectively, scholarship discounts and allowances were \$57,490,694 (of which \$47,959,272 is netted against student tuition and fees and \$9,531,422 is netted against auxiliary enterprises revenues) and \$53,578,103 (of which \$46,280,584 is netted against student tuition and fees and \$7,297,519 is netted against auxiliary enterprises revenues)

Auxiliary Enterprises - Auxiliary revenues are primarily from residence halls, dining services, intercollegiate athletics, airport operations, telephone and technology store operations, student union operations, parking services, and campus recreation. They are shown net of scholarship discounts and allowances, primarily for room and board.

Note 1 - Organization, Basis of Presentation and Significant Accounting Policies (Continued)

Eliminations - The University eliminates interfund assets and liabilities, and revenues and expenses, related to internal activities.

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.

Newly Issued Accounting Pronouncements - The University will be required to implement the provisions of GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, effective with the fiscal year ending June 30, 2010. The University will be required to address accounting and financial reporting for intangible assets with regard to recognition, initial measurement, and amortization.

The University will be required to implement the provisions of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, effective with the fiscal year ending June 30, 2010. The University will be required to address accounting and financial reporting for derivative instruments with regard to recognition, measurement, and disclosure.

The University has not yet determined the full impact of GASB Statements No. 51 and No. 53 on its financial statements.

Reclassifications - Certain amounts from the prior year have been reclassified to conform to the current year's presentation.

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

As of June 30, 2009, the carrying amount of the University's cash and cash equivalents for all funds was \$68,783,706 compared to bank balances of \$73,307,913. The difference in carrying amounts and bank balances is caused by outstanding checks and deposits-in-transit. Of the bank balances, \$1,255,358 is covered by federal deposit insurance and \$72,052,555 is uninsured but collateralized by pools of securities pledged by the depository banks and held in the name of the respective banks.

Note 2 - Deposits with Financial Institutions, Cash and Cash Equivalents, and Investments (Continued)

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
- Private equity and venture capital

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, 2009 and 2008 are as follows:

Investment Type	2009	2008
Common stock	\$ 3,445,409	\$ 3,977,324
Equity mutual funds	30,684,771	42,624,139
US government obligations	1,752,880	1,775,941
US government agency obligations	5,195,074	5,878,114
Mortgage-backed securities	1,409,541	1,214,092
Collateralized mtg-backed	174,154	171,901
Corporate bonds and notes	2,145,602	1,095,612
Bond mutual funds	41,808,354	42,160,800
Municipal bonds	208,368	-
Certificates of deposit	749,000	798,053
Money markets	652,312	532,206
Alternative investments	25,396,535	28,228,378
Total	\$ 113,622,000	\$ 128,456,560

Note 2 - Deposits with Financial Institutions, Cash and Cash Equivalents, and Investments (Continued)

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.

Additional Disclosures Related to Interest-Bearing Investments - Statement Nos. 3 and 40 of the GASB require certain additional disclosures related to the interest rate, credit, and foreign currency risks associated with interest-bearing investments.

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

As of June 30, 2009, maturities of the University's interest-bearing investments are as follows:

Investment Type	Market Value	Investment Maturities			
		Less than 1 Year	1-5 Years	6-10 Years	More Than 10 Years
Money markets	\$ 652,312	\$ 652,312	\$ -	\$ -	\$ -
US government obligations	1,752,880	387,513	1,365,367	-	-
US government agency obligations	5,195,074	387,916	4,781,061	26,097	-
Municipal bonds	208,368	-	100,431	107,937	-
Mortgage-backed securities	1,409,541	759	16,254	517,926	874,602
Collateralized mtg-backed securities	174,154	-	-	-	174,154
Certificates of deposit	749,000	100,000	649,000	-	-
Corporate bonds and notes	2,145,602	12,064	2,025,520	108,018	-
Bond mutual funds	41,808,354	-	41,189,694	618,660	-
Total	<u>\$ 54,095,285</u>	<u>\$ 1,540,564</u>	<u>\$ 50,127,327</u>	<u>\$ 1,378,638</u>	<u>\$ 1,048,756</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 assets 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.

Note 2 - Deposits with Financial Institutions, Cash and Cash Equivalents, and Investments (Continued)

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

	Market Value	Credit Quality (Moody's)					
		Aaa	Aa	A	Baa	Ba	Unrated
Money markets	\$ 652,312	\$ 296,590	\$ -	\$ -	\$ -	\$ -	\$ 355,722
US government obligations	1,752,880	1,752,880	-	-	-	-	-
US government agency obligations	5,195,074	5,195,074	-	-	-	-	-
Municipal bonds	208,368	100,431	107,937	-	-	-	-
Mortgage-backed securities	1,409,541	1,409,541	-	-	-	-	-
Collateralized mtg-backed securities	174,154	174,154	-	-	-	-	-
Certificates of deposit	749,000	500,000	-	-	-	-	249,000
Corporate bonds and notes	2,145,602	343,778	781,540	1,008,220	12,064	-	-
Bond mutual funds	41,808,354	330,838	41,208,653	-	-	5,545	263,318
Total	<u>\$ 54,095,285</u>	<u>\$ 10,103,286</u>	<u>\$ 42,098,130</u>	<u>\$ 1,008,220</u>	<u>\$ 12,064</u>	<u>\$ 5,545</u>	<u>\$ 868,040</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, 2009, 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, 2009, there were no single issuer investments that exceeded 5 percent of total investments.

Note 2 - Deposits with Financial Institutions, Cash and Cash Equivalents, and Investments (Continued)

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. As of June 30, 2009, the University's exposure to foreign currency risk is as follows:

Currency	Investment Type				Total
	Money Markets	Equity Mutual Funds	Bond Mutual Funds	Alternative Funds	
Argentinean Peso	\$ -	\$ 41,738	\$ -	\$ -	\$ 41,738
Australian Dollar	-	452,956	12,097	37,258	502,311
Brazilian Real	-	381,961	181,534	34,752	598,247
British Pound	-	1,851,063	6,346	169,499	2,026,908
Canadian Dollar	6,012	198,632	24,194	29,463	258,301
Chilean Peso	-	43,825	4,839	-	48,664
Chinese Yuan	-	199,864	18,145	115,253	333,262
Columbian Peso	-	-	2,419	-	2,419
Czech Koruna	-	36,074	-	-	36,074
Danish Krone	-	29,691	-	3,597	33,288
Euro	-	3,002,022	18,750	1,011,319	4,032,091
Hong Kong Dollar	-	486,783	-	99,484	586,267
Hungarian Forint	-	68,868	-	-	68,868
Indian Rupee	-	331,397	-	45,814	377,211
Indonesian Rupiah	-	60,520	-	13,172	73,692
Israeli Shekel	-	104,973	-	2,398	107,371
Japanese Yen	-	1,124,020	18,390	340,001	1,482,411
Korean Won	-	229,952	-	26,344	256,296
Malaysian Ringgit	-	58,433	-	-	58,433
Mexican Peso	-	209,169	3,629	6,586	219,384
New Zealand Dollar	-	-	12,097	-	12,097
Nowegian Krone	-	63,231	-	18,301	81,532
Phillippines Peso	-	41,738	-	-	41,738
Russian Rouble	-	144,817	36,396	36,222	217,435
Singapore Dollar	-	72,201	-	8,089	80,290
South African Rand	-	153,510	-	29,973	183,483
Sri Lankan Rupee	-	12,521	-	-	12,521
Swedish Krona	3,308	531,586	-	42,855	577,749
Swiss Franc	-	122,408	12,097	7,194	141,699
Taiwan Dollar	-	183,614	-	13,172	196,786
Thailand Baht	-	89,737	-	-	89,737
Turkish Lira	-	147,128	-	6,586	153,714
Uruguayan Peso	-	-	53	-	53
Total	\$ 9,320	\$ 10,474,432	\$ 350,986	\$ 2,097,332	\$ 12,932,070

Note 2 - Deposits with Financial Institutions, Cash and Cash Equivalents, and Investments (Continued)

Valuation of Alternative Investments

Because financial data for many private investments is not available until several months after fiscal year end, some reported investment valuations represent an estimate of the June 30 value, while the remaining valuations represent March 31 reported valuations that have been adjusted by cash added to and cash distributed from these accounts through June 30. Management considers information that becomes available after the financial statements are compiled but before they are released, to determine whether an adjustment to the reported fair value of investments should be made. For fiscal year 2009, there were \$20.7 million in investment assets reported at the estimated values described above, and all are listed as alternative investments. After the financial statements were compiled, management learned that unrealized gains for the quarter ended June 30, related to private equity and private real estate, totaled approximately \$0.5 million.

Also, the University has exposure to an absolute return investment in the LibertyView Plus Fund (the "Fund") which was managed by Lehman Brothers Holdings Inc. ("LBHI"). As an affiliate of LBHI and acting as prime broker for the Fund, Lehman Brothers Inc. ("LBI") allowed the Fund to pledge assets as collateral in exchange for providing leverage to the Fund. This leverage was provided through margin lending agreements with an affiliate, Lehman Brothers International Europe ("LBIE"). Due to unprecedented adverse market conditions, on September 15, 2008, LBIE was placed into administration in the U.K. and LBHI filed for protection under the U.S. Bankruptcy Code. On September 19, 2008, the Securities Investor Protection Corp., which maintains a reserve fund to protect investors of failed brokerage firms, issued a statement saying that LBI was in liquidation. As a result, the University has been interacting with the State Attorney General's office and has engaged external special counsel for representation on behalf of itself and its Foundation.

In December 2008, based on guidance from its investment consultant, the University wrote down the value of its position to 60 percent of its net asset value (the "NAV") as observed prior to the bankruptcy filings (e.g., August 31, 2008). This NAV reflected the value of the Fund's securities which had not been rehypothecated by LBIE and was listed on the University's general ledger at approximately \$1.3 million as of June 30, 2009. Based on information provided by the Fund's management in August 2009, in fiscal year 2010 the University wrote down the value of the position by an additional 25 percent to approximately \$0.8 million, or 35 percent of the August 31, 2008 NAV. This action takes into consideration those securities that are held by LBI but are currently subject to bankruptcy proceedings. Due to the aforementioned actions, the asset has been written down from its August 31, 2008 NAV by approximately \$1.4 million.

Note 3 - Accounts Receivable

The composition of accounts receivable at June 30, 2009 and 2008 is summarized as follows:

	<u>2009</u>	<u>2008</u>
Student receivables for fees, room, and board	\$ 32,767,982	\$ 27,358,072
Research and other sponsored programs	12,131,475	11,937,546
Other	<u>15,782,344</u>	<u>11,110,093</u>
Total	60,681,801	50,405,711
Less allowance for doubtful accounts	<u>(8,302,603)</u>	<u>(7,096,602)</u>
Net accounts receivable	<u>\$ 52,379,198</u>	<u>\$ 43,309,109</u>

Note 4 - Notes Receivable

The University's notes receivable at June 30, 2009 and 2008 is net of allowance for doubtful accounts of \$1,824,306 and \$1,664,497, respectively. Principal repayment and interest terms vary. Federal loan programs are funded primarily through Federal contributions under Perkins and various nursing programs.

The University distributed \$133,355,506 and \$105,632,233 for student loans through the U.S. Department of Education Federal Direct Lending program during the years ended June 30, 2009 and 2008, respectively. These distributions and the related funding sources are included as cash disbursements and cash receipts in the accompanying Statements of Cash Flows.

The composition of notes receivable at June 30, 2009 and 2008 is as follows:

	<u>2009</u>	<u>2008</u>	<u>Current Portion</u>
Student loan program	\$ 15,421,514	\$ 15,416,984	\$ 1,999,893
College of Medicine former students	<u>896,671</u>	<u>986,529</u>	<u>581,815</u>
Total	16,318,185	16,403,513	<u>\$ 2,581,708</u>
Less allowance for doubtful accounts	<u>(1,824,306)</u>	<u>(1,664,497)</u>	
Net notes receivable	<u>\$ 14,493,879</u>	<u>\$ 14,739,016</u>	

Note 5 - Capital Assets

Capital asset activity for the year ended June 30, 2009 was as follows:

	Balance June 30, 2008	Additions	Transfers	Retirements	Balance June 30, 2009
Capital assets not being depreciated:					
Land	\$ 16,216,224	\$ 3,335,602	\$ -	\$ -	\$ 19,551,826
Land improvements	4,701,091	-	-	-	4,701,091
Construction in progress	24,633,811	55,062,125	(28,299,144)	(15,383)	51,381,409
Works of art and historical treasures	8,555,227	46,996	-	-	8,602,223
Total capital assets not being depreciated	54,106,353	58,444,723	(28,299,144)	(15,383)	84,236,549
Capital assets being depreciated:					
Infrastructure	100,625,917	496,873	146,385	-	101,269,175
Buildings	659,593,985	3,442,189	28,152,759	(901,624)	690,287,309
Machinery and equipment	106,084,365	7,464,273	-	(2,798,147)	110,750,491
Library books and publications	79,039,901	2,173,762	-	(1,199,567)	80,014,096
Transportation equipment	20,004,010	641,574	-	(1,246,848)	19,398,736
Total capital assets being depreciated	965,348,178	14,218,671	28,299,144	(6,146,186)	1,001,719,807
Total capital assets	1,019,454,531	72,663,394	-	(6,161,569)	1,085,956,356
Less accumulated depreciation:					
Infrastructure	39,717,448	4,626,663	-	-	44,344,111
Buildings	262,625,119	15,843,056	-	(734,995)	277,733,180
Machinery and equipment	74,878,587	7,879,352	-	(2,554,184)	80,203,755
Library books and publications	64,013,755	3,160,720	-	(1,199,567)	65,974,908
Transportation equipment	12,383,909	1,565,653	-	(1,212,925)	12,736,637
Total accumulated depreciation	453,618,818	33,075,444	-	(5,701,671)	480,992,591
Total capital assets being depreciated - Net	511,729,360	(18,856,773)	28,299,144	(444,515)	520,727,216
Capital assets - Net	<u>\$ 565,835,713</u>	<u>\$ 39,587,950</u>	<u>\$ -</u>	<u>\$ (459,898)</u>	<u>\$ 604,963,765</u>

Note 5 - Capital Assets (Continued)

Capital asset activity for the year ended June 30, 2008 was as follows:

	Balance July 1, 2007	Additions	Transfers	Retirements	Balance June 30, 2008
Capital assets not being depreciated:					
Land	\$ 16,216,224	\$ -	\$ -	\$ -	\$ 16,216,224
Land improvements	4,701,091	-	-	-	4,701,091
Construction in progress	27,416,131	34,416,007	(37,182,656)	(15,671)	24,633,811
Works of art and historical treasures	8,515,247	39,980	-	-	8,555,227
Total capital assets not being depreciated	56,848,693	34,455,987	(37,182,656)	(15,671)	54,106,353
Capital assets being depreciated:					
Infrastructure	96,864,565	204,081	3,557,271	-	100,625,917
Buildings	624,645,045	1,412,813	33,625,385	(89,258)	659,593,985
Machinery and equipment	106,141,012	4,498,680	-	(4,555,327)	106,084,365
Library books and publications	77,441,870	2,416,395	-	(818,364)	79,039,901
Transportation equipment	19,526,636	917,654	-	(440,280)	20,004,010
Total capital assets being depreciated	924,619,128	9,449,623	37,182,656	(5,903,229)	965,348,178
Total capital assets	981,467,821	43,905,610	-	(5,918,900)	1,019,454,531
Less accumulated depreciation:					
Infrastructure	35,200,169	4,517,279	-	-	39,717,448
Buildings	247,507,303	15,158,626	-	(40,810)	262,625,119
Machinery and equipment	71,354,491	7,736,321	-	(4,212,225)	74,878,587
Library books and publications	61,527,973	3,304,146	-	(818,364)	64,013,755
Transportation equipment	11,215,609	1,592,189	-	(423,889)	12,383,909
Total accumulated depreciation	426,805,545	32,308,561	-	(5,495,288)	453,618,818
Total capital assets being depreciated - Net	497,813,583	(22,858,938)	37,182,656	(407,941)	511,729,360
Capital assets - Net	<u>\$ 554,662,276</u>	<u>\$ 11,597,049</u>	<u>\$ -</u>	<u>\$ (423,612)</u>	<u>\$ 565,835,713</u>

Note 6 - Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities at June 30, 2009 and 2008 consisted of the following:

	2009	2008
Accounts payable	\$ 17,801,518	\$ 15,672,146
Accrued liabilities	29,505,988	28,561,881
Total	<u>\$ 47,307,506</u>	<u>\$ 44,234,027</u>

Note 7 - Bonds and Notes Payable

The University's bonds and notes payable at June 30, 2009 are summarized as follows:

	July 1, 2008	Borrowed	Retired	June 30, 2009	Current
General receipts bond					
Series 2009	\$ -	\$ 26,645,000	\$ -	\$ 26,645,000	\$ -
General receipts bond					
Series 2008A & B	-	15,350,000	1,120,000	14,230,000	4,840,000
Subordinated general receipts					
bonds - Series 2006C	630,000	-	630,000	-	-
Subordinated general receipts					
bonds - Series 2006B	28,145,000	-	1,070,000	27,075,000	1,110,000
Subordinated general receipts					
bonds - Series 2006A	26,700,000	-	1,125,000	25,575,000	1,165,000
General receipts bond					
anticipation notes	5,550,000		5,550,000	-	-
Subordinated general receipts					
bonds - Series 2004	47,795,000	-	1,510,000	46,285,000	1,585,000
Subordinated general receipts					
bonds - Series 2003	34,500,000	-	4,000,000	30,500,000	3,750,000
Subordinated variable general					
receipts bonds - Series 2001	23,645,000	-	2,735,000	20,910,000	1,995,000
Total bonds and notes payable	<u>\$ 166,965,000</u>	<u>\$ 41,995,000</u>	<u>\$ 17,740,000</u>	<u>\$ 191,220,000</u>	<u>\$ 14,445,000</u>

NOTE: Although the Series 2001, Series 2003, Series 2004, Series 2006A, Series 2006B, and Series 2006C bonds were designated "subordinate" upon their issuance, due to the existence of a prior trust agreement, that trust agreement has since been defeased and the aforementioned bonds are now parity debt service obligations.

Note 7 - Bonds and Notes Payable (Continued)

The University's bonds and notes payable at June 30, 2008 are summarized as follows:

	July 1, 2007	Borrowed	Retired	June 30, 2008	Current
Subordinated general receipts bonds - Series 2006C	\$ 5,590,000	\$ -	\$ 4,960,000	\$ 630,000	\$ 630,000
Subordinated general receipts bonds - Series 2006B	29,170,000	-	1,025,000	28,145,000	1,070,000
Subordinated general receipts bonds - Series 2006A	27,790,000	-	1,090,000	26,700,000	1,125,000
General receipts bond anticipation notes	6,350,000	5,550,000	6,350,000	5,550,000	5,550,000
Subordinated general receipts bonds - Series 2004	49,250,000	-	1,455,000	47,795,000	1,510,000
Subordinated general receipts bonds - Series 2003	38,285,000	-	3,785,000	34,500,000	4,000,000
Subordinated variable general receipts bonds - Series 2001	<u>26,150,000</u>	<u>-</u>	<u>2,505,000</u>	<u>23,645,000</u>	<u>2,735,000</u>
Total bonds and notes payable	<u>\$ 182,585,000</u>	<u>\$ 5,550,000</u>	<u>\$ 21,170,000</u>	<u>\$ 166,965,000</u>	<u>\$ 16,620,000</u>

NOTE: Although the Series 2001, Series 2003, Series 2004, Series 2006A, Series 2006B, and Series 2006C bonds were designated "subordinate" upon their issuance, due to the existence of a prior trust agreement, that trust agreement has since been defeased and the aforementioned bonds are now parity debt service obligations.

On June 2, 2009, the University issued General Receipts Bonds Series 2009 in the amount of \$26,645,000. The proceeds are being used to purchase and implement a new student information system and to upgrade the University's existing computer network infrastructure. The balance outstanding as of June 30, 2009 was \$26,645,000.

On July 10, 2008, the University issued General Receipts Bonds Series 2008A in the amount of \$13,345,000 and Taxable General Receipts Bonds Series 2008B in the amount of \$2,005,000. The proceeds were used to refund the General Receipts Bond Anticipation Notes and acquire a facility on the edge of the University's campus. The balance outstanding as of June 30, 2009 was \$14,230,000.

Note 7 - Bonds and Notes Payable (Continued)

On February 16, 2006, the University issued \$28,145,000 in Subordinated General Receipts Bonds, Series 2006A. The proceeds were used to refund the Series 1999 Bonds, as described below. The balance outstanding as of June 30, 2009 was \$25,575,000.

On March 15, 2004, the University issued \$52,885,000 in Subordinated General Receipts Bonds, Series 2004. The proceeds were used to refund the Series 2003B Notes, and for capital equipment and construction costs on various building projects. The balance outstanding as of June 30, 2009 was \$46,285,000.

On September 3, 2003, the University issued \$47,860,000 in Subordinated General Receipts Bonds, Series 2003. The proceeds were used to refund the Series 1993 Bonds and the Series 2003A Notes. The balance outstanding as of June 30, 2009 was \$30,500,000.

On May 3, 2001, the University issued \$48,025,000 in Subordinated Variable Rate General Receipts Bonds, Series 2001. The proceeds were for capital equipment and construction costs on various building projects. The balance outstanding as of June 30, 2009 was \$20,910,000. The variable rate of interest in effect at June 30, 2009 was 2.25 percent. The average variable rate of interest for the year ended June 30, 2009 was 3.18 percent.

Note 7 - Bonds and Notes Payable (Continued)

In connection with the Series 2001 General Receipts Bonds, the University entered into a floating-to-fixed interest swap agreement with Morgan Guaranty Trust Company of New York with a notional value covering a portion of the principal amount outstanding, \$20,205,000 at June 30, 2008, and decreasing as principal on the underlying bonds is repaid. The swap agreement converts the floating variable rate on these bonds to a fixed rate of 4.039 percent settled on the first day of each month until the swap terminates in December 2026. The University makes fixed rate payments to the counterparty and receives a variable rate payment equivalent to the Bond Market Association Index ("BMA"). As a result, the University is exposed to basis risk or the difference between BMA and the market rate paid to bondholders. The total amounts paid relative to the swap agreement for the years ended June 30, 2009 and 2008 are \$546,173 and \$251,922, respectively. These amounts are included as an adjustment to interest on capital asset-related debt in the Statements of Revenues, Expenses, and Changes in Net Assets. As of June 30, 2009, the swap had a negative fair value of \$1,318,370. As the swap has a negative fair value, the University is not exposed to credit risk. However, should interest rates begin to rise, the fair value of the swap could become positive. At that point, the University would be exposed to counterparty credit risk since the counterparty would be obligated to make payments to the University. The occurrence of a credit event with respect to the University or the counterparty, defined as a reduction in the long-term bond rating to less than Baa2 by Moody's Investors Service, Inc. or BBB by Standard & Poor's, would result in termination of the swap agreement. As of June 30, 2009, no termination events have occurred.

On March 15, 1999, the University issued \$32,520,000 in General Receipts Bonds, Series 1999, with which to pay construction costs on various building projects. On February 16, 2006, the Series 1999 Bonds were refinanced and rolled into the Series 2006A Bonds.

The Superior Notes and the Series 1999 Bonds are bound by the provisions of a Trust Agreement dated June 1, 1972 (the Prior Indenture) and its supplements as described below. The Prior Indenture and its supplements relate to the provisions of the Superior Notes and the Series 1999 Bonds. 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 has complied with all covenants of the Prior Indenture and its supplements.

Note 7 - Bonds and Notes Payable (Continued)

The University's Bonds are secured by a Trust Agreement dated as of May 1, 2001 (the "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, and an Eighth Supplemental Trust Agreement dated as of May 1, 2009, entered into in connection with the issuance of the Series 2009 Bonds, each between the University and U.S. Bank National Association, successor trustee to National City Bank, with its designated corporate trust office in Cleveland, Ohio.

Details of the series are as follows:

<u>Series</u>	<u>Interest Rate</u>	<u>Maturity Fiscal Year</u>	<u>Initial Issue Amount</u>	<u>Outstanding at June 30, 2009</u>
2001	Variable	2027	\$ 48,025,000	\$ 20,910,000
2003	5.00%–5.25%	2024	47,860,000	30,500,000
2004	2.00%–5.00%	2032	52,885,000	46,285,000
2006A	3.50%–5.00%	2025	28,145,000	25,575,000
2006B	3.75%–5.00%	2037	29,170,000	27,075,000
2008A&B	4.17%–5.00%	2034	15,350,000	14,230,000
2009	2.00%–5.00%	2020	26,645,000	26,645,000
				<u>\$ 191,220,000</u>

Note 7 - Bonds and Notes Payable (Continued)

Principal and interest payment requirements for the bonded debt for the years subsequent to June 30, 2009 are summarized as follows:

Year Ending June 30	Principal	Interest	Swap Interest	Total
2010	\$ 14,445,000	\$ 7,593,729	\$ 747,141	\$ 22,785,870
2011	12,195,240	7,144,494	670,231	20,009,965
2012	12,575,000	6,684,524	590,584	19,850,108
2013	10,870,000	6,280,373	510,446	17,660,819
2014	11,320,000	5,903,745	420,885	17,644,630
2015-2019	57,470,600	22,927,820	890,612	81,289,032
2020-2024	30,330,000	12,984,869	291,422	43,606,291
2025-2029	21,639,160	7,022,410	58,864	28,720,434
2030-2034	16,625,000	2,437,738	-	19,062,738
2035-2037	3,750,000	258,075	-	4,008,075
	<u>\$ 191,220,000</u>	<u>\$ 79,237,777</u>	<u>\$ 4,180,185</u>	<u>\$ 274,637,962</u>

Note 8 - Capital Leases

The University has \$1,498,265 in capital lease obligations that have varying maturity dates through 2014 and carry implicit interest rates ranging from 5.8 percent to 10.0 percent. Lease arrangements are being used to provide partial financing for certain equipment. Capital asset balances as of June 30, 2009 that are financed under capital leases are \$2,135,134.

Note 8 - Capital Leases (Continued)

Capital leases at June 30, 2009 and 2008 are summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
For the year ended:					
June 30, 2009	\$ 438,027	\$ 1,484,143	\$ (423,905)	\$ 1,498,265	\$ 383,390
June 30, 2008	\$ 329,606	\$ 209,115	\$ (100,694)	\$ 438,027	\$ 89,615

The scheduled maturities of these leases at June 30, 2009 are as follows:

	Minimum Lease Payments
2010	\$ 463,869
2011	450,731
2012	437,061
2013	299,070
2014	26,009
Total minimum lease payments	1,676,740
Less amount representing interest	178,475
Net minimum capital lease payments	1,498,265
Less current portion	383,390
Noncurrent capital lease obligations	\$ 1,114,875

Note 9 - 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 assets. The total rental expense under these agreements was \$1,388,859 and \$1,591,756 for the years ended June 30, 2009 and 2008, respectively.

Note 9 - Operating Leases (Continued)

Future minimum payments for all significant operating leases with initial terms in excess of one year at June 30, 2009 are as follows:

	Minimum Lease Payments
2010	\$ 1,250,053
2011	1,150,362
2012	771,575
2013	294,668
2014	75,152
2015-2019	151,608
Total minimum operating lease payments	<u>\$ 3,693,418</u>

Note 10 - Compensated Absences

Per University policy, eligible salaried administrative appointments earn vacation at the rate of 22 days per year with a maximum accrual of 32 days. Upon termination they are entitled to a payout of their accumulated balance. Hourly classified employees earn vacation at rates per years of service, ranging from 10 to 25 days per year. The maximum accrual is equal to the amount earned in three years, which is subject to payout upon termination. The estimated liability for accrued vacation at June 30, 2009 and 2008 was \$9,429,472 and \$9,734,397 respectively.

All 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 employees). Salaried employees with 10 or more years of service are eligible to receive a payout upon retirement of up to 25 percent of unused days (maximum of 30 days). Hourly classified employees with 10 or more years of service are eligible for payout upon retirement of up to 50 percent of unused days (maximum of 60 days). The estimated liability for accrued sick leave at June 30, 2009 and 2008 was \$4,308,150 and \$4,456,526, respectively.

Note 10 - Compensated Absences (Continued)

Compensated absences at June 30, 2009 and 2008 are summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
For the year ended:					
June 30, 2009	\$ 14,190,923	\$ 19,374,778	\$ (19,828,079)	\$ 13,737,622	\$ 880,000
June 30, 2008	\$ 13,487,146	\$ 19,757,122	\$ (18,871,345)	\$ 14,190,923	\$ 730,000

Note 11 - Retirement Plans

Employees of Ohio University are covered under one of three retirement plans, unless eligible for exemption in the case of most student employees. The particular system in which an employee is eligible to enroll is dependent on their position with the University. Generally faculty appointments are eligible for enrollment in a defined benefit plan, administered by the State Teachers Retirement System of Ohio (STRS Ohio), and all other employees are eligible for enrollment in a defined benefit plan, administered by the Ohio Public Employees Retirement System of Ohio (OPERS). In addition, full-time employees may opt out of the state retirement system for a defined contribution plan also referred to as an alternative retirement plan (ARP) with one of nine independent providers or a defined contribution plan, now offered by both STRS Ohio and OPERS or combined plans offered by both of the state retirement systems. All options are discussed below in more detail.

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 and disability benefits, annual cost of living adjustments, survivor benefits and postretirement health care. Authority to establish and amend benefits is provided by State statute. Both STRS Ohio and OPERS issue stand-alone financial reports. Interested parties may obtain a copy of the STRS Ohio report by making a written request to 275 East Broad Street, Columbus, Ohio 43215-3771 or by calling toll free 888-227-7877 or by visiting the STRS Ohio Web site at 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 614-222-5601 or 800-222-7377.

Note 11 - Retirement Plans (Continued)

Defined Contribution Plans - The Alternative Retirement Plan (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 nine 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 nine 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 3.5 percent for STRS Ohio and 0.77 percent for OPERS for the year ended June 30, 2009. 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.

Retirement Plan Funding - The Ohio Revised Code provides statutory authority for employee and employer contributions to retirement systems. 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, 3.5 percent of the employer contribution goes to the STRS Ohio retirement system and 0.77 percent of the employer contribution goes to the OPERS systems as of August 1, 2007. The University's contributions each year are equal to its required contributions.

Note 11 - Retirement Plans (Continued)

Following are the employee and employer contribution rates in effect for fiscal year 2009:

	Contribution Rates		
	STRS Ohio	OPERS	ARP
Faculty:			
Employee - all year	10%		10%
University - all year	14%		14%
Staff:			
Employee - all year		10.00%	10.00%
University - all year		14.00%	14.00%
Law Enforcement Staff -			
Employee - all year		10.10%	10.10%
University:			
July - December 2008		17.40%	17.40%
January - June 2009		17.63%	17.63%

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

	Employer Contributions		
	STRS Ohio	OPERS	ARP
2009	\$ 11,720,000	\$ 14,206,000	\$ 8,671,000
2008	11,278,000	13,582,000	8,037,000
2007	11,166,000	13,327,000	7,426,000

The payroll for employees covered by OPERS and STRS Ohio for the year ended June 30, 2009 was \$117,277,000 and \$119,794,000, respectively. The payroll for employees covered by OPERS and STRS Ohio for the year ended June 30, 2008 was \$99,334,000 and \$80,557,000, respectively. For the years ended June 30, 2009 and 2008, the University's total payroll was \$280,243,000 and \$267,719,000, respectively.

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

Note 11 - Retirement Plans (Continued)

OPERS provides retirement, disability, and survivor benefits as well as post-employment health care coverage to qualifying members of its plans. The health care coverage provided by OPERS meets the definition of an Other Post-employment Benefit (OPEB) as described in GASB Statement 12. A portion of each employer's contribution to OPERS is set aside for funding of postretirement health care. The Ohio Revised Code provides statutory authority for employer contributions. In 2008, state employers contributed at a rate of 14.0 percent of covered payroll. Local government employer units contributed at a rate of 14.0 percent of covered payroll while law enforcement employer units contributed at a rate of 17.4 percent. The portion of employer contributions, for all employers, allocated to health care was 7.0 percent in 2008. The number of active contributing participants as of December 31, 2008 was 363,503.

The actuarial value of the OPERS' net assets available for OPEB at December 31, 2007 (the date of the system's latest actuarial review) is \$12.8 billion. Based on the actuarial cost method used, the Actuarial Valuation as of December 31, 2007 reported the actuarial accrued liability and the unfunded actuarial accrued liability for OPEB at \$29.8 billion and \$17.0 billion, respectively.

STRS Ohio provides access to health care 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 Ohio Revised Code ("ORC"), the State Teachers Retirement Board (the "Board") has discretionary authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care cost in the form of a monthly premium.

The ORC grants authority to STRS Ohio to provide health care coverage to eligible benefit recipients, spouses, and dependents. By Ohio law, health care benefits are not guaranteed and the cost of the coverage paid from STRS Ohio funds shall be included in the employer contribution rate, currently 14.0 percent of covered payroll.

The Retirement Board allocates employer contributions to the Health Care Stabilization Fund from which health care benefits are paid. For the fiscal years ended June 30, 2008 and June 30, 2007, the board allocated employer contributions equal to 1.0 percent of covered payroll to the Health Care Stabilization Fund. The balance in the Health Care Stabilization Fund was \$3.7 billion on June 30, 2008, the date of the most recent information available from STRS Ohio.

Note 11 - Retirement Plans (Continued)

For the fiscal year ended June 30, 2008, the date of the most recent information available from STRS, net health care costs paid by STRS Ohio were \$288,878,000. There were 126,506 eligible benefit recipients.

Note 12 - Early Retirement Incentive Plan

On March 6, 2009, the University Board of Trustees approved an Early Retirement Incentive Plan (ERIP) buyout for eligible employees in the Ohio Public Employees Retirement System (OPERS). An ERIP allows the University to purchase additional service credit, in this case one year, which enables eligible employees to retire early or to retire with a larger retirement benefit than they may have otherwise. The period remained open until August 31, 2009. A \$5,000 incentive was offered to employees who signed up for the buyout by April 1, 2009 (extended to May 1, 2009 for bargaining unit employees) and who would retire by May 31, 2009. Eligible employees were those eligible to retire with five years of service at age 60, 25 years of service at age 55, or 30 years of service at any age; who became eligible to retire due to the incentive plan; who became eligible to retire during the open period; or who became eligible due to purchasing additional service credit, i.e., exempt, refunded, military, or other eligible time.

As of June 30, 2009, 78 employees had taken advantage of the ERIP for a total cost of approximately \$2.6 million which included sick and vacation payouts in accordance with standard policy, the \$5,000 incentive bonus for the 61 employees who left by May 31, 2009, and the OPERS payment.

Note 13 - Involuntary Termination

In response to known present and future funding issues, the University announced involuntary terminations (layoffs) in fiscal year 2009 where results of the Early Retirement Incentive Program (ERIP) were insufficient to address all issues of reduced funding. The terms of the layoffs were continuation of pay for 1-3 months beginning July 1, 2009; continuation of all medical benefits to December 31, 2009; continuation of education benefits of three years for undergraduate studies and one year for graduate studies for both the employee and their dependents; survivor medical benefits for 12 months; free access to WellWorks, a program which includes the use of a University-run fitness center; continued use of the Employee Assistance Program; and professional outplacement services. As of June 30, 2009, 28 employees (administrative and non-bargaining unit classified employees) were identified to receive some part of the separation package. Amounts accrued as of June 30, 2009 specifically related to this involuntary termination were approximately \$330,000.

Note 14 - Risk Management and Contingencies

Legal - During the normal course of operations, the University has become a defendant in various legal and administrative actions. In accordance with Statement of Financial Accounting Standards No. 5, *Accounting for Contingencies*, 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 material adverse effect on the University's financial position.

Self-Insurance - The University provides medical and dental 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. The University applies GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*.

Changes in the self-insurance claims liability for each of the periods in the three-year period ended June 30, 2009 are summarized as follows:

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Accrued claims liability - Beginning of year	\$ 3,644,000	\$ 3,644,000	\$ 3,644,000
Incurred claims - Net of favorable settlements	38,573,997	33,190,880	33,790,462
Claims paid	<u>(38,573,997)</u>	<u>(33,190,880)</u>	<u>(33,790,462)</u>
Accrued claims liability - End of year	<u>\$ 3,644,000</u>	<u>\$ 3,644,000</u>	<u>\$ 3,644,000</u>

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

Note 14 - Risk Management and Contingencies (Continued)

Commercial Insurance Coverage - The University has the following commercial insurance policies:

Type	Deductible	Coverage
Aircraft Liability (Flight Training)	\$ -	\$ 5,000,000
Aircraft Liability (Corporate)	-	50,000,000
Airport Liability	10,000	10,000,000
General and Auto Liability	100,000	50,000,000
Educator's Liability	100,000	30,000,000
Medical Malpractice	25,000	1,000,000
Foreign Liability	-	1,000,000
Crime	100,000	5,000,000
Property (Shared)	100,000	1,000,000,000

Workers' Compensation Coverage - The University participates in a plan that pays workers' compensation benefits to employees who have been injured on the job. The Ohio Bureau of Workers' Compensation calculates the estimated amount of cash needed in the subsequent fiscal year to pay the claims for these workers and sets rates to collect this estimated amount from participating state agencies and universities in the subsequent year.

Note 15 - Capital Project Commitments

At June 30, 2009, the University is committed to future capital expenditures as follows:

Contractual commitments	\$ 33,550,823
Estimated completion costs of projects	<u>45,547,777</u>
Total	<u>\$ 79,098,600</u>

These projects will be funded by:

State appropriations	\$ 33,086,740
University funds (including bond funds)	45,258,744
Gifts, grants, and other	<u>753,116</u>
Total	<u>\$ 79,098,600</u>

Note 16 - Other Noncurrent Liabilities

Refundable Advances for Federal Student Loans - Refundable advances for federal student loans for the years ended June 30, 2009 and 2008, are summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
For the year ended:					
June 30, 2009	<u>\$ 8,456,624</u>	<u>\$ 421,070</u>	<u>\$ (351,304)</u>	<u>\$ 8,526,390</u>	<u>\$ -</u>
June 30, 2008	<u>\$ 8,621,865</u>	<u>\$ -</u>	<u>\$ (165,241)</u>	<u>\$ 8,456,624</u>	<u>\$ -</u>

Note 17 - Pollution Remediation

During the year, the University implemented GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation*. As a result of GASB No. 49, the University is required 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 and the amount assumes no unexpected change orders.

Pollution remediation obligations also include expected payments for the Ohio Environmental Protection Agency (EPA) findings and orders in violation of Ohio Administrative Code ("OAC") Rule 3745-27-13(A) and Ohio Revised Code ("ORC") Rule 3734.02(H). The Ohio EPA lists the University as responsible for the methane gas level monitoring of a disposal site on the University's Southern Campus. The University expects to continue monitoring on this site for an estimated 40 years. The liability is accrued based on reasonably expected potential outlays for performing this monitoring. The current value of the expected cash flows method was used to measure the estimated liability using the prior year expenditures as an estimate of future annual obligations.

Note 17 - Pollution Remediation (Continued)

Future expected payments for all significant pollution remediation activities include:

	<u>Minimum Payments</u>
2010	\$ 242,227
2011	61,604
2012	61,604
2013	61,604
2014	61,604
2015-2049	<u>2,156,140</u>
Total minimum payments	<u>\$ 2,644,783</u>

See Note 18 for effect on the basic financial statements.

Note 18 - Prior Period Adjustment

The accompanying financial statements for 2008 have been restated due to the implementation of GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation*, as discussed in Note 17. Implementation of this GASB Statement was required for the fiscal year ended June 30, 2009 with additional requirements to apply retroactively to all prior periods presented. The following financial statement line items for fiscal year 2008 were affected by the change:

Statements of Net Assets for the year ended June 30, 2008

	<u>As Computed Under Prior Rules</u>	<u>As Reported Under GASB 49</u>	<u>Effect of Change</u>
Current Liabilities - Accounts payable and accrued liabilities	\$ 43,822,048	\$ 44,234,027	\$ 411,979
Noncurrent Liabilities - Other long-term liabilities	-	2,464,160	2,464,160
Net Assets:			
Restricted - Expendable	46,436,126	46,085,751	(350,375)
Unrestricted	89,597,552	87,071,788	(2,525,764)

Note 18 - Prior Period Adjustment (Continued)

Statements of Revenues, Expenses, and Changes in Net Assets for the year ended June 30, 2008

	As Computed Under Prior Rules	As Reported Under GASB 49	Effect of Change
Operating Expenses - Operation and maintenance of plant	\$ 41,562,900	\$ 41,675,475	\$ 112,575
Net Assets - Beginning of year	529,557,346	526,793,782	(2,763,564)
Net Assets - End of year	545,608,494	542,732,355	(2,876,139)

As a result of the prior period adjustment, total liabilities increased from \$273,616,958 as originally reported, to \$276,493,097. Total net assets decreased from \$545,608,494 as originally reported, to \$542,732,355. The increase in net assets for the year ended June 30, 2008 decreased from \$16,051,148, as originally reported, to \$15,938,573.

The effects on the Statements of Cash Flows are limited to changes in the Reconciliation of Operating Loss to Net Cash Used in Operating Activities. As a result of the prior period adjustment, operating loss decreased by \$112,575 and accounts payable and accrued liabilities increased by \$112,575. Net Cash Used in Operating Activities did not change.

Note 19 - Donor-restricted Endowments

Under the standard established by Section 1715.56 of the Ohio Revised Code, an institution may appropriate so 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 and the spending rate for fiscal year 2009 was 5 percent (including a 1 percent administrative fee, the same as for fiscal year 2008).

The amounts of net appreciation on investments of donor-restricted endowments that are available for authorization for expenditure by the Board were \$7,452,227 and \$12,687,332 for June 30, 2009 and 2008, respectively. Those amounts are reported as restricted expendable net assets.

Note 20 - The Ohio University Foundation

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

Note 20 - The Ohio University Foundation (Continued)

The Foundation's wholly owned subsidiary, Inn-Ohio of Athens, Inc. (the "Inn"), owns and operates a 139-room hotel and restaurant facility in Athens, Ohio known as The Ohio University Inn (see Note 11).

Another controlled entity, Housing for Ohio, Inc. ("Housing"), constructed and operates a 182-unit student housing facility in Athens, Ohio (see Note 12). It has been granted tax-exempt status under Section 501(a)(3) of the Internal Revenue Code (the Code) as an organization described in Section 501(c)(3).

The Foundation owns a minority interest (44.18 percent at June 30, 2009 and 2008) in Diagnostic Hybrids, Inc. (DHI), which develops and manufactures tissue cell cultures, antibody kits, and biological reagents for use in medical laboratories.

The Foundation entered into an agreement with the Sugar Bush Foundation (Sugar Bush), an Ohio not-for-profit corporation, in August 2005. Sugar Bush is a supported organization as defined in Code Section 509(a)(3) and the Foundation is its primary supported organization receiving 51 percent of its charitable distributions. This agreement was further amended in August 2007 with Sugar Bush pledging to commit all of its charitable distributions to the Foundation. Upon dissolution of Sugar Bush and payment of all Sugar Bush liabilities, all of its assets shall be transferred to the Foundation, provided the Foundation is then recognized as a non-profit 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 under the provisions of Financial Accounting Standards Board Statement No. 136, *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others*.

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

The Foundation is the sole member of the Fritz J. and Dolores H. Russ Holdings LLC. The Fritz J. and Dolores H. Russ Holdings LLC is the sole member of the Russ North Valley Road LLC and Russ Research Center LLC.

Note 20 - The Ohio University Foundation (Continued)

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

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

Concentration of Credit Risk - Financial instruments, which potentially subject the Foundation to a concentration of credit risk, consist principally of pledges receivable, investments for the Foundation, and receivables related to operations of the Inn. 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.

Regarding the Inn, the management company that operates the Inn is responsible for collection of receivables (see Note 11). The Inn provides a reserve for any estimated uncollectible balances.

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

Note 20 - The Ohio University Foundation (Continued)

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

Contributions of charitable gift annuities are reduced by the actuarially determined liability resulting from acceptance of the gift. Contributions are held in charitable trusts at the present value of their estimated future benefits to be received when the trust assets are distributed upon notification of the donor's death (see Note 10).

Pledges Receivable - Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discount on those amounts is computed using a risk-free interest rate. The discount rate utilized was 5.16 percent and 1.74 percent for the years ended June 30, 2009 and 2008, respectively. Amortization of the discounts is included in contribution revenues. Unconditional promises to give, which are silent as to the due date, are presumed to be time restricted by the donor until received and are reported as temporarily restricted net assets. Conditional promises to give are not included as support until the conditions on which they depend are substantially met.

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

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

Investments - Investments in securities are recorded at fair value based on quoted market values, with changes in market value during the year reflected in the consolidated statements of activities. Purchases and sales of investments are accounted for as of the trade date. See Note 6 for valuation policy for alternative investments.

Note 20 - The Ohio University Foundation (Continued)

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

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 10 to 40 years using the straight-line method. Depreciation and amortization of other property, equipment, and improvements is recorded over periods ranging from 5 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, 2009 and 2008.

Restricted Cash - Restricted cash represents cash that, under terms of the bond issue trust indenture agreement (the "Trust Indenture") (related to Housing for Ohio, Inc., see Note 12), is restricted for various purposes. In accordance with the terms of the Trust Indenture and related agreements, the proceeds from the bonds not used to construct the student housing facility and certain equipment and improvements were deposited with the trustee. The Foundation is also required to deposit all revenue directly into a designated revenue fund. The trustee is then authorized, without further direction from the Foundation, to transfer funds out of the revenue fund to other funds as outlined in the Trust Indenture.

Functional Allocation of Expenses - The costs of providing the various programs and support services have been summarized on a functional basis in the consolidated statements of activities. Certain costs have been allocated among the programs and support services benefited.

Note 20 - The Ohio University Foundation (Continued)

Income Taxes - The Internal Revenue Service has determined that the Foundation is an exempt organization under Section 501(c)(3) of the Internal Revenue Code, except for taxes on unrelated income. The provision for income taxes for the Inn, including deferred tax expense totaled \$32,052 and \$11,000, respectively, for the years ended June 30, 2009 and 2008.

Fair Value of Financial Instruments - The carrying values of the Foundation's financial instruments in the accompanying consolidated statements of financial position approximate their respective estimated fair value at June 30, 2009 and 2008.

The Foundation has estimated the fair values of its financial instruments using available quoted market information and other valuation methodologies in accordance with FASB Statement No. 107, *Disclosures About Fair Value of Financial Instruments*. Accordingly, the estimates presented are not necessarily indicative of the amounts that the Foundation could realize in a current market exchange. Determinations of fair value are based on subjective data and significant judgment relating to timing of payments and collections and the amounts to be realized. Different market assumptions and/or estimation methodologies might have a material effect on the estimated fair value amounts.

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

Reclassification - Certain amounts from the prior year have been reclassified to conform to the current year's presentation.

Recent Accounting Pronouncements - In March 2008, the FASB issued statement No. 161, *Disclosures about Derivative Instruments and Hedging Activities*. FASB Statement No. 161 changes the disclosure requirements for derivative instruments and hedging activities. FASB Statement No. 161 is effective as of the beginning of the first fiscal year that begins after November 15, 2008. The Foundation is currently evaluating the impact this statement will have on the consolidated financial statements.

Subsequent Events - The financial statements and related disclosures include evaluation of events up through and including October 15, 2009, which is the date the financial statements were issued.

Note 20 - The Ohio University Foundation (Continued)

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

Unrestricted net assets as of June 30, 2009 and 2008 are available for the following purposes:

	2009	2008
Board-designated quasi-endowment	\$ 7,954,576	\$ 12,794,776
Board-designated 1804 fund	448,437	543,634
Designated underwater accounts	(14,246,147)	(1,417,699)
Undesignated:		
Undesignated housing	\$ (2,127,764)	\$ (2,621,331)
Undesignated other	<u>(8,910,185)</u>	<u>(5,689,091)</u>
Unrestricted net assets	<u>\$ (16,881,083)</u>	<u>\$ 3,610,289</u>

Temporarily Restricted Net Assets - Temporarily restricted net assets consist of funds that are restricted for a specific use or time determined by the donor.

Temporarily restricted net assets as of June 30, 2009 and 2008 are available for the following purposes:

	2009	2008
Academic support	\$ 6,915,282	\$ 9,190,998
Alumni relations	420,763	367,985
Fund-raising and development	733,138	2,259,954
Institutional support	10,013,887	9,387,204
Instruction and departmental research	88,737,312	104,906,061
Intercollegiate athletics	2,084,830	1,450,300
Operation and maintenance of plant	5,717,957	5,100,737
Other	-	24,442
Public service	232,679	378,940
Research	1,061,357	1,254,372
Student aid	21,470,686	39,757,269
Student services	<u>1,075,370</u>	<u>1,624,432</u>
Total	<u>\$ 138,463,261</u>	<u>\$ 175,702,694</u>

Note 20 - The Ohio University Foundation (Continued)

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

Permanently restricted net assets as of June 30, 2009 and 2008 are available for the following purposes:

	<u>2009</u>	<u>2008</u>
Academic support	\$ 6,055,601	\$ 6,060,266
Alumni relations	497,101	606,004
Fund-raising and development	217,615	22,384
Institutional support	4,347,382	3,919,071
Instruction and departmental research	63,492,129	62,559,763
Intercollegiate athletics	1,393,544	909,820
Other	306,244	12,617
Public service	353,368	328,389
Research	568,174	543,304
Student aid	65,184,231	55,426,463
Student services	<u>2,606,981</u>	<u>2,539,978</u>
Total	<u>\$ 145,022,370</u>	<u>\$ 132,928,059</u>

The Foundation was informed of an additional \$3,200,000 to come from the Dolores H. Russ Trust beyond that which was received by the Foundation prior to June 30, 2008. The amount is recorded as trust receivable on the books of the Foundation as of June 30, 2008 and was received in fiscal year 2009.

Note 20 - The Ohio University Foundation (Continued)

Amounts included in pledges receivable for unconditional promises to give at June 30, 2009 and 2008 are as follows:

	<u>2009</u>	<u>2008</u>
Unconditional promises to give before unamortized discount and allowance for uncollectibles	\$ 25,739,179	\$ 29,365,517
Less allowance for uncollectibles	<u>(4,555,835)</u>	<u>(5,491,475)</u>
Subtotal	21,183,344	23,874,042
Less unamortized discount	<u>(1,587,649)</u>	<u>(2,058,047)</u>
Unconditional promises to give - Net	<u>\$ 19,595,695</u>	<u>\$ 21,815,995</u>

	<u>2009</u>		<u>2008</u>	
	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Amounts due in:				
Less than one year	\$ 5,604,478	\$ 3,664,997	\$ 5,290,897	\$ 3,349,136
One to five years	3,235,810	6,197,977	4,667,267	6,780,986
More than five years	<u>222</u>	<u>892,211</u>	<u>3,539</u>	<u>1,724,170</u>
Total	<u>\$ 8,840,510</u>	<u>\$ 10,755,185</u>	<u>\$ 9,961,703</u>	<u>\$ 11,854,292</u>

As of June 30, 2009, the Foundation has approximately \$83,191,000 in numerous outstanding pledges which are considered to be intentions to give and are contingent upon future events. These pledges are not accrued as pledges receivable or recognized as revenue because they do not represent unconditional promises to give. It is not practicable to estimate the ultimate realizable value of these commitments or the period over which they might be collected.

As of July 1, 2008 the Foundation adopted Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* (SFAS 157). SFAS 157 clarifies the definition of fair value, establishes a framework for measuring fair value, and expands the disclosures for fair value measurements. The standard applies under other accounting pronouncements that require or permit fair value measurements and does not require any new fair value measurements. The provisions of SFAS 157 are effective prospectively for periods beginning July 1, 2008 for financial assets and liabilities and for periods beginning July 1, 2009 for nonfinancial assets and liabilities as a result of the deferral of the effective date of SFAS 157 provided by FSP FAS 157-2.

Note 20 - The Ohio University Foundation (Continued)

The implementation of the provisions of SFAS 157 for financial assets and liabilities as of July 1, 2008 did not have a material impact on the Foundation's consolidated financial statements.

The following tables present information about the Foundation's assets and liabilities measured at fair value on a recurring basis as of June 30, 2009, and the valuation techniques used by the Foundation to determine those fair values.

In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs 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.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset or liability.

In instances where 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 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.

Disclosures concerning assets and liabilities measured at fair value are as follows:

Cost and Market Value of Investments at June 30, 2009 and 2008

	2009		2008	
	Cost	Market	Cost	Market
Public equity	\$ 116,070,439	\$ 93,220,811	\$ 98,977,123	\$ 98,623,689
Fixed income	41,632,433	41,697,175	35,910,848	36,808,405
Short-term cash	1,188,406	1,188,406	64,745,827	64,745,823
Alternative	93,785,369	89,523,760	59,498,960	72,597,450
Total investments	<u>\$ 252,676,647</u>	<u>\$ 225,630,152</u>	<u>\$ 259,132,758</u>	<u>\$ 272,775,367</u>

Note 20 - The Ohio University Foundation (Continued)

Assets Measured at Fair Value on a Recurring Basis at June 30, 2009

Investment Type	Fair Value Measurements at Reporting Date Using			
	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs	Total at
	Level 1	Level 2	Level 3	June 30, 2009
Public equity	\$ 33,701,949	\$ 155	\$ 59,518,707	\$ 93,220,811
Fixed income	39,867,092	250,156	1,579,927	41,697,175
Short-term cash	15,671	-	1,172,735	1,188,406
Alternative	-	-	89,523,760	89,523,760
Total investments	<u>\$ 73,584,712</u>	<u>\$ 250,311</u>	<u>\$ 151,795,129</u>	<u>\$ 225,630,152</u>

Changes in Level 3 Assets Measured at Fair Value on a Recurring Basis

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)				
	Public Equity	Fixed Income	Short-term Cash	Alternative	Total
Beginning balance	\$ 50,924,324	\$ 1,577,607	\$ 549,980	\$ 72,597,450	\$ 125,649,361
Total realized and unrealized gains (losses) included in changes in net assets	(15,081,262)	12,498	-	(18,697,005)	(33,765,769)
Net purchases, sales, calls and maturities	23,675,645	(10,178)	622,755	35,623,315	59,911,537
Net transfers into and out of Level 3	-	-	-	-	-
Ending balance	<u>\$ 59,518,707</u>	<u>\$ 1,579,927</u>	<u>\$ 1,172,735</u>	<u>\$ 89,523,760</u>	<u>\$ 151,795,129</u>

Amount of total gains (losses) included in changes in net assets attributable to the change in unrealized gains (losses) relating to assets still held at June 30, 2009

	\$ (12,646,122)	\$ 11,311	\$ -	\$ (19,957,995)	\$ (32,592,806)
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Both observable and unobservable inputs may be used to determine the fair value of positions classified as Level 3 assets. As a result, the unrealized gains and losses for these assets presented in the tables above may include changes in fair value that were attributable to both observable and unobservable inputs.

Note 20 - The Ohio University Foundation (Continued)

Public equity, fixed income, and short-term cash investments categorized as Level 3 assets primarily consist of commingled funds. The underlying securities in these accounts are largely classified as either Level 1 or Level 2. However, as commingled funds are not registered with the Securities and Exchange Commission and do not trade on an exchange, we have conservatively classified them as Level 3 assets.

Alternative investments categorized as Level 3 assets include private equity, private real estate, commodities, and hedge funds. Also included is the Foundation's investment in Diagnostic Hybrids, Inc. For these assets, the reported values are based on the best information available to management at the time of the report, which may or may not be fair value.

Because financial data for many private investments is not available until several months after fiscal year-end, some reported investment valuations represent an estimate of the June 30 value, while the remaining valuations represent March 31 reported valuations that have been adjusted by cash added to and cash distributed

from these accounts through June 30. Management considers information that becomes available after the financial statements are compiled but before they are released, to determine whether an adjustment to the reported fair value of the investment should be made. For fiscal year 2009, there were \$74.8 million in investment assets reported at the estimated values described above, and all are listed as Level 3 assets. After the financial statements were compiled, management learned that unrealized gains for the quarter ended June 30, related to private equity and private real estate, totaled approximately \$1.8 million.

Also, the Foundation has exposure to an absolute return investment in the LibertyView Plus Fund (the "Fund") which was managed by Lehman Brothers Holdings Inc. ("LBHI"). As an affiliate of LBHI and acting as prime broker for the Fund, Lehman Brothers Inc. ("LBI") allowed the Fund to pledge assets as collateral in exchange for providing leverage to the Fund. This leverage was provided through margin lending agreements with an affiliate, Lehman Brothers International Europe ("LBIE"). Due to unprecedented adverse market conditions, on September 15, 2008 LBIE was placed into administration in the U.K. and LBHI filed for protection under the U.S. Bankruptcy Code. On September 19, 2008 the Securities Investor Protection Corp., which maintains a reserve fund to protect investors of failed brokerage firms, issued a statement saying that LBI was in liquidation. As a result, the University has been interacting with the State Attorney General's office and has engaged external special counsel for representation on behalf of itself and the Foundation.

Note 20 - The Ohio University Foundation (Continued)

In December 2008, based on guidance from the Foundation's investment consultant, the Foundation wrote down the value of the position to 60 percent of its net asset value (the "NAV") as observed prior to the bankruptcy filings (e.g., August 31, 2008). This NAV reflected the value of the Fund's securities which had not been re-hypothecated by LBIE and was listed on the Foundation's general ledger at approximately \$4.1 million as of June 30, 2009. Based on information provided by the Fund's management in August 2009, in fiscal year 2010 the Foundation wrote down the value of the position by an additional 25 percent to approximately \$2.4 million, or 35 percent of the August 31, 2008 NAV. This action takes into consideration those securities that are held by LBI but are currently subject to bankruptcy proceedings. Due to the aforementioned actions, the asset has been written down from its August 31, 2008 NAV by approximately \$4.5 million.

The Foundation's endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Note 20 - The Ohio University Foundation (Continued)

Interpretation of Relevant Law

The Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the historical value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets or as unrestricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Foundation
- (7) The investment policies of the Foundation

Endowment Net Asset Composition by Type of Fund as of June 30, 2009

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowment	\$ -	\$ 8,059,453	\$ 131,113,746	\$ 139,173,199
Board designated (quasi) endowment	<u>7,954,576</u>	<u>64,938,534</u>	<u>-</u>	<u>72,893,110</u>
Total funds	<u>\$ 7,954,576</u>	<u>\$ 72,997,987</u>	<u>\$ 131,113,746</u>	<u>\$ 212,066,309</u>

Note 20 - The Ohio University Foundation - (Continued)

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2009

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Market value -				
Beginning of the year	\$ 12,794,776	\$ 129,994,939	\$ 117,524,205	\$ 260,313,920
Net realized and unrealized gains and losses	(4,419,992)	(57,563,647)	7,688,777	(54,294,862)
Contributions	58,332	2,968,386	5,932,712	8,959,430
Spending policy transfer	(111,697)	(1,110,396)	-	(1,222,093)
Transfers to/(from) Board designated endowments	(268,635)	-	-	(268,635)
Administrative fee	(98,208)	(1,291,295)	(31,948)	(1,421,451)
Market value -				
End of the year	<u>\$ 7,954,576</u>	<u>\$ 72,997,987</u>	<u>\$ 131,113,746</u>	<u>\$ 212,066,309</u>

Endowment Net Asset Composition by Type of Fund as of June 30, 2008

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowment	\$ -	\$ 53,825,433	\$ 117,524,205	\$ 171,349,638
Board designated (quasi) endowment	<u>12,794,776</u>	<u>76,169,506</u>	<u>-</u>	<u>88,964,282</u>
Total funds	<u>\$ 12,794,776</u>	<u>\$ 129,994,939</u>	<u>\$ 117,524,205</u>	<u>\$ 260,313,920</u>

Note 20 - The Ohio University Foundation - (Continued)**Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2008**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Market value -				
Beginning of the year	\$ 12,286,990	\$ 75,450,200	\$ 105,050,583	\$ 192,787,773
Net realized and unrealized gains and losses	589,185	(9,765,286)	(755,707)	(9,931,808)
Contributions	200,504	68,158,981	13,258,292	81,617,777
Spending policy transfer	(190,098)	(2,654,114)	-	(2,844,212)
Transfers to/(from) Board designated endowments	(14,536)	-	-	(14,536)
Administrative fee	<u>(77,269)</u>	<u>(1,194,842)</u>	<u>(28,963)</u>	<u>(1,301,074)</u>
Market value -				
End of the year	<u>\$ 12,794,776</u>	<u>\$ 129,994,939</u>	<u>\$ 117,524,205</u>	<u>\$ 260,313,920</u>

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. In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets were \$14,246,147 and \$1,417,699 as of June 30, 2009 and 2008, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred from the investment of permanently restricted contributions.

Note 20 - The Ohio University Foundation (Continued)

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 purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for donor-specified periods, as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to outperform, over rolling 12-quarter periods, a composite index created by combining various indices presented in Appendix B of its investment policy, while maintaining acceptable risk levels. The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately 8.6 percent annually. 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

The Foundation's spending policy stipulates that 5 percent of a three-year moving average of the market value of the endowment is available to spend, with 1 percent of the amount being set aside to support the Foundation's administrative expenses. The spending rate applies to all endowment accounts except those that are underwater; for underwater accounts, spending is limited to earned interest and dividends. 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 its endowment to grow at an average of 3.6 percent annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Note 20 - The Ohio University Foundation - (Continued)

As of June 30, 2009 and 2008, property and equipment are as follows:

	<u>2009</u>	<u>2008</u>
Land	\$ 5,464,841	\$ 805,198
Land improvements	661,503	660,654
Building and building improvements	39,700,503	34,621,201
Furnishings, fixtures, and equipment	4,590,521	4,478,480
Construction in progress	<u>4,390</u>	<u>-</u>
Subtotal	50,421,758	40,565,533
Less accumulated depreciation and amortization	<u>(13,120,410)</u>	<u>(11,691,885)</u>
Property and equipment - Net	<u>\$ 37,301,348</u>	<u>\$ 28,873,648</u>

Total depreciation expense of \$1,494,160 and \$1,418,989 was recorded in fiscal years 2009 and 2008, respectively.

During 2009 and 2008, the University paid certain payroll costs amounting to \$4,908,642 and \$3,187,641 and additional costs of \$122,731 and \$206,996, 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 material to the results of activities of the Foundation.

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 at a rate established at the beginning of the agreement. The amount of the contribution is the difference between the asset and liability and is recorded as contribution revenue. The discount rate applied to gift annuities held at June 30, 2009 and 2008 ranged from 2.4 percent to 9.4 percent.

Note 20 - The Ohio University Foundation - (Continued)

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

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

In instances where the donor has not specifically reserved the right to change the remainderman, and the Foundation serves as the trustee, the Foundation will recognize the fair market value of the assets of the trust, as well as a liability for the net present value of future payments to be distributed by the Foundation to the donor or his/her designated beneficiaries. The amount of the contribution is the difference between the asset and liability at the inception of the trust. The present value of the future payments to the donor-designated beneficiary is determined using a discount rate established at the beginning of the trust. At June 30, 2009 and 2008, the discount rate applied to the charitable remainder trusts was 5.16 percent and 1.74 percent, respectively.

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

Adjustments to the receivable to reflect amortization of the discount, revaluation of the present value of the estimated future payments to the donor-designated beneficiaries, and changes in actuarial assumptions during the term of the trust will be 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.

Note 20 - The Ohio University Foundation - (Continued)

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 fair market value will be recorded for the trust. Revenue is recorded for all Lead Trust income stream payments, as well as a reduction to the receivable.

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

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

Revocable Trusts - Under revocable trust agreements, the Foundation serves as the remainderman, whereby the Foundation 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 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 statement of financial position or the consolidated statement of activities if the trust is held by a third-party trustee.

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 the University employees, alumni, and guests. As a significant portion of the Inn's revenues is derived from these customers, the Foundation is committed to financially supporting the Inn.

Note 20 - The Ohio University Foundation - (Continued)

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 and 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, 2009 and 2008 are summarized below:

	<u>2009</u>	<u>2008</u>
Revenue	\$ 4,110,554	\$ 4,154,994
Operating and general expenses	3,324,378	3,460,129
Depreciation and amortization	530,262	522,675
Interest expense - Net	161,635	178,438
Provision for income taxes	<u>32,052</u>	<u>11,000</u>
Total expenses	<u>4,048,327</u>	<u>4,172,242</u>
Net income	62,227	(17,248)
Unrealized gains	<u>8,899</u>	<u>13,167</u>
Change in net assets	<u>\$ 71,126</u>	<u>\$ (4,081)</u>

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

In fiscal years 2009 and 2008, base management fees incurred by the Inn with respect to the Manager were \$100,000 per year and incentive fees were \$74,656 and \$66,413, respectively.

The Inn has alternative minimum tax credit carryforwards of approximately \$40,000 at July 3, 2009 and \$53,000 at June 27, 2008, which have indefinite lives.

Note 20 - The Ohio University Foundation - (Continued)

Debt Obligations - Long-term debt of the Inn as of July 3, 2009 and June 27, 2008 consists of the following:

	<u>2009</u>	<u>2008</u>
Term loan - Principal due through June 2021, interest at 6.2 percent through June 2011 and adjusted thereafter	\$ 3,466,600	\$ 3,655,500
Less current portion of long-term debt	<u>(201,000)</u>	<u>(188,900)</u>
Total	<u>\$ 3,265,600</u>	<u>\$ 3,466,600</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. The term loan is guaranteed by the Foundation.

Substantially all of the property and equipment is pledged as collateral for the term loan. The interest rate on the new term loan is fixed at 6.2 percent through June 2011. The interest rate will be adjusted to the index rate as defined in the agreement plus 1.4 percent in June 2011 and every five years thereafter.

Maturities of long-term debt at July 3, 2009 are set forth in the following schedule:

<u>Year Ending</u>	<u>Amount</u>
2010	\$ 201,000
2011	213,800
2012	227,400
2013	242,000
2014	257,400
Due thereafter	<u>2,325,000</u>
Total	<u>\$ 3,466,600</u>

The fair value of the debt obligations approximates the carrying value at June 30, 2009 and 2008.

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

Note 20 - The Ohio University Foundation - (Continued)

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

The average interest rate for the years ended June 30, 2009 and 2008 was 1.74 percent and 2.97 percent, respectively, and the actual interest rates at June 30, 2009 and 2008 were 0.30 percent and 1.65 percent, respectively.

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

Principal payments for the bonded debt for the years subsequent to June 30, 2009, are summarized as follows:

Years Ending	
June 30	Principal
2010	\$ 670,000
2011	705,000
2012	740,000
2013	780,000
2014	820,000
Thereafter	<u>25,150,000</u>
Total	<u>\$ 28,865,000</u>

Debt issuance costs are included in property on the consolidated statements of financial position and are amortized over the term of the 2000 Bonds. Amortization during each of the years ended June 30, 2009 and 2008 was \$26,157 and \$34,965, respectively.

Additionally, Housing has an outstanding promissory note to the Project's developer in the original amount of \$700,000. The note is payable in 10 annual installments of \$70,000 through June 2014. The payment terms are predicated on the Project's current management company remaining the manager of the Project. In the event

Note 20 - The Ohio University Foundation - (Continued)

that the current management company's services are terminated prior to the final payment, the remaining balance shall become immediately due and payable. There is no interest accruing on the note, and management of Housing believes that the present value discount of future payments and the calculation of imputed interest on this note are not material to the consolidated financial statements. Maturities of the note payable at June 30, 2009 are set forth in the following schedule:

Years Ending	
June 30	Principal
2010	\$ 70,000
2011	70,000
2012	70,000
2013	70,000
2014	<u>70,000</u>
Total	<u>\$ 350,000</u>

Supplemental Information

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

To the Board of Trustees
Ohio University

We have audited the financial statements of Ohio University as of and for the year ended June 30, 2009 and have issued our report thereon dated October 15, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the control deficiency described in the accompanying schedule of findings and questioned costs as Finding 2009-1 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

To the Board of Trustees
Ohio University

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

Compliance and Other Matters

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

We noted certain matters that we have reported to management of Ohio University in a separate letter dated October 15, 2009.

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

This report is intended solely for the information and use of management, the board of trustees, others within the entity, the audit committee, the Auditor of the State of Ohio, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Plante & Moran, PLLC

October 15, 2009

Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

To the Board of Trustees
Ohio University

Compliance

We have audited the compliance of Ohio University with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2009. The major federal programs of Ohio University are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Ohio University's management. Our responsibility is to express an opinion on Ohio University's compliance based on our audit.

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

In our opinion, Ohio University complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

To the Board of Trustees
Ohio University

Internal Control Over Compliance

The management of Ohio University is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Ohio University's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the board of trustees, others within the entity, the audit committee, the Auditor of the State of Ohio, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Plante & Moran, PLLC

October 15, 2009

Schedule of Expenditures of Federal Awards Year Ended June 30, 2009

Federal Agency/Pass-Through Grantor	CFDA Number	Federal/Pass-Through Grant Number	Expenditures
STUDENT AID CLUSTER			
DEPARTMENT OF EDUCATION			
Direct Programs:			
Supplemental Educational Opportunity Grants	84.007	P007A023342	\$ 1,092,410
Federal Family Education Loans	84.032		16,422,787
College Work-Study Program	84.033	PO33A023342	1,022,971
Pell Grant Program	84.063	P063P021330	23,280,472
Pell Grant Program (Prior Year)	84.063	P063P021330	(41)
Federal Direct Student Loan	84.268		131,924,494
Academic Competitiveness Grant	84.375	UNKNOWN	1,036,816
Academic Competitiveness Grant (Prior Year)	84.375	UNKNOWN	(24)
National Science and Mathematics Access to Retain Talent Grant	84.376	UNKNOWN	245,312
Teach Grant	84.379	P379T090345	148,018
Subtotal Direct Programs			<u>175,173,215</u>
Pass-Through Programs From:			
Sallie Mae - Federal Family Education Loan Programs	84.032	UNKNOWN	178,750
Subtotal Pass-Through Programs			<u>178,750</u>
Total Department of Education			<u>175,351,965</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Direct Programs:			
Scholarships for Health Professions Students from Disadvantaged Backgrounds	93.925	T08HP09432	61,251
Total Department of Health and Human Services			<u>61,251</u>
TOTAL STUDENT AID CLUSTER			<u>175,413,216</u>
RESEARCH AND DEVELOPMENT CLUSTER			
DEPARTMENT OF AGRICULTURE			
Direct Programs:			
U S DEPARTMENT OF AGRICULTURE	10.001	58-1235-8-160	11,866
U S DEPARTMENT OF AGRICULTURE	10.206	2008-35318-04563	50,000
U S DEPARTMENT OF AGRICULTURE	10.206	2008-35318-04572	75,559
U S DEPARTMENT OF AGRICULTURE	10.250	58-4000-6-0120	13,326
U S DEPARTMENT OF AGRICULTURE	10.XXX	06-JV-11242300-070	15,811
U S DEPARTMENT OF AGRICULTURE	10.XXX	06-JV-11242328-002	40,114
Subtotal Direct Programs			<u>206,676</u>
Pass-Through Programs From:			
OHIO INVASIVE PLANTS COUNCIL	10.XXX	UNKNOWN	19,117
OHIO STATE UNIVERSITY	10.250	59-5000-7-0044	5,967
PURDUE UNIVERSITY	10.206	2008-55503-18793	37,026
Subtotal Pass-Through Programs			<u>62,110</u>
Total Department of Agriculture			<u>268,786</u>
DEPARTMENT OF COMMERCE			
Direct Programs:			
NATIONAL OCEANIC & ATMOSPHERIC ADMINISTRATION	11.420	NA08NOS4200265	19,996
NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY	11.609	70NANB9H9051	5,887
Subtotal Direct Programs			<u>25,883</u>
Pass-Through Programs From:			
FLORIDA STATE UNIVERSITY	11.454	NA05NMF4540045	7
Subtotal Pass-Through Programs			<u>7</u>
Total Department of Commerce			<u>25,890</u>

Ohio University

Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2009

Federal Agency/Pass-Through Grantor	CFDA Number	Federal/Pass-Through Grant Number	Expenditures
RESEARCH AND DEVELOPMENT CLUSTER (Continued)			
DEPARTMENT OF DEFENSE			
Direct Programs:			
US Army			
U S ARMY MEDICAL RESEARCH ACQUISITION	12.420	W81XWH-07-1-0251	\$ 156,836
U S ARMY CORP OF ENGINEERS	12.XXX	W912DR-07-P-0323	19,850
			<u>176,686</u>
US Air Force			
AIR FORCE OFFICE OF SCIENTIFIC RESEARCH	12.800	FA9550-07-1-0383	119,215
AIR FORCE RESEARCH LABORATORY	12.800	FA8651-07-1-0010	101,369
			<u>220,584</u>
National Security Agency			
NATIONAL SECURITY AGENCY	12.901	H98230-07-1-0070	1,638
Office of the Chief of Naval Research			
OFFICE OF NAVAL RESEARCH	12.XXX	N00014-08-C-0583	263,091
			<u>661,999</u>
Subtotal Direct Programs			
Pass-Through Programs From:			
AVIATION CONSULTING SERVICES INTERNATIONAL , LLC	12.XXX	UNKNOWN	11,201
CH2M HILL, INC.	12.XXX	CY07ROKFCF07R501	15,046
DAYTON AREA GRADUATE STUDIES INSTITUTE	12.XXX	UNKNOWN	(1,335)
DAYTON AREA GRADUATE STUDIES INSTITUTE	12.XXX	UNKNOWN	53,815
DAYTON AREA GRADUATE STUDIES INSTITUTE	12.XXX	UNKNOWN	141
GENERAL DYNAMICS INFORMATION TECHNOLOGY, INC.	12.800	F33615-03-D-5408	28,787
GENERAL DYNAMICS INFORMATION TECHNOLOGY, INC.	12.XXX	F33601-02-F-A581	(41,562)
ITT CORPORATION	12.XXX	N00173-03-C-2037	54,673
KAYA ASSOCIATES, INC.	12.XXX	DASG60-03-C-0081	56
MIAMI UNIVERSITY	12.800	FA9550-07-1-0354	22,938
MIAMI UNIVERSITY	12.XXX	UNKNOWN	106,632
		FA9550-07-C-0138; FA9550-	
NANOHMICS, INC.	12.XXX	09-C-0085	100,925
NASCC AIR OPERATIONS	12.XXX	UNKNOWN	(741)
NAVTEQ	12.XXX	UNKNOWN	236,310
NORTHROP GRUMMAN	12.XXX	FA8650-09-C-3901	271,701
OHIO AEROSPACE INSTITUTE	12.XXX	FA8650-05-D-5807	20,314
OHIO STATE UNIVERSITY	12.XXX	FA8650-08-D-1451	194,248
PENN STATE UNIVERSITY	12.431	W911NF-06-2-0026	107,472
PULSE TECH PRODUCTS CORPORATION	12.XXX	W15P7T-07-C-P445	91,541
RNET TECHNOLOGIES, INC.	12.910	W31P4Q-09-C-0243	15,996
SCIENCE APPLICATIONS INTERNATIONAL CORPORATION	12.XXX	N00019-02-C-3002	141,684
TRANDES CORPORATION	12.XXX	N66001-06-D-0024	70,476
UNIVERSITY OF CINCINNATI	12.XXX	W91260-06-D-0005	7,185
UNIVERSITY OF CINCINNATI	12.XXX	W91260-06-D-0005	16,910
UNIVERSITY OF NEW MEXICO	12.XXX	DTRA01-03-D-0009-0019	20,252
			<u>1,544,665</u>
Total Department of Defense			<u>2,206,664</u>
DEPARTMENT OF EDUCATION			
Direct Programs:			
U S DEPARTMENT OF EDUCATION	84.022A	P022A080034	26,089
			<u>26,089</u>
Subtotal Direct Programs			
Pass-Through Programs From:			
SOUTHERN LOCAL SCHOOL DISTRICT	84.XXX	UNKNOWN	57,205
			<u>57,205</u>
Total Department of Education			<u>83,294</u>

Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2009

Federal Agency/Pass-Through Grantor	CFDA Number	Federal/Pass-Through Grant Number	Expenditures
RESEARCH AND DEVELOPMENT CLUSTER (Continued)			
DEPARTMENT OF ENERGY			
Direct Programs:			
U S DEPARTMENT OF ENERGY	81.049	DE-FG02-06ER46317	\$ 134,884
U S DEPARTMENT OF ENERGY	81.049	DE-FG02-08ER46551	6,938
U S DEPARTMENT OF ENERGY	81.049	DE-FG02-02ER46012	133,568
U S DEPARTMENT OF ENERGY	81.049	DE-FG02-93ER40756	385,113
U S DEPARTMENT OF ENERGY	81.049	DE-FG02-88ER40387	413,022
U S DEPARTMENT OF ENERGY	81.049	DE-FG02-06ER46300	109,080
U S DEPARTMENT OF ENERGY	81.057	DE-FG26-05NT42527	19,774
U S DEPARTMENT OF ENERGY	81.087	DE-FG36-08GO88083	485,454
U S DEPARTMENT OF ENERGY	81.087	DE-FG36-05GO85029	2,503
U S DEPARTMENT OF ENERGY	81.112	DE-FG52-06NA26187	211,006
U S DEPARTMENT OF ENERGY	81.XXX	DE-FC26-03NT41723	43,563
Subtotal Direct Programs			1,944,905
Pass-Through Programs From:			
APPLIED SCIENCES INC	81.XXX	DE-FG02-05ER86237	77,982
ARGONNE NATIONAL LABORATORY	81.XXX	DE-AC02-06CH11357	23,882
GEORGIA INSTITUTE OF TECHNOLOGY	81.121	DE-FG07-07ID14887	54,104
JEFFERSON SCIENCE ASSOCIATES, LLC	81.XXX	DE-AC05-06OR23177	34,394
JEFFERSON SCIENCE ASSOCIATES, LLC	81.XXX	UNKNOWN	30,000
NORTHWESTERN UNIVERSITY	81.049	DE-FG02-08ER41567	2,781
Subtotal Pass-Through Programs			223,143
Total Department of Energy			2,168,048
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Direct Programs:			
National Institute of Health			
NATIONAL INSTITUTE OF HEALTH	93.173	R15 DC009504	50,775
NATIONAL INSTITUTE OF HEALTH	93.173	F31DC009919	6,524
NATIONAL INSTITUTE OF HEALTH	93.173	R01 DC005063	510,243
NATIONAL INSTITUTE OF HEALTH	93.173	DC006161	31,460
NATIONAL INSTITUTE OF HEALTH	93.242	R01 MH067566	(941)
NATIONAL INSTITUTE OF HEALTH	93.242	5 R01 MH057832	78,119
NATIONAL INSTITUTE OF HEALTH	93.242	R01 MH078749	389,995
NATIONAL INSTITUTE OF HEALTH	93.273	R01 AA014294	35,032
NATIONAL INSTITUTE OF HEALTH	93.286	R21 EB006934	118,032
NATIONAL INSTITUTE OF HEALTH	93.389	R25 RR020447	52,012
NATIONAL INSTITUTE OF HEALTH	93.390	R15HL092545	9,512
NATIONAL INSTITUTE OF HEALTH	93.393	R01CA086928	159,314
NATIONAL INSTITUTE OF HEALTH	93.395	1 R15 CA098036-01A1	10,395
NATIONAL INSTITUTE OF HEALTH	93.396	R15CA137499	32,260
NATIONAL INSTITUTE OF HEALTH	93.839	R01 HL077438	287,434
NATIONAL INSTITUTE OF HEALTH	93.847	R15 DK075436	91,652
NATIONAL INSTITUTE OF HEALTH	93.847	R34 DK071545	17,590
NATIONAL INSTITUTE OF HEALTH	93.847	1R15 DK081192-01	123,368
NATIONAL INSTITUTE OF HEALTH	93.849	R15 DK073066	17,061
NATIONAL INSTITUTE OF HEALTH	93.853	K01 NS046582	30,146
NATIONAL INSTITUTE OF HEALTH	93.853	R15 NS050492	109,848
NATIONAL INSTITUTE OF HEALTH	93.855	R15 AI077896	46,366
NATIONAL INSTITUTE OF HEALTH	93.855	R15 AI047165	43,790
NATIONAL INSTITUTE OF HEALTH	93.859	R15 GM084414	84,172
NATIONAL INSTITUTE OF HEALTH	93.859	R01 GM073188	393,570
NATIONAL INSTITUTE OF HEALTH	93.859	F31 GM077096	8,790
NATIONAL INSTITUTE OF HEALTH	93.865	R01 HD045512	187,875
NATIONAL INSTITUTE OF HEALTH	93.866	R03AG030029	62,099
NATIONAL INSTITUTE OF HEALTH	93.879	G13 LM008048	1,355
			2,987,848
Centers for Disease Control			
CENTERS FOR DISEASE CONTROL AND PREVENTION	93.136	R49 CE000923	87,398
Subtotal Direct Programs			3,075,246

Ohio University

Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2009

Federal Agency/Pass-Through Grantor	CFDA Number	Federal/Pass-Through Grant Number	Expenditures
RESEARCH AND DEVELOPMENT CLUSTER (Continued)			
DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)			
Pass-Through Programs From:			
EAST CAROLINA UNIVERSITY	93.389	2R25RR020447	\$ 11,165
GEORGE WASHINGTON UNIVERSITY	93.XXX	U01-DK061055	1,744
HARVARD UNIVERSITY	93.173	R01 DC002290	40,488
MIAMI UNIVERSITY	93.XXX	UNKNOWN	12,517
SOUTHERN ILLINOIS UNIVERSITY	93.866	R01 AG019899	39,791
UNIVERSITY OF MICHIGAN	93.838	HL055397	57,870
UNIVERSITY OF NORTH CAROLINA AT CHARLOTTE	93.838	R01 HL068706	17,027
Subtotal Pass-Through Programs			180,602
Total Department of Health and Human Services			3,255,848
DEPARTMENT OF THE INTERIOR			
Pass-Through Programs From:			
OHIO DEPARTMENT OF NATURAL RESOURCES	15.XXX	NGSCW-06-42; 07-42	19,006
THE AMERICAN CHESTNUT FOUNDATION	15.255	S08AP12906	14,699
UNIVERSITY OF WYOMING	15.252	UNKNOWN	39,766
WEST VIRGINIA DIVISION OF NATURAL RESOURCES	15.XXX	UNKNOWN	1,593
Subtotal Pass-Through Programs			75,064
Total Department of the Interior			75,064
DEPARTMENT OF TRANSPORTATION			
Direct Programs:			
FEDERAL AVIATION ADMINISTRATION			
FEDERAL AVIATION ADMINISTRATION	20.108	98-G-002	296,745
FEDERAL AVIATION ADMINISTRATION	20.108	95-G-014	120,058
FEDERAL AVIATION ADMINISTRATION	20.XXX	DTFA01-01-C-00071	1,743,086
FEDERAL AVIATION ADMINISTRATION	20.XXX	DTFAAC-09-A-80000	31,243
FEDERAL AVIATION ADMINISTRATION	20.XXX	DTFAAC-03-A-15689	228,555
Subtotal Direct Programs			2,419,687
Pass-Through Programs From:			
CLEVELAND STATE UNIVERSITY	20.701	DTRT06-G-0024	4,082
DELTA AIRPORT CONSULTANTS, INC.	20.XXX	3-51-004	22,084
ENGINEERING & SOFTWARE CONSULTANTS, INC.	20.XXX	DTFH61-05-D-00017	21,686
ITT CORPORATION	20.XXX	DTFAWA-07-C-00067	114,092
ITT CORPORATION	20.XXX	DTFAWA-07-C-00067	228,709
SENSIS CORPORATION	20.XXX	UNKNOWN	45,322
UNIVERSITY OF AKRON	20.701	DTRT06-G-0037	2,516
UNIVERSITY OF AKRON	20.701	DTRT06-G-0037	29
Subtotal Pass-Through Programs			438,520
Total Department of Transportation			2,858,207
ENVIRONMENTAL PROTECTION AGENCY			
Direct Programs:			
U S ENVIRONMENTAL PROTECTION AGENCY	66.034	XA-96588501	99,944
U S ENVIRONMENTAL PROTECTION AGENCY	66.202	EM-83350201	99,653
U S ENVIRONMENTAL PROTECTION AGENCY	66.509	RD-83136501	38,452
U S ENVIRONMENTAL PROTECTION AGENCY	66.XXX	UNKNOWN	87,686
Subtotal Direct Programs			325,735
Pass-Through Programs From:			
APPLIED SCIENCES INC	66.XXX	UNKNOWN	1,353
Subtotal Pass-Through Programs			1,353
Total Environmental Protection Agency			327,088

Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2009

Federal Agency/Pass-Through Grantor	CFDA Number	Federal/Pass-Through Grant Number	Expenditures
RESEARCH AND DEVELOPMENT CLUSTER (Continued)			
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION			
Direct Programs:			
NASA LANGLEY RESEARCH CENTER	43.XXX	NNX08BA01A	\$ 251,280
NASA GLENN RESEARCH CENTER	43.XXX	NNX09AD87G	27,270
NASA GODDARD SPACE FLIGHT CENTER	43.XXX	NNX07AR88G	12,550
NASA GODDARD SPACE FLIGHT CENTER	43.XXX	NNX08AD67G	38,722
NASA LANGLEY RESEARCH CENTER	43.XXX	NNX07AN14A	94,671
NASA GODDARD SPACE FLIGHT CENTER	43.XXX	NNX08AZ36G	27,383
NASA GLENN RESEARCH CENTER	43.XXX	NNX09AF12G	4,619
NASA GLENN RESEARCH CENTER	43.XXX	NNC06GA41G	13,977
Subtotal Direct Programs			<u>470,472</u>
Pass-Through Programs From:			
AUBURN UNIVERSITY	43.XXX	NNX07AN46G	24,677
CASE WESTERN RESERVE UNIVERSITY	43.XXX	NNC06CA46C	87,256
MOREHOUSE COLLEGE	43.XXX	UNKNOWN	2,184
MOREHOUSE COLLEGE	43.XXX	NNK06EA02G	1,439
NANOHMICS, INC.	43.xxx	NNX08CC81P	8,993
RL ASSOCIATES	43.XXX	UNKNOWN	7,769
RL ASSOCIATES	43.XXX	UNKNOWN	124
SMITHSONIAN ASTROPHYSICAL OBSERVATORY	43.XXX	NAS8-03060	9,361
SPACE TELESCOPE SCIENCE INSTITUTE	43.XXX	NAS5-26555	52,422
Subtotal Pass-Through Programs			<u>194,225</u>
Total National Aeronautics and Space Administration			<u>664,697</u>
NATIONAL HISTORICAL PUBLICATIONS AND RECORDS COMMISSION			
Direct Programs:			
NATIONAL HISTORICAL PUBLICATIONS AND RECORDS COMMI	89.003	NAR06GRANT-006	2,750
Subtotal Direct Programs			<u>2,750</u>
Total National Historical Publications and Records Commission			<u>2,750</u>
NATIONAL SCIENCE FOUNDATION			
Direct Programs:			
NATIONAL SCIENCE FOUNDATION	47.041	CMS-0533290	37,734
NATIONAL SCIENCE FOUNDATION	47.041	IIP-0227907	144,006
NATIONAL SCIENCE FOUNDATION	47.041	CBET-0547165	61,796
NATIONAL SCIENCE FOUNDATION	47.049	DMS-0545895	91,137
NATIONAL SCIENCE FOUNDATION	47.049	PHY-0821173	43,845
NATIONAL SCIENCE FOUNDATION	47.049	PHY-0653422	130,783
NATIONAL SCIENCE FOUNDATION	47.049	DMR-0710581	99,840
NATIONAL SCIENCE FOUNDATION	47.049	CHE-0745590	77,358
NATIONAL SCIENCE FOUNDATION	47.049	DMR-0600073	48,207
NATIONAL SCIENCE FOUNDATION	47.049	PHY-0653454	180,265
NATIONAL SCIENCE FOUNDATION	47.049	AST-0708284	71,650
NATIONAL SCIENCE FOUNDATION	47.049	CHE-0848081	47,244
NATIONAL SCIENCE FOUNDATION	47.049	CHE-0809669	70,783
NATIONAL SCIENCE FOUNDATION	47.049	DMR-0850031	8,398
NATIONAL SCIENCE FOUNDATION	47.050	EAR-0617561	82,704
NATIONAL SCIENCE FOUNDATION	47.050	EAR-0819542	9,287
NATIONAL SCIENCE FOUNDATION	47.070	CCF-0622158	1,617
NATIONAL SCIENCE FOUNDATION	47.074	IOS-0618506	97,765
NATIONAL SCIENCE FOUNDATION	47.074	IOS-0842624	16,953
NATIONAL SCIENCE FOUNDATION	47.074	IOS-0615753	147,227
NATIONAL SCIENCE FOUNDATION	47.074	IOS-0821930	60,508
NATIONAL SCIENCE FOUNDATION	47.074	DEB-0640896	36,965
NATIONAL SCIENCE FOUNDATION	47.074	DBI-0619572	82,395
NATIONAL SCIENCE FOUNDATION	47.074	MCB-0618334	45,084
NATIONAL SCIENCE FOUNDATION	47.074	IOS-0818412	3,322
NATIONAL SCIENCE FOUNDATION	47.074	IOS-0724135	81,057
NATIONAL SCIENCE FOUNDATION	47.074	DEB-0516031	72,339
NATIONAL SCIENCE FOUNDATION	47.074	IOS-0744798	83,945

Ohio University

Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2009

Federal Agency/Pass-Through Grantor	CFDA Number	Federal/Pass-Through Grant Number	Expenditures
RESEARCH AND DEVELOPMENT CLUSTER (Continued)			
NATIONAL SCIENCE FOUNDATION (Continued)			
NATIONAL SCIENCE FOUNDATION	47.074	DEB-0629819	\$ 33,548
NATIONAL SCIENCE FOUNDATION	47.074	IOS-0622394	123,150
NATIONAL SCIENCE FOUNDATION	47.074	IOS-0520855	75,747
NATIONAL SCIENCE FOUNDATION	47.074	IOS-0520100	59,495
NATIONAL SCIENCE FOUNDATION	47.074	IOS-0345500	39,617
NATIONAL SCIENCE FOUNDATION	47.074	DBI-0649757	82,874
NATIONAL SCIENCE FOUNDATION	47.074	IOS-0517257	73,351
NATIONAL SCIENCE FOUNDATION	47.075	SES-0718526	12,662
NATIONAL SCIENCE FOUNDATION	47.075	SES-0724700	74,446
NATIONAL SCIENCE FOUNDATION	47.075	SES-0724542	15,735
NATIONAL SCIENCE FOUNDATION	47.075	SES-0824287	46,901
NATIONAL SCIENCE FOUNDATION	47.075	BCS-0515890	8,987
NATIONAL SCIENCE FOUNDATION	47.075	BCS-0720025	21,003
NATIONAL SCIENCE FOUNDATION	47.076	DGE-0538588	438,260
NATIONAL SCIENCE FOUNDATION	47.076	DUE-0833295	455
NATIONAL SCIENCE FOUNDATION	47.078	ANT-0436190	15,738
NATIONAL SCIENCE FOUNDATION	47.079	OISE-0730257	498,398
Subtotal Direct Programs			<u>3,554,581</u>
Pass-Through Programs From:			
ARIZONA STATE UNIVERSITY	47.075	BCS-0624159	44,240
ASSOCIATION OF UNIVERSITIES FOR RESEARCH IN ASTRON	47.XXX	AST0132798	12,457
MICHIGAN STATE UNIVERSITY	47.075	BCS 0709671	31,251
OHIO STATE UNIVERSITY	47.041	ECS-0524924	5,428
OHIO STATE UNIVERSITY	47.049	CHE-05322560	8,439
UNIVERSITY OF ALASKA FAIRBANKS	47.078	ANT-0741301	2,573
UNIVERSITY OF CONNECTICUT	47.041	BES 0302351	5,841
UNIVERSITY OF CONNECTICUT	47.XXX	BES-9812042	4,840
UNIVERSITY OF ILLINOIS URBANA	47.049	DMR-0605890	112,315
UNIVERSITY OF MICHIGAN	47.075	ECS-0601345	25,980
Subtotal Pass-Through Programs			<u>253,364</u>
Total National Science Foundation			<u>3,807,945</u>
TOTAL RESEARCH AND DEVELOPMENT CLUSTER			<u>15,744,281</u>
CHILD NUTRITION CLUSTER			
DEPARTMENT OF AGRICULTURE			
Pass-Through Programs From:			
OHIO DEPARTMENT OF EDUCATION	10.559	UNKNOWN	25,079
OHIO DEPARTMENT OF EDUCATION	10.559	UNKNOWN	19,369
TOTAL CHILD NUTRITION CLUSTER			<u>44,448</u>
HOMELAND SECURITY			
DEPARTMENT OF HOMELAND SECURITY			
Pass-Through Programs From:			
FRANKLIN COUNTY OFFICE OF HOMELAND SECURITY & JUST	97.008	2007-UASI-194	398,215
TOTAL HOMELAND SECURITY CLUSTER			<u>398,215</u>
TRIO CLUSTER			
DEPARTMENT OF EDUCATION			
Direct Programs:			
U S DEPARTMENT OF EDUCATION	84.042A	P042A050180	318,305
U S DEPARTMENT OF EDUCATION	84.047A	P047A080818	332,211
U S DEPARTMENT OF EDUCATION	84.217A	P217A030004	74,649
TOTAL TRIO CLUSTER			<u>725,165</u>

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Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2009

Federal Agency/Pass-Through Grantor	CFDA Number	Federal/Pass-Through Grant Number	Expenditures
<u>HIGHWAY PLANNING AND CONSTRUCTION CLUSTER</u>			
DEPARTMENT OF TRANSPORTATION			
Pass-Through Programs From:			
CLEVELAND STATE UNIVERSITY	20.205	21457A	\$ 5,062
OHIO DEPARTMENT OF TRANSPORTATION	20.205	E051425	86,228
OHIO DEPARTMENT OF TRANSPORTATION	20.205	E040(371)	22,871
OHIO DEPARTMENT OF TRANSPORTATION	20.205	TPF-5(121)	345,078
OHIO DEPARTMENT OF TRANSPORTATION	20.205	UNKNOWN	88,172
OHIO DEPARTMENT OF TRANSPORTATION	20.205	E051427	20,563
OHIO DEPARTMENT OF TRANSPORTATION	20.205	E080051	98,372
OHIO DEPARTMENT OF TRANSPORTATION	20.205	E060901	61,192
OHIO DEPARTMENT OF TRANSPORTATION	20.205	E080514	62,887
OHIO DEPARTMENT OF TRANSPORTATION	20.205	E071046	142,286
OHIO DEPARTMENT OF TRANSPORTATION	20.205	E060(117)	30,686
OHIO DEPARTMENT OF TRANSPORTATION	20.205	E070227	74,617
TOTAL HIGHWAY PLANNING AND CONSTRUCTION CLUSTER			1,038,014
<u>FISH AND WILDLIFE CLUSTER</u>			
DEPARTMENT OF THE INTERIOR			
Pass-Through Programs From:			
COMMONWEALTH OF KENTUCKY DEPARTMENT OF FISH AND WI	15.605	UNKNOWN	144
TOTAL FISH AND WILDLIFE CLUSTER			144
<u>WIA CLUSTER</u>			
DEPARTMENT OF LABOR			
Pass-Through Programs From:			
OHIO DEPARTMENT OF JOBS AND FAMILY SERVICES	17.258	AA-16048-07-55-A-39	46,700
TOTAL WIA CLUSTER			46,700
<u>CCDF CLUSTER</u>			
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Pass-Through Programs From:			
OHIO CHILD CARE RESOURCE AND REFERRAL ASSOCIATION	93.575; 93.994; 84.181; 93.110	UNKNOWN	73,035
TOTAL CCDF CLUSTER			73,035
<u>OTHER PROGRAMS</u>			
APPALACHIAN REGIONAL COMMISSION			
Direct Programs:			
APPALACHIAN REGIONAL COMMISSION	23.XXX	OH-15508-06	68,506
Subtotal Direct Programs			68,506
Pass-Through Programs From:			
ATHENS MEIGS EDUCATIONAL SERVICE CENTER	23.XXX	UNKNOWN	2,962
BUCKEYE HILLS-HOCKING VALLEY REGIONAL DEVELOPMENT	23.XXX	CO-16001-08	4,494
		CO-12600-F-C4;	
		CO-12600-F-C5;	
EAST TENNESSEE STATE UNIVERSITY	23.011	CO-12600-F-C6	4,066
OHIO APPALACHIAN CENTER FOR HIGHER EDUCATION	23.XXX	UNKNOWN	13,484
Subtotal Pass-Through Programs			25,006
Total Appalachian Regional Commission			93,512

Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2009

Federal Agency/Pass-Through Grantor	CFDA Number	Federal/Pass-Through Grant Number	Expenditures
OTHER PROGRAMS (Continued)			
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			
Pass-Through Programs From:			
JUMPSTART NATIONAL	94.006	03ACH-K729-04- A147#40/CFDA-94.006-JS- SITE#40	\$ 42,812
OHIO COMMUNITY SERVICE COUNCIL	94.006	03AFH-K728-06-A120; 06ACH-M540-07-A120; 08- OC068/09-OC068	191,901
OHIO COMMUNITY SERVICE COUNCIL	94.006	06 ACH-M540-08-OC087	7,305
Subtotal Pass-Through Programs			<u>242,018</u>
Total Corporation for National and Community Service			<u>242,018</u>
DEPARTMENT OF AGRICULTURE			
Direct Programs:			
USDA-US DEPARTMENT OF AGRICULTURE	10.769	RBEG	85,089
U S DEPARTMENT OF AGRICULTURE	10.XXX	09-PA-11091400-002	7,252
U S DEPARTMENT OF AGRICULTURE	10.XXX	09-PA-11091400-003	5,834
U S DEPARTMENT OF AGRICULTURE	10.XXX	04-PA-11091400-030	6,825
Subtotal Direct Programs			<u>105,000</u>
Pass-Through Programs From:			
OHIO DEPARTMENT OF EDUCATION	10.558	UNKNOWN	(1,294)
Subtotal Pass-Through Programs			<u>(1,294)</u>
Total Department of Agriculture			<u>103,706</u>
DEPARTMENT OF COMMERCE			
Direct Programs:			
NTIA-DEPARTMENT OF COMMERCE	11.550	39-02-N07078	25,150
Pass-Through Programs From:			
BOWLING GREEN STATE UNIVERSITY	11.303	06-66- 04858/04616/04741/04955 /05054/05301	80,693
Total Department of Commerce			<u>105,843</u>
DEPARTMENT OF DEFENSE			
Direct Programs:			
OFFICE OF NAVAL RESEARCH	12.300	N00014-08-1-0660	4,651
Pass-Through Programs From:			
NET2NET SOLUTIONS, INC.	12.XXX	UNKNOWN	740
OHIO DEPARTMENT OF DEVELOPMENT	12.002	UNKNOWN	38,613
			<u>39,353</u>
Total Department of Defense			<u>44,004</u>
DEPARTMENT OF EDUCATION			
Direct Programs:			
U S DEPARTMENT OF EDUCATION	84.015A	P015A060008	219,135
U S DEPARTMENT OF EDUCATION	84.015A	P015A060159	168,905
U S DEPARTMENT OF EDUCATION	84.015B	P015B060008	268,470
U S DEPARTMENT OF EDUCATION	84.016A	P016A050049	(100)
U S DEPARTMENT OF EDUCATION	84.021A	P021A080002	87,694
Subtotal Direct Programs			<u>744,104</u>

Ohio University

Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2009

Federal Agency/Pass-Through Grantor	CFDA Number	Federal/Pass-Through Grant Number	Expenditures
OTHER PROGRAMS (Continued)			
DEPARTMENT OF EDUCATION (Continued)			
Pass-Through Programs From:			
ALEXANDER LOCAL SCHOOL DISTRICT	84.287C	UNKNOWN	\$ 98,585
ATHENS CITY SCHOOL DISTRICT	84.287C	UNKNOWN	178,520
ATHENS CITY SCHOOL DISTRICT	84.XXX	UNKNOWN	4
ATHENS MEIGS EDUCATIONAL SERVICE CENTER	84.XXX	UNKNOWN	14,306
BELLAIRE LOCAL SCHOOL DISTRICT	84.XXX	UNKNOWN	30,507
		VETP 2002-01- FB/2003/2005/2006/ 2007/2008/2009	
COLUMBUS STATE COMMUNITY COLLEGE	84.243		150,287
COMMUNITY ACTION COMMISSION OF BELMONT COUNTY	84.213	UNKNOWN	7,056
COSHOCOTON CITY SCHOOL	84.213	UNKNOWN	3,246
EASTERN LOCAL SCHOOL DISTRICT	84.XXX	UNKNOWN	17,411
FEDERAL HOCKING LOCAL SCHOOL DISTRICT	84.287C	UNKNOWN	174,102
MEDICAL COLLEGE OF WISCONSIN	84.116B	UNKNOWN	350
MISC. UNIVERSITIES	84.015B	P015A060158	2,400
NATIONAL WRITING PROJECT CORPORATION	84.928A	UNKNOWN	20,719
OHIO BOARD OF REGENTS	84.002	063024-AB-SL-2009; 2010	160,990
OHIO BOARD OF REGENTS	84.367	UNKNOWN	150,433
OHIO BOARD OF REGENTS	84.367	UNKNOWN	122,275
OHIO BOARD OF REGENTS	84.203G	U203G050022	30,305
OHIO BOARD OF REGENTS	84.334S	P334S050016	136,369
OHIO BOARD OF REGENTS	84.XXX	UNKNOWN	62,344
OHIO BOARD OF REGENTS	84.XXX	UNKNOWN	82,202
OHIO COLLEGE ACCESS NETWORK	84.XXX	UNKNOWN	115
		063024-AB-SL- 2002/2003/2004/2005/ 2006/2007/2008	
OHIO DEPARTMENT OF EDUCATION	84.002		(755)
OHIO DEPARTMENT OF EDUCATION	84.002	063024-AB-SL-2009	128,512
		CI667-QSCI-06-10/ 07-10/08-16/09-01	
OHIO DEPARTMENT OF EDUCATION	84.366		123,131
OHIO STATE UNIVERSITY	84.350C	U350C070001	64,881
PERRY HOCKING EDUCATIONAL SERVICE CENTER	84.XXX	UNKNOWN	27,850
PERRY HOCKING EDUCATIONAL SERVICE CENTER	84.XXX	UNKNOWN	5,527
SOUTHERN LOCAL SCHOOL DISTRICT	84.XXX	UNKNOWN	12,967
UNIVERSITY OF RIO GRANDE	84.XXX	UNKNOWN	11,494
WARREN LOCAL SCHOOLS	84.287C	UNKNOWN	(8)
Subtotal Pass-Through Programs			1,816,125
Total Department of Education			2,560,229
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Direct Programs:			
US Department of Health and Human Services			
U S DEPARTMENT OF HEALTH AND HUMAN SERVICES	93.884	D56HP05223	67,502
Health Resources and Services Administration			
HEALTH RESOURCES AND SERVICES ADMINISTRATION	93.247	D09HP09349	62,433
HEALTH RESOURCES AND SERVICES ADMINISTRATION	93.888	D1ARH10416	116,949
HEALTH RESOURCES AND SERVICES ADMINISTRATION	93.912	D06RH07920	175,310
HEALTH RESOURCES AND SERVICES ADMINISTRATION	93.912	D04RH12664	6,665
			361,357

Ohio University

Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2009

Federal Agency/Pass-Through Grantor	CFDA Number	Federal/Pass-Through Grant Number	Expenditures
OTHER PROGRAMS (Continued)			
DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)			
Centers for Disease Control CENTERS FOR DISEASE CONTROL AND PREVENTION	93.XXX	051PA43708	\$ 13,606
Subtotal Direct Programs			442,465
Pass-Through Programs From:			
ADELANTE, INC.	93.XXX	UNKNOWN	3,626
ADELANTE, INC.	93.XXX	UNKNOWN	831
ATHENS CITY SCHOOL DISTRICT	93.558	UNKNOWN	135,893
ATHENS COUNTY FAMILY AND CHILDREN FIRST COUNCIL	93.590	UNKNOWN	13,128
ATHENS COUNTY JOB AND FAMILY SERVICES	93.558	UNKNOWN	49,575
CASE WESTERN RESERVE UNIVERSITY	93.969	D31HP08841	54,523
FRIENDS OF THE CONGRESSIONAL GLAUCOMA CAUCUS	93.XXX	1U50-DP001134-01	881
OHIO DEPARTMENT OF HEALTH	93.994	L932	62,136
OHIO DEPARTMENT OF HEALTH	93.XXX	UNKNOWN	10,568
OHIO DEPARTMENT OF HEALTH	93.XXX	UNKNOWN	56,086
OHIO STATE UNIVERSITY	93.XXX	UNKNOWN	30,320
ROSS COUNTY DEPARTMENT OF JOBS AND FAMILY SERVICE	93.XXX	UNKNOWN	500
SOUTHEAST OHIO CARE CONSORTIUM	93.XXX	UNKNOWN	1,500
THE UNIVERSITY OF TOLEDO	93.107	U77HP03029	88,652
TRI COUNTY MENTAL HEALTH AND COUNSELING SERVICES	93.XXX	UNKNOWN	4,800
UNIVERSITY OF ILLINOIS AT CHICAGO	93.XXX	N01-LM6-3503	2,000
Subtotal Pass-Through Programs			515,019
Total Department of Health and Human Services			957,484
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Direct Programs:			
HUD-HOUSING AND URBAN DEVELOPMENT	14.251	B05SPOH0603	221,589
Pass-Through Programs From:			
HUNTINGTON IRONTON EMPOWERMENT ZONE	14.244	UNKNOWN	129,630
Total Department of Housing and Urban Development			351,219
DEPARTMENT OF LABOR			
Pass-Through Programs From:			
COMMUNITY ACTION ORGANIZATION OF SCIOTO COUNTY, IN	17.261	UNKNOWN	122,270
COMMUNITY ACTION ORGANIZATION OF SCIOTO COUNTY, IN	17.XXX	UNKNOWN	15,000
COMMUNITY ACTION ORGANIZATION OF SCIOTO COUNTY, IN	17.XXX	UNKNOWN	89,756
LAWRENCE COUNTY DEPARTMENT OF JOBS AND FAMILY SERV	17.XXX	UNKNOWN	126,294
LAWRENCE COUNTY DEPARTMENT OF JOBS AND FAMILY SERV	17.XXX	UNKNOWN	71,843
OHIO BOARD OF REGENTS	17.267	UNKNOWN	95,908
OHIO STATE UNIVERSITY	17.267	119750-AB-WIA-2009	20,748
Total Department of Labor			541,819
DEPARTMENT OF STATE			
Direct Programs:			
U S DEPARTMENT OF STATE	19.415	S-ECAPE-06-GR-191 (DT)	18,266
Pass-Through Programs From:			
INSTITUTE OF INTERNATIONAL EDUCATION	19.402	S-ECAAE-04-CA-019(PS); S-ECAAE-06-CA-022 (CS); S-ECAAE-07-GR-146 (MA)	165,471

Ohio University

Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2009

Federal Agency/Pass-Through Grantor	CFDA Number	Federal /Pass-Through Grant Number	Expenditures
OTHER PROGRAMS (Continued)			
DEPARTMENT OF STATE (Continued)			
INSTITUTE OF INTERNATIONAL EDUCATION	19.402	S-ECAAE-07-GR-146 (MA); S-ECAAE-08-GR-222 (SM)	\$ 213,541
Subtotal Pass-Through Programs			379,012
Total Department of the State			397,278
DEPARTMENT OF TRANSPORTATION			
Direct Programs:			
U S DEPARTMENT OF TRANSPORTATION			
U S DEPARTMENT OF TRANSPORTATION	20.930	UNKNOWN	32,456
FEDERAL AVIATION ADMINISTRATION			
DOT-FEDERAL AVIATION ADMINISTRATION	20.106	3-39-0006-0904	14,508
DOT-FEDERAL AVIATION ADMINISTRATION	20.106	3-39-0006-1106	6,622
DOT-FEDERAL AVIATION ADMINISTRATION	20.106	3-39-0006-1207	47,979
DOT-FEDERAL AVIATION ADMINISTRATION	20.106	3-39-0006-1408	26,714
DOT-FEDERAL AVIATION ADMINISTRATION	20.106	3-39-0006-1308	408,677
			504,500
Total Department of Transportation			536,956
ENVIRONMENTAL PROTECTION AGENCY			
Pass-Through Programs From:			
EASTERN COAL REGIONAL ROUNDTABLE	66.XXX	UNKNOWN	3,400
HAMILTON COUNTY ENVIRONMENTAL SERVICES	66.XXX	UNKNOWN	11,341
MIAMI VALLEY REGIONAL PLANNING COMMISSION	66.XXX	UNKNOWN	11,252
MIDWEST BIODIVERSITY INSTITUTE	66.XXX	UNKNOWN	85,648
NORTHEAST OHIO AREAWIDE COORDINATING AGENCY	66.XXX	UNKNOWN	15,230
OHIO DEPARTMENT OF NATURAL RESOURCES	66.460	UNKNOWN	34,952
OHIO ENVIRONMENTAL PROTECTION AGENCY	66.460	C9-97550007	24,723
Total Environmental Protection Agency			186,546
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION			
Pass-Through Programs From:			
SMITHSONIAN ASTROPHYSICAL OBSERVATORY	43.XXX	NAS8-03060	3,625
SPACE TELESCOPE SCIENCE INSTITUTE	43.XXX	NAS5-26555	4,071
Total National Aeronautics and Space Administration			7,696
NATIONAL ENDOWMENT FOR THE HUMANITIES			
Direct Programs:			
2009 ATHENS INT'L FILM VIDEO	45.024	09-3400-7029	10,000
Pass-Through Programs From:			
OHIO HUMANITIES COUNCIL	45.XXX	UNKNOWN	12,971
Total National Endowment for the Humanities			22,971
NATIONAL SCIENCE FOUNDATION			
Direct Programs:			
MATERIALS RSCH SACNAS CONF	47.049	DMR-0742595	14,090
CCLI SUSTAINED COURSES	47.076	DUE-0510198	16,505
GFP TOOL MULTI-REPRESENT	47.076	DUE-0633618	27,519
CCLI: UG LABS AND MICROANATOMY	47.076	DUE-0837751	60,464
LOCAL KNOWLEDGE LIVELIHOODS	47.079	OISE-0736531	354
IPA AGREEMENT - CHAMBERLIN	47.XXX	IOS-0717019	153,982
Subtotal Direct Programs			272,914

Ohio University

Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2009

Federal Agency/Pass-Through Grantor	CFDA Number	Federal /Pass-Through Grant Number	Expenditures
OTHER PROGRAMS (Continued)			
NATIONAL SCIENCE FOUNDATION (Continued)			
Pass-Through Programs From:			
OHIO STATE UNIVERSITY	47.076	HRD-0331560	\$ 12,331
UNIVERSITY OF TENNESSEE	47.076	ESI-0119679	45,677
Subtotal Pass-Through Programs			<u>58,008</u>
Total National Science Foundation			<u>330,922</u>
SMALL BUSINESS ADMINISTRATION			
Direct Programs:			
EDEA: ECON DEV ENT APPALACHIA	59.000	SBAHQ-08-I-0044	185,643
Pass-Through Programs From:			
ADENA VENTURES	59.051	UNKNOWN	160,876
MARIETTA COLLEGE SBDC	59.037	UNKNOWN	7,500
OHIO DEPARTMENT OF DEVELOPMENT	59.037	UNKNOWN	105,492
Subtotal Pass-Through Programs			<u>273,868</u>
Total Small Business Administration			<u>459,511</u>
SMITHSONIAN INSTITUTION			
Direct Programs:			
SECOND LIFE MUSEUM	85.XXX	F08CC10174	118,359
Total Smithsonian Institution			<u>118,359</u>
UNITED STATES PEACE CORP			
Direct Programs:			
PEACE CORPS STRATEGY AGREEMENT	08.XXX	UNKNOWN	12,335
Total United States Peace Corp			<u>12,335</u>
UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT			
Pass-Through Programs From:			
ACADEMY FOR EDUCATIONAL DEVELOPMENT	98.XXX	GPO-A-00-07-00004-00	243,552
AMERICAN COUNCIL ON EDUCATION	98.012	AEG-A-00-05-00007-00	6,494
WASHINGTON STATE UNIVERSITY	98.000	306-A-00-06-00524-00	207,582
Total United States Agency for International Development			<u>457,628</u>
TOTAL OTHER PROGRAMS			<u>7,530,036</u>
GRAND TOTAL FEDERAL AWARDS			<u><u>\$ 201,013,254</u></u>

Ohio University

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2009

Note 1 - Significant Accounting Policies

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Ohio University and is presented on the same basis of accounting as the basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2 - Noncash Assistance

During the year ended June 30, 2009, Ohio University did not receive any nonmonetary assistance.

Note 3 - Catalog of Federal Domestic Assistance (CFDA) Numbers

All programs with identifiable CFDA numbers have been listed separately. Grant numbers have been provided for several programs for which CFDA numbers were not available.

Note 4 - Loans Outstanding

The institution had the following loan balances outstanding at June 30, 2009. These loan balances are not included in the federal expenditures presented in the schedule.

CFDA Number	Cluster/Program Title	Amount Outstanding
	U.S. DEPARTMENT OF EDUCATION	
84.038	Federal Perkins Loan Program	\$ 9,632,165
	U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES	
93.342	Primary Care Loans ("HPSL")	2,324,530
93.342	Disadvantaged Students Loan	<u>2,632,175</u>
	Total	<u>\$ 14,588,870</u>

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2009

Note 5 - Subrecipient Awards

Of the federal expenditures presented in the schedule, federal awards were provided to subrecipients as follows:

CFDA Number	Federal Program Title	Amount Provided to Subrecipients
12.800	Air Force Defense Research Sciences Program	\$ 28,417
20.205	Highway Planning and Construction	33,511
47.041	Engineering Grants	1,886
47.050	Geosciences	10,621
47.074	Biological Sciences	39,170
66.034	Surveys Studies Investigations Demonstrations and Special Purpose Activities Relating to the Clean Air	14,402
66.460	Nonpoint Source Implementation Grants	4,650
81.087	Renewable Energy Research and Development	2,503
84.367	Improving Teacher Quality State Grants	45,399
93.173	Research Related to Deafness and Communication Disorders	244,600
93.242	Mental Health Research Grants	(941)
93.273	Alcohol Research Programs	14,611
93.389	National Center for Research Resources	12,907
93.839	Blood Diseases and Resources Research	8,006
93.855	Allergy, Immunology and Transplantation Research	30,581
93.859	Biomedical Research and Research Training	166,179
93.865	Biomedical Research and Research Training	546
93.912	Rural Health Care Services Outreach and Rural Health Network Development Program	17,972
10.XXX	Organizing Historical Records of African American and Underground Railroad History in Southeastern	3,245
12.XXX	GPS/Inertial Integration for NAVTEQ Road Mapping	184,992
43.XXX	Design, Development, and Validation of An Intelligent Integrated Flight Deck	127,901
84.021A	Overseas Programs - Group Projects Abroad	34,137
		\$ 1,025,295

Note 6 - Adjustments and Transfers

As allowable and in accordance with federal regulations issued by the U.S. Department of Education, in the year ended June 30, 2009, the University expended \$100,000 of the 2007-2008 Federal Work Study Program (84.033) award carried forward to the 2008-2009 award year. The University also expended \$1,673 of the 2009-2010 Federal Work Study Program (84.033) award carried backward to the 2008-2009 award year.

During the year ended June 30, 2009, the University transferred \$307,100 of the 2008-2009 Federal Work Study Program (84.033) award to the Supplemental Educational Opportunity Grant Program (84.007). In addition, in the year ended June 30, 2009, the University expended \$4,508 of the 2007-2008 Supplemental Educational Opportunity Grant Program (84.007) award carried forward to the 2008-2009 award year. The University carried forward \$4,094 of the 2008-2009 Supplemental Educational Opportunity Grant Program (84.007) to be expended in the 2009-2010 award year.

Schedule of Findings and Questioned Costs Year Ended June 30, 2009

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? ___ Yes X No

Federal Awards

Internal control over major program(s):

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

Type of auditor's report issued on compliance for major program(s): Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? ___ Yes X No

Identification of major program(s):

CFDA Number(s)	Name of Federal Program or Cluster
84.007, 84.032, 84.033, 84.038, 84.063, 84.268, 84.375, 84.376, 84.379, 93.342, and 93.925	Student Financial Aid Cluster
Various	Research and Development Cluster

Dollar threshold used to distinguish between type A and type B programs: \$1,574,617

Auditee qualified as low-risk auditee? ___ Yes X No

Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2009

Section II - Financial Statement Audit Findings

Reference Number	Findings
2009-1	<p>User Account Administration - Terminated Employee Account Access Criteria - The University is required to implement effective internal controls over the financial reporting system in order to safeguard the validity of financial information.</p> <p>Condition - Oracle user accounts with access to sensitive information in the Oracle system were not removed/disabled for terminated employees in a timely manner.</p> <p>Context - Plante & Moran selected a sample size of 19 terminated employees for testing (10 percent of the population). Plante & Moran reviewed Oracle system evidence and noted that of the 19 user accounts tested, the length of time to delete or disable account access for 17 user accounts from Oracle exceeded three days. The length of time to delete or remove access for more than half of the 17 accounts identified exceeded 15 days. The three-day length of time was used as a reasonable time period to remove user access privileges.</p> <p>Plante & Moran further investigated the list of 190 terminated users with financial access and determined only 27 had the ability to modify information. Plante & Moran reviewed the activity of the 27 users identified and noted three users had logged into the system after their termination date; however, no data changes were made. It should be noted this situation had been identified and remedied in June 2009 (prior to this audit) by the University.</p> <p>Cause - This issue resulted from inadequate removal of terminated employees from the Oracle system.</p> <p>Effect - As a result of the issue, multiple employees had access to the financial statement system after the employees' termination dates.</p> <p>Recommendation - User account access for terminated employees should be immediately disabled to reduce the risk of unauthorized access to University information and systems.</p>

Ohio University

Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2009

Section II - Financial Statement Audit Findings (Continued)

Reference Number	Findings
2009-1	Views of Responsible Officials and Planned Corrective Actions - As noted in the finding, the issue had been identified and remediated by OIT staff prior to the start of the audit. In addition, the University is currently implementing an Identity and Access Management Program that would systematically address the concern. This program will have the benefit of automatic provisioning and deprovisioning of resources based on an individual's roles at the University. It will also automate the reconciliation process for all roles at the University. The primary financial systems will be integrated into the solution by the end of the fiscal year.

Section III - Federal Program Audit Findings

None